AltaGas Canada

Annual Information Form

For the year ended December 31, 2019

March 4, 2020

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GENERAL INFORMATION

Unless otherwise noted, the information contained in this AIF dated March 4, 2020 is stated as at December 31, 2019 and all dollar amounts in this AIF are in Canadian dollars. Unless the context requires, all references to ACI or the Company herein refer to ACI and its subsidiaries on a consolidated basis and, when in reference to information prior to October 25, 2018, include reference to ACI and its subsidiaries and the business underlying the Acquired Assets on a combined carve-out basis prior to its separation from AltaGas. Financial information is presented in accordance with United States generally accepted accounting principles. For an explanation of certain terms and abbreviations used in this AIF see the "*Glossary*" of this AIF and under the heading "*Compensation and Governance – Frequently Used Terms*".

This AIF refers to certain terms commonly used in the rate-regulated utility industry, such as "rate-regulated", "rate base" and "return on equity". For a description of these terms, see information under the heading *"Business of Company – Utilities Business – Rate Regulation Overview"*. The terms "rate base" and "return on equity" are key performance indicators but are not considered non-GAAP measures. Rate base is an amount that a utility is required to calculate for regulatory purposes, and generally refers to net book value of the utility's assets for regulatory purposes. Return on equity is a percentage that is set or approved by a utility's regulator and represents the rate of return that a regulator allows the utility to earn on the equity component of the utility's rate base. The Company refers to the rate base and return on equity of its utility businesses because it believes that such terms assist in understanding the Company's business and are commonly used by investors and research analysts to help evaluate the performance of rate-regulated utilities.

FORWARD-LOOKING INFORMATION AND STATEMENTS

This AIF contains forward-looking information (forward-looking statements). Words such as "may", "can", "would", "could", "should", "will", "intend", "plan", "anticipate", "believe", "aim", "seek", "propose", "contemplate", "estimate", "focus", "strive", "forecast", "expect", "project", "target", "potential", "objective", "continue", "outlook", "vision", "opportunity" and similar expressions suggesting future events or future performance, as they relate to ACI or any affiliate of ACI, are intended to identify forward-looking statements. In particular, this AIF contains forward-looking statements with respect to, among other things, business objectives, expected growth, results of operations, performance, business projects and opportunities and financial results.

Specifically, such forward-looking statements included in this document include, but are not limited to, statements with respect to the following: ACI's vision and objectives; the implementation and success of ACI's strategy as a whole and each of its business segments; expectations regarding the Arrangement (as defined herein), including the expected closing date and any potential compensation program changes following its completion; the expected in-service date for the Atlantic Bridge Expansion Project; expectations regarding HGL's application with the NSUARB (as defined herein) requesting to extend its CRP (as defined herein) and reduce deferrals; expectations regarding arrangements in relation to the PNG Reactivation Application (as defined herein), including the reactivation process, process for determining customer demand and allocating capacity, the plan to conduct a binding open season auction, and the estimated capital cost for the reactivation, commissioning and system reinforcement; expectations regarding PNG's 2020 and 2021 revenue requirement applications and expected timing of the BCUC (as defined herein) decision; AUC (as defined herein) decisions with regard to the Etzikom Lateral Project; expected success of financing plans and strategies, including maintenance of ACI's credit rating; the expected safety and reliability of ACI's operations; the expected good working relationships with stakeholders and governments; sources and terms of natural gas supply; the expected impacts on ACI's business of applicable environmental regulations and requirements; and potential growth in ACI's business.

These statements involve known and unknown risks, uncertainties and other factors that may cause actual results, events and achievements to differ materially from those expressed or implied by such statements. Such statements reflect ACI's current expectations, estimates and projections based on certain material factors and assumptions at the time the statement was made. Material assumptions include: expected commodity supply, demand and pricing; volumes and rates; exchange rates; inflation; interest rates; credit ratings; regulatory approvals and policies; future operating and capital costs; project completion dates; capacity expectations; and the outcomes of significant commercial contract negotiations.

ACI's forward-looking statements are subject to certain risks and uncertainties which could cause results or events to differ from current expectations, including, without limitation: that the Arrangement may not be completed on a timely basis, if at all; the conditions to the Arrangement, including receipt of approval from the BCUC, may not be satisfied; uncertainties faced by regulated companies; volume throughput and the impacts of commodity pricing, supply, composition and other market risks; natural gas demand; prevailing economic conditions; legislative and regulatory environment; impacts of climate change and carbon taxing; cost of compliance with environmental regulation; weather, hydrology and climate changes; ACI's relationships with external stakeholders, including indigenous stakeholders; the potential for service interruptions; ACI's ability to maintain, replace and expand infrastructure on a timely basis; increased competition; loss of franchise grants; ACI's ability to economically and safely develop, contract and operate assets; ACI's dependence on certain partners; access to and use of capital markets; market value of ACI's securities; ACI's ability to service or refinance its debt and manage its credit ratings and risk; underinsured losses; cybersecurity risks; failure to achieve benefits of business acquisitions; pension liabilities; impact of labour relations and reliance on key personnel; ability to maintain compliance with borrowing covenants; interest rate, exchange rate and counterparty risks; potential litigation; effects of decommissioning, abandonment and reclamation costs; ongoing relationship with AltaGas; ACI's ability to pay dividends; potential volatility in market price of securities; and the other factors discussed under the heading "*Risk Factors*".

The Company believes the forward-looking statements are reasonable. However, such statements are not a guarantee that any of the actions, events or results of the forward-looking statements will occur, or if any of them do occur, their timing or what impact they will have on the Company's results of operations or financial condition. Many factors could cause ACI's or any particular business segment's actual results, performance or achievements to vary from those described in this AIF, including, without limitation, those listed above and the assumptions upon which they are based proving incorrect. These factors should not be construed as exhaustive. Should one or more of these risks or uncertainties materialize, or should assumptions underlying forward-looking statements prove incorrect, actual results may vary materially from those described in this AIF as intended, planned, anticipated, believed, sought, proposed, estimated, forecasted, expected, projected or targeted and such forward-looking statements included in this AIF, should not be unduly relied upon. The impact of any one assumption, risk, uncertainty or other factor on a particular forward-looking statement cannot be determined with certainty because they are interdependent and ACI's future decisions and actions will depend on management's assessment of all information at the relevant time. Such statements speak only as of the date of this AIF. ACI does not intend, and does not assume any obligation, to update these forward-looking statements except as required by law. The forward-looking statements contained in this AIF are expressly qualified by these cautionary statements.

Financial outlook information contained in this AIF about prospective results of operations, financial position or cash flow is based on assumptions about future events, including economic conditions and proposed courses of action, based on management's assessment of the relevant information currently available. Readers are cautioned that such financial outlook information contained in this AIF should not be used for purposes other than for which it is disclosed herein.

GLOSSARY

Unless the context otherwise requires, terms used in this AIF have the following meanings and references to agreements include any amendments, restatements, modifications or supplements in effect as of the date hereof:

“**ACEHL**” means AltaGas Canadian Energy Holdings Ltd.;

“**ACEHLP**” means AltaGas Canadian Energy Holdings Limited Partnership;

“**ACEHGP**” means AltaGas Canadian Energy Holdings GP Ltd.;

“**ACI**” or the “**Company**” means AltaGas Canada Inc.;

“**Acquired Assets**” has the meaning given to it under the heading “*General Development of the Business – 2018 – Acquisition of Assets from AltaGas”;*

“**Acquired Indebtedness**” has the meaning given to it under the heading *“General Development of the Business – 2018 – Acquisition of Assets from AltaGas”*;

“**Acquisition**” has the meaning given to it under the heading “*General Development of the Business – 2018 – Acquisition of Assets from AltaGas*”;

“**AHI**” means AltaGas Holdings Inc.;

“**AIF**” means this Annual Information Form;

“**AltaGas**” means AltaGas Ltd., including, where the context requires, the affiliates of AltaGas Ltd.;

“**Applicable Utilities Commission**” means the AUC, the BCUC, the NSUARB and the NWTPUB;

“**Arrangement**” has the meaning given to it under the heading “*General Development of the Business – 2019 – Acquisition of ACI”*;

“**Arrangement Agreement**” has the meaning given to it under the heading *“General Development of the Business – 2019 – Acquisition of ACI”*;

“**Arrangement Circular**” has the meaning given to it under the heading *“General Development of the Business – 2019 – Acquisition of ACI”*;

“**Atlantic Bridge Expansion Project**” means the construction of additional pipeline capacity and related facilities infrastructure by Enbridge Inc. to provide additional capacity on its Algonquin Gas Transmission and Maritimes & Northeast Pipeline systems to move natural gas to specific end use markets in the Canadian Maritime provinces targeting an in-service date in late 2020;

“**ATRF**” means the Alberta Teachers’ Retirement Fund Board;

“**AUC**” means the Alberta Utilities Commission;

“**AUGI**” means AltaGas Utilities Group Inc.;

“**AUI**” means AltaGas Utilities Inc.;

“**BC CPI**” means the Consumer Price Index for British Columbia, All Items (Not Seasonally Adjusted) as published by Statistics Canada;

“**BC Hydro**” means British Columbia Hydro Power Authority;

“**BCUC**” means British Columbia Utilities Commission;

“**Bear Mountain Wind Park**” means the 102 MW generating wind facility located near Dawson Creek, British Columbia;

“**BMWLP**” means Bear Mountain Wind Limited Partnership;

“**BMWPC**” means Bear Mountain Wind Power Corporation, the general partner of BMWLP;

“**Board of Directors**” or “**Board**” means the board of directors of ACI, as from time to time constituted;

“**Canadian CPI**” means the Consumer Price Index for Canada, All Items (Not Seasonally Adjusted) as published by Statistics Canada;

“**C&I**” means commercial and industrial;

“**CBCA**” means the *Canada Business Corporations Act*, R.S.C. 1985, c. C 44, and the regulations promulgated thereunder, each as amended;

“**CMH Group**” means CMHLP and its general partners, Coast Mountain Renewable Energy Inc., Coast Mountain Renewable Energy #2 Inc. and Coast Mountain Hydro Corporation;

“**CMHLP**” means Coast Mountain Hydro Limited Partnership;

“**Coast GP**” means Northwest Hydro GP Inc., the general partner of Coast LP;

“**Coast LP**” means Northwest Hydro Limited Partnership;

“**COD**” means commercial operation date, being the first date on which a facility is considered substantially complete and selling power;

“**Common Shares**” or “**Shares**” means common shares of ACI;

“**Consortium**” means PSP Investments and ATRF;

“**CRP**” has the meaning given to it under the heading “*Business of the Company – Utilities Business – Regulatory Deferral Accounts*”;

“**DBRS**” means DBRS Limited and its successors;

“**Degree Day**” means the amount that the daily mean temperature deviates below 15 degrees Celsius at AUI, below 18 degrees Celsius at HGL, such that a one degree difference equates to one Degree Day;

“**E&Y**” means Ernst & Young LLP;

“**EHS Management System**” means ACI’s Environmental, Health & Safety Management System;

“**EPA**” means electricity purchase agreement;

“**Etzikom Lateral Project**” has the meaning given to it under the heading “*General Development of the Business – 2018 – Material Regulatory Developments and Applications – Alberta*”;

“**Final Order**” means the final order of the Court of Queen’s Bench of Alberta dated December 20, 2019 approving the Arrangement;

“**Forrest Kerr**” means the 214 MW run-of-river hydroelectric facility, one of the three run-of-river hydroelectric facilities in northwest British Columbia that forms part of the Northwest Hydro Facilities;

“**GHG**” means greenhouse gas;

“**GHGRP**” means Greenhouse Gas Reporting Program;

“**GJ**” means gigajoule or 1,000,000,000 joules;

“**Governance Agreement**” means the governance agreement between AltaGas and ACI effective as of October 18, 2018 governing various aspects of the relationship between the two companies;

“**GWh**” means gigawatt-hour or 1,000,000,000 watt-hours; the watt-hour is equal to one watt of power flowing steadily for one hour;

“**HGL**” means Heritage Gas Limited;

“**Ikhil Joint Venture**” means the joint venture between ACI’s subsidiary, Utility Group Facilities Inc., Inuvialuit Petroleum Company and ATCO Midstream NWT Ltd., which owns and operates two gas wells, a processing facility and a pipeline that delivers natural gas to Inuvik Gas and the Northwest Territories Renewable Energy Company;

“**Inuvik Gas**” means Inuvik Gas Ltd.;

“**Investor Liquidity Agreement**” means the investor liquidity agreement between ACI and AltaGas effective as of October 18, 2018, which affords AltaGas and any other permitted assignee with certain distribution rights;

“**IPO**” means the initial public offering by ACI of its Common Shares completed on October 25, 2018;

“**km**” means kilometer;

“**LNG**” means liquefied natural gas;

“**Mcf**” means a thousand cubic feet of natural gas at standard imperial conditions of measurement;

“**McLymont Creek**” means the 72 MW run-of-river hydroelectric facility, one of the three run-of-river hydroelectric facilities in northwest British Columbia that forms part of the Northwest Hydro Facilities;

“**MTNs**” means medium term notes issued from time to time under the trust indenture dated November 15, 2018 between ACI and Computershare Trust Company of Canada;

“**MTN Trust Indenture**” means the trust indenture between ACI and Computershare Trust Company of Canada dated November 15, 2018, as supplemented, related to the issuance and sale of MTNs pursuant to ACI’s medium term note program;

“**MW**” means megawatt; one MW is 1,000,000 watts; the watt is the basic electrical unit of power;

“**Northeast System**” means the PNG(N.E.) distribution utility in the northeast part of British Columbia;

“**Northwest Hydro Facilities**” means the three run-of-river hydroelectric facilities in northwest British Columbia, being Forrest Kerr, McLymont Creek and Volcano Creek, approximately 10 percent of which is indirectly owned by ACI;

“**NSUARB**” means the Nova Scotia Utility and Review Board;

“**NWTPUB**” means the Northwest Territories Public Utilities Board;

“**Order**” has the meaning given to it under the heading “*Compensation and Governance – Cease Trade Orders, Bankruptcies, Penalties and Sanctions*”;

“**Over-Allotment Note**” means the unsecured promissory note dated October 18, 2018 issued by ACI to AltaGas bearing interest at 3.3 percent per annum in the principal amount of $35.9 million (adjusted to approximately $34.0 million following the exercise of the Over-Allotment Option in full);

“**Over-Allotment Option**” has the meaning given to it under the heading “*General Development of the Business* – 2018 – Initial Public Offering of Common Shares”;

“**PBR**” means performance-based regulation;

“**PBR 2**” has the meaning given to it under the heading “*General Development of the Business – 2018 – Material Regulatory Developments and Applications – Alberta”*;

“**Person**” means any individual, company (including any limited liability company), partnership, joint venture, association, trust, unincorporated organization or government or any agency or political subdivision thereof;

“**PJ**” means Petajoule which is one million GJ;

“**PNG Reactivation Application**” has the meaning given to it under the heading “*General Development of the Business – 2019 – Material Regulatory Developments and Applications – British Columbia*”;

“**PNG**” means Pacific Northern Gas Ltd.;

“**PNG(N.E.)**” means Pacific Northern Gas (N.E.) Ltd.;

“**Portland Xpress Expansion Project**” means the construction of additional pipeline capacity and related facilities infrastructure by several transmission pipeline companies, Union Gas Limited, TransCanada Pipeline Limited and Portland Natural Gas Transmission System. This will enable the pipeline systems to move natural gas to specific end use markets in the Canadian Maritime provinces over a 3 year period which commenced service on November 1, 2018;

“**Preferred Shares**” means preferred shares in the capital of the Company, issuable in one or more series;

“**PSP Investments**” means the Public Sector Pension Investment Board;

“**Purchase and Sale Agreement**” means the purchase and sale agreement among ACI, AltaGas and AHI dated October 18, 2018 pursuant to which ACI acquired, for the purchase price of approximately $889.1 million, the Acquired Assets and certain indebtedness of AUGI and PNG;

“**Purchase Price Long-Term Note**” means the unsecured promissory note dated October 18, 2018 issued by ACI to AltaGas bearing interest at 4.5 percent per annum in the principal amount of $351.2 million with a term of 30 months, the interest to be increased by 0.25 percent on the 18 and 24 month anniversaries of the issuance date;

“**Purchase Price Short-Term Note**” means the unsecured promissory note dated October 18, 2018 issued by ACI to AltaGas bearing interest at 4.5 percent per annum in the principal amount of approximately $316.3 million;

“**Purchaser**” means PSPIB Cycle Investments Inc.;

“**RDA**” means revenue deficiency account;

“**RECs**” means Renewable Energy Credits;

“Revolving Credit Facility” means the Company’s $200 million unsecured revolving credit facility dated October 25, 2018 with a syndicate of lenders, with a term of four years subject to customary extension provisions. On February 13, 2020, the maturity date was extended to December 31, 2023;

“**ROE**” means return on equity;

“**SEDAR**” means System for Electronic Document Analysis and Retrieval, at *www.sedar.com*;

“**Shareholders**” means the holders of Common Shares;

“**Term Loan**” means the Company’s $250 million unsecured term loan dated October 25, 2018 with a syndicate of lenders, with a term of two years;

“**Transition Services Agreement**” means the transition services agreement between ACI and AltaGas effective as of October 18, 2018 pursuant to which AltaGas has agreed to provide or arrange for the provision of certain administrative services required by ACI;

“**TSX**” means the Toronto Stock Exchange;

"**Type 1 Capital Tracker**" has the meaning given to it under the heading "*General Development of the Business – 2018 – Material Regulatory Developments and Applications – Alberta*";

"**Volcano Creek**" means the 17 MW run-of-river hydroelectric facility, one of the three run-of-river hydroelectric facilities in northwest British Columbia that forms part of the Northwest Hydro Facilities; and

"**Western System**" means PNG's regulated natural gas transmission and distribution utility in the west central portion of northern British Columbia.

METRIC CONVERSION

The following table sets forth certain standard conversions between Standard Imperial Units and the International System of Units (or metric units).

To Convert From	To	Multiply by
Mcf	cubic meters	28.174
cubic meters	cubic feet	35.494
tonnes	long tons	0.984
feet	meters	0.305
GJ	Mcf	0.9482

To Convert From	To	Multiply by
meters	feet	3.281
miles	km	1.609
km	miles	0.621
acres	hectares	0.405
hectares	acres	2.471

CORPORATE STRUCTURE

INCORPORATION

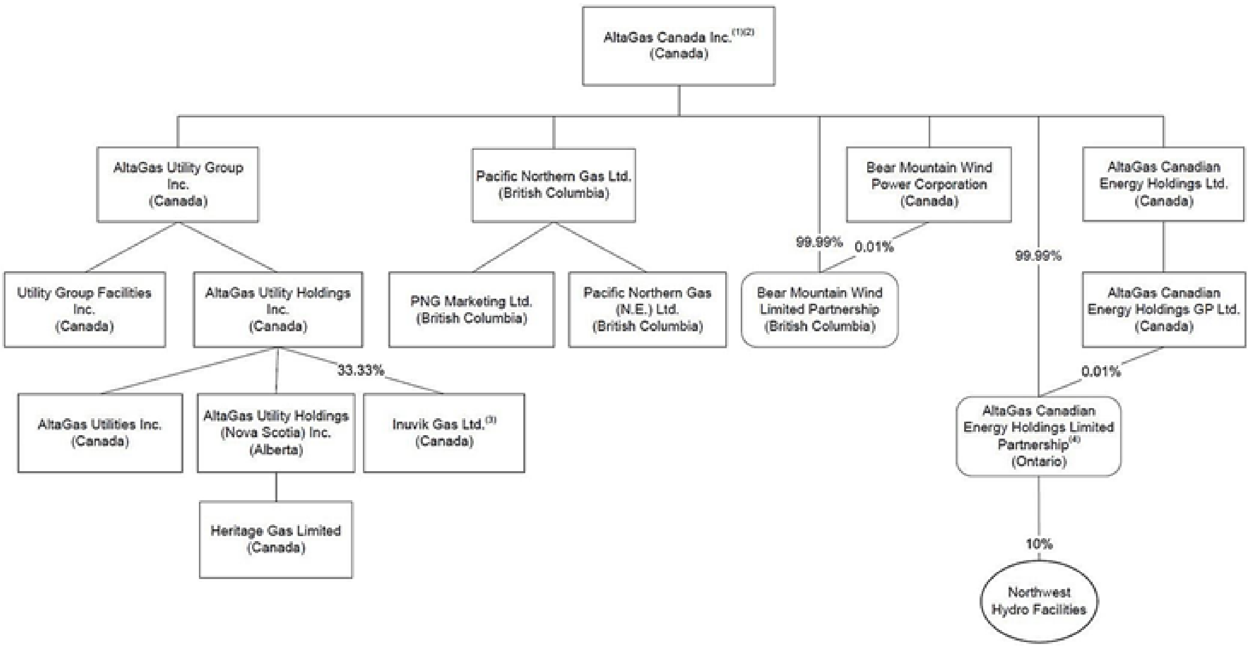
ACI was incorporated under the CBCA on October 27, 2011 as AltaGas Utility Holdings (Pacific) Inc. The Company was a wholly-owned subsidiary of AltaGas until it completed the IPO. ACI maintains its head, principal and registered office in Calgary, Alberta currently located at 2100, 444 – 5th Avenue SW, Calgary, Alberta T2P 2T8. ACI is a public company, the Common Shares of which trade on the TSX under the symbol "ACI".

AMENDMENTS TO ARTICLES

On September 5, 2018, ACI amended its articles to, among other things, facilitate it becoming a public company, change its name to AltaGas Canada Inc., amend its authorized capital and consolidate its outstanding common shares on the basis of one post-consolidation share for every 28 pre-consolidation common shares.

INTERCORPORATE RELATIONSHIPS

The following organization diagram presents the name and the jurisdiction of incorporation of ACI and its subsidiaries as at December 31, 2019.



Notes:

(1) Updated December 31, 2019.

(2) Unless otherwise stated, ownership is 100 percent.

(3) Ikhil Resources Ltd. (a wholly owned subsidiary of Inuvialuit Petroleum Corporation) and ATCO Midstream NWT Ltd. each own a 33.33 percent in Inuvik Gas Ltd.

(4) ACEHLP holds an indirect 10 percent ownership in the Northwest Hydro Facilities through Coast LP.

EMPLOYEES

At December 31, 2019, there were 454 individuals employed, directly and indirectly by ACI.

Concurrent with the Acquisition on October 18, 2018, the Company entered into a Transition Services Agreement with AltaGas pursuant to which AltaGas provides certain general administrative and corporate services required by the Company, which include: accounting, tax, finance, legal and regulatory, payroll, corporate human resources and pension management, environmental, health and safety administration, procurement, enterprise resource planning and information technology. AltaGas provides the services on a cost recovery basis only. The Transition Services Agreement will operate until June 30, 2020, subject to earlier termination in certain circumstances, and is extendable by mutual agreement of the parties.

OVERVIEW OF THE BUSINESS

ACI is a Canadian corporation with diversified rate-regulated natural gas distribution and transmission utilities assets and long-term contracted renewable power generation assets. ACI has three reporting segments:

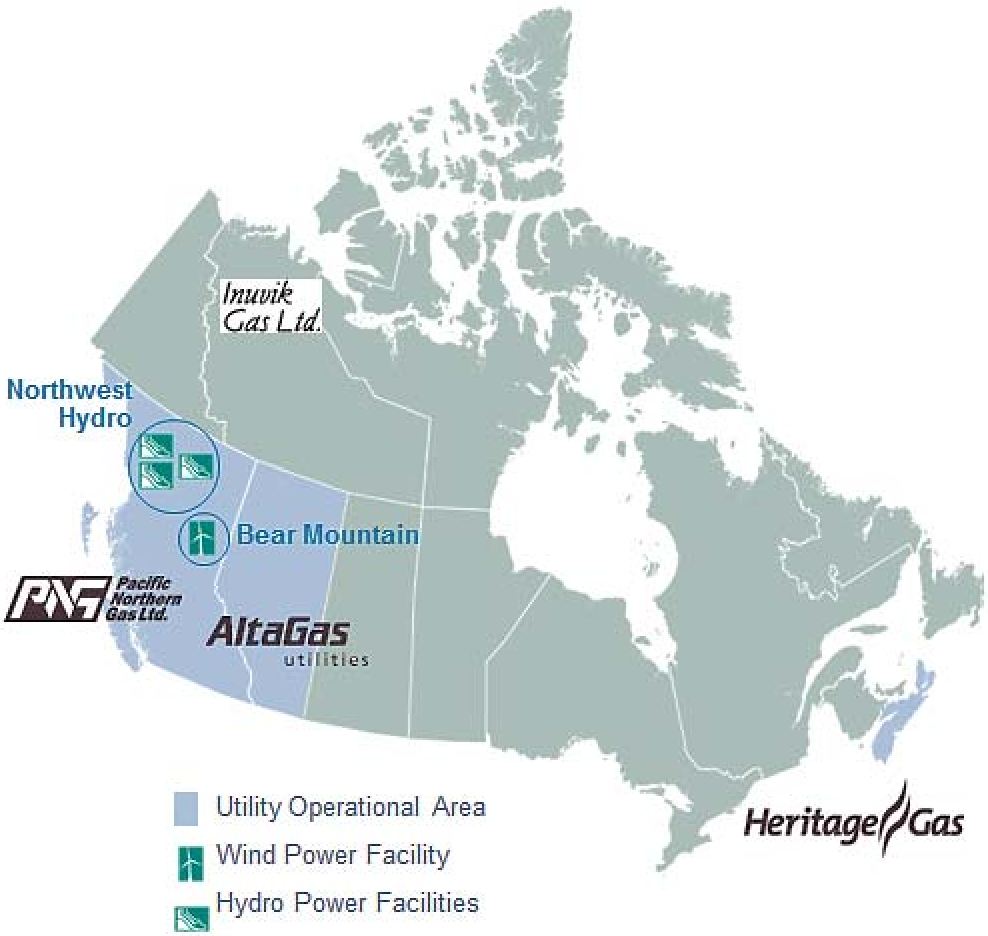
- Utilities, which owns and operates utility assets that deliver natural gas to end-users in Alberta, British Columbia and Nova Scotia. ACI also owns a one-third equity interest in the utility that delivers natural gas to end-users in Inuvik, Northwest Territories. In aggregate, the utilities have approximately $941 million of rate base inclusive of construction work in progress as at December 31, 2019 and serve approximately 130,000 customers across Canada.
- Renewable Energy, which includes the Bear Mountain Wind Park and an approximately 10 percent indirect interest in the entities that own the Northwest Hydro Facilities.
- Corporate, which primarily includes the cost of providing shared services, financing and access to capital, and general corporate support.

ACI's vision is to be the clean energy supplier of choice in each of the jurisdictions in which it operates through being a leader in safety, reliability, cost effectiveness and customer service. Through disciplined investments in its utilities and in contracted renewable power opportunities, the Company is committed to achieving long-term sustainable growth. Safety, customer service and earnings per common share are the primary measures of performance for the Company.

The Company's objective is to: (a) provide safe, reliable, clean and cost-effective energy to its customers; (b) create stable, predictable returns with strong organic growth for investors through the ownership of rate-regulated utilities and renewable power assets contracted through long-term EPAs with creditworthy counterparties; and (c) pay out a portion of its net income to the Shareholders on a quarterly basis.

The Company's strategy is focused on delivering safe, reliable, clean and cost-effective energy solutions to customers while achieving long-term profitable growth. Through the Company's diversified rate-regulated natural gas distribution and transmission utilities assets and long-term contracted renewable power generation assets, the Company expects to deliver low-risk, stable, predictable earnings and cash flows. The Company works to maintain strong relationships with regulators and be seen as a credible proponent for regulatory initiatives.

ACI'S GEOGRAPHIC FOOTPRINT



GENERAL DEVELOPMENT OF THE BUSINESS

Below is a summary of key general development of the business of ACI over the last three completed financial years as well as certain recent developments in 2020.

2019

Pending Acquisition of ACI

On October 21, 2019, ACI announced it had entered into a definitive arrangement agreement (the "Arrangement Agreement") pursuant to which the Consortium will indirectly acquire through the Purchaser, all of the issued and outstanding Common Shares of ACI for $33.50 in cash per Common Share pursuant to a plan of arrangement under the CBCA (the "Arrangement"). The Board of Directors, after receiving the unanimous recommendation of an independent committee of the Board of Directors formed to review and consider various strategic and financial options available to ACI and in consultation with its financial and legal advisors, unanimously determined that the Arrangement is in the best interests of ACI and fair to the Shareholders and therefore unanimously recommended that Shareholders vote in favour of the Arrangement.

On December 19, 2019, the Shareholders voted to approve the Arrangement and on December 20, 2019, ACI received the Final Order from the Court of Queen's Bench of Alberta approving the transaction.

ACI has received a "no-action letter" from the Canadian Competition Bureau confirming that the Commissioner of Competition does not intend to challenge the proposed acquisition, as well as approval of the transaction from the AUC.

Closing of the Arrangement remains subject to approval of the transaction from the BCUC and the satisfaction or waiver of other customary closing conditions. The Arrangement is expected to close in the first half of 2020.

Readers are referred to the management information circular (the "Arrangement Circular") of the Company dated November 19, 2019 relating to the meeting of the Shareholders called to consider the Arrangement and posted on SEDAR for additional information regarding the Arrangement. The Arrangement Circular is not incorporated by reference into this AIF.

Issuance of MTNs

On April 3, 2019, ACI completed the issuance of $250 million of MTNs with a coupon rate of 3.15 percent (3.151 percent yield to maturity) and a maturity date of April 6, 2026. The net proceeds were used to repay: (i) as to approximately $210 million, a portion of the Term Loan; and (ii) as to the remainder, amounts outstanding under the Revolving Credit Facility.

Material Regulatory Developments and Applications

Alberta

On December 20, 2019, the AUC issued a decision regarding AUI's 2018 depreciation study application (the "AUI Depreciation Study"). The applied for service life depreciation rate changes were approved as filed while the AUC approved lesser increases than applied for regarding net salvage rates. The change in depreciation rates was effective January 1, 2018 and the cumulative effect has been reflected in the Company's fourth quarter 2019 results.

British Columbia

On June 28, 2019, PNG submitted an application to the BCUC for approval of a large volume industrial transportation rate required in its proposed process for allocation of reactivated capacity on its existing pipeline system (the "PNG Reactivation Application"). The proposed reactivation involves natural gas deliveries from Station 4a on the Enbridge Westcoast Energy Inc. southern mainline near Summit Lake, British Columbia to three termination points: Terrace, Kitimat, and Prince Rupert, British Columbia.

On February 28, 2020, PNG received BCUC approval for the PNG Reactivation Application and now plans to conduct a binding open season auction where shippers will have the opportunity to bid on capacity of up to approximately 88 million standard cubic feet per day based on either firm transportation service agreements ("TSA") or reserve capacity through transportation reservation agreements. PNG has garnered strong interest from a number of potential shippers. Provided there are sufficient shipper commitments backed by TSAs, PNG would commence system reactivation and recommissioning work to prepare for returning the system back to full utilization, subject to BCUC approvals. Depending on shipper demands and the requested delivery points, PNG estimates the capital cost for the reactivation, recommissioning and system reinforcement could be up to $120 million.

On November 29, 2019, PNG and PNG(N.E.) submitted the 2020 and 2021 revenue requirement applications seeking interim rate increases effective January 1, 2020. For each of 2020 and 2021, PNG is seeking approximately 2 percent delivery rate increase for customers in the Western System, approximately 11 percent delivery rate increase for customers in the Northeast System (Fort St. John/Dawson Creek) service areas and approximately 4 percent delivery rate increase for customers in the Northeast System (Tumbler Ridge) service areas, compared to 2019 rates. PNG received BCUC approval for the interim rate changes on December 18, 2019. Amendments to the applications were filed on February 28, 2020 and PNG expects the BCUC decision on permanent rates in the third quarter of 2020.

Nova Scotia

On November 4, 2019, HGL filed an application with the NSUARB requesting to extend its CRP that was set to expire at the end of 2020 to the end of 2023 and to significantly reduce the degree of deferral currently approved. The program provides HGL with the flexibility to adjust rates for customers consuming between 500 and 5,000 GJs per year. In addition to retaining pricing flexibility, HGL also requested to change the CRP deferral mechanism to defer amounts equivalent to the price discount provided to customers, rather than the current practice of suspension of depreciation and 50 percent capitalization of operating, maintenance and administrative expenses. If approved, future amounts deferred under the CRP program are expected to be lower than the current practice. HGL filed its final submission to the NSUARB on January 29, 2020, and is awaiting NSUARB's decision.

2018

Acquisition of Assets from AltaGas (the "Acquisition")

On October 18, 2018, pursuant to the Purchase and Sale Agreement, ACI acquired the following assets from AltaGas for approximately $889.1 million (the "Acquired Assets") through the acquisition of: (a) all of the issued and outstanding common shares of AUGI; (b) all of the issued and outstanding common shares of BMWPC; (c) AltaGas' 99.99 percent partnership interest in BMWLP as a limited partner; (d) AltaGas' 99.99 percent partnership interest in ACEHLP as a limited partner; (e) all of the issued and outstanding common shares of ACEHL; and (f) 10 common shares in the capital of Coast GP:

- Rate-regulated natural gas distribution utility assets in Alberta and Nova Scotia owned by AUGI via its operating subsidiaries, AUI and HGL;
- Minority interests in entities (Inuvik Gas and Ikhil Joint Venture) providing natural gas to the Town of Inuvik, Northwest Territories;
- Fully contracted Bear Mountain Wind Park owned by BMWLP and BMWPC; and
- Approximately 10 percent indirect equity interest in the capital of Coast LP and Coast GP which indirectly own the Northwest Hydro Facilities by way of the CMH Group.

Pursuant to the Purchase and Sale Agreement, the Company also acquired on October 18, 2018 the indebtedness that AUGI and PNG owed to AltaGas and certain of its subsidiaries in the aggregate amount of approximately $481.6 million (the "Acquired Indebtedness").

The Company satisfied the purchase price of $889.1 million for the Acquired Assets and Acquired Indebtedness by issuing to AltaGas the following:

- 5,912,857 Common Shares;
- the Purchase Price Short-Term Note which was to be repaid upon closing of the IPO;
- the Over-Allotment Note which was to be repaid no later than 30 days after closing of the IPO; and
- the Purchase Price Long-Term Note.

The Purchase Price Short-Term Note, the Over-Allotment Note, and the Purchase Price Long-Term Note have been fully repaid as at December 31, 2018.

Immediately prior to the Acquisition:

- The Company paid an eligible dividend of $31.0 million to AltaGas;
- BMWLP distributed cash of $64.6 million to AltaGas; and
- AUGI repaid indebtedness of $28.4 million to AltaGas.

Initial Public Offering of Common Shares

On October 25, 2018, the Company completed its IPO, issuing 16,500,000 Common Shares at a price of $14.50 per Common Share for gross proceeds of $239.3 million.

In connection with the IPO, the Company granted to the underwriters of the IPO an over-allotment option (the "Over-Allotment Option"), exercisable at the underwriters' discretion at any time, in whole or in part, until 30 days following the closing of the IPO, to purchase at $14.50 per Common Share up to an additional 2,475,000 Common Shares (representing 15 percent of the Common Shares offered) to cover over-allotments, if any, and for market stabilization purposes. On November 21, 2018, the Over-Allotment Option was exercised in full for additional gross proceeds of $35.9 million.

Upon closing of the IPO and the exercise of the Over-Allotment Option, 30,000,000 Common Shares were issued and outstanding, of which AltaGas owned approximately 36.8 percent. The Company ceased to be a wholly-owned subsidiary of AltaGas upon completion of the IPO on October 25, 2018.

The net proceeds of the IPO were $223.7 million after deducting the underwriters' fee of $12.6 million and approximately $3.0 million in other expenses. The net proceeds from the exercise of the Over-Allotment Option were $34.0 million after deducting the underwriters' fee of $1.8 million and other expenses of $0.1 million. Pursuant to the Purchase and Sale Agreement, ACI used the net proceeds of the IPO, including the proceeds from the exercise of the Over-Allotment Option, to:

- Repay in full a note issued by ACI to AltaGas bearing interest at 5.0 percent per annum in the principal amount of $157.4 million issued in connection with a return on capital on the Common Shares immediately prior to the Acquisition;
- Repay a portion of the Purchase Price Short-Term Note with the remaining portion of the Purchase Price Short-Term Note being repaid using the proceeds of the Term Loan; and
- Repay in full the Over-Allotment Note. Per the terms of the Over-Allotment Note, if the Over-Allotment Option was exercised, the principal amount would be reduced by the amount of the underwriters' fee and other expenses of approximately $1.9 million. On November 21, 2018, the Company repaid the Over-Allotment Note in full.

Filing of Base Shelf Prospectus and Issuance of MTNs

ACI filed with the securities commissions or similar regulatory authorities in each of the provinces of Canada on November 14, 2018 a final short form base shelf prospectus allowing ACI to offer and issue, from time to time: (a) Common Shares; (b) Preferred Shares; (c) subscription receipts (d) warrants to purchase securities; (e) notes or other types of unsecured debt securities which may be issuable in a series; (f) units comprising any combination of the foregoing; or (g) any combination of the foregoing, up to an aggregate offering price of $1,000,000,000 during the 25 month period that such short form base shelf prospectus, including any amendments, remains effective.

A prospectus supplement was filed on November 15, 2018 to the short form base shelf prospectus allowing ACI to offer and issue, from time to time, MTNs having maturities of not less than one year from the date of issue to be issued in denominations of $5,000 and multiples of $1,000 above such amount. The MTNs will either be interest bearing or non-interest bearing issued at par, a discount or at a premium. A pricing supplement was filed on December 3, 2018 and ACI issued $300 million of MTNs on December 5, 2018 with a coupon rate of 4.26 percent (4.269 percent yield to maturity) and maturity date of December 5, 2028. The net proceeds of approximately $298.6 million were used to partially repay the Purchase Price Long-Term Note.

Material Regulatory Developments and Applications

Alberta

Effective January 1, 2018, the AUC approved a second PBR plan term from 2018 to 2022 (“PBR 2”). Under the PBR 2 plan, rates continue to be set under a revenue cap per customer formula with annual adjustments for customer growth and inflation less expected productivity improvements. As revenues are generally decoupled from costs, a utility is incentivized to achieve cost efficiencies during the PBR plan term. In addition, the PBR 2 plan continues to allow for recovery of costs determined to flow through directly to customers, recovery of items related to material exogenous events, and re-opener threshold provisions that allow an application to be re-opened in order to address specific problems with the design or operation of the PBR plan. Incremental capital funding is largely determined formulaically based on historical capital additions with an additional mechanism available for cost recovery of specific capital projects that are extraordinary, not previously included in rate base, and required by a third party (“Type 1 Capital Tracker”). As a result of its formulaic design, the PBR framework provides a level of regulatory certainty throughout the PBR period, allowing the utility to manage its costs and to allocate and plan capital spending accordingly.

On August 2, 2018, the AUC issued its decision on the 2018 generic cost of capital proceeding, approving a ROE of 8.5 percent for all Alberta utilities and a deemed capital structure for the utilities, with AUI set at 39 percent equity. The decision applies to 2018, 2019 and 2020.

On December 20, 2018, the AUC approved rates on an interim basis for the construction of 17 km of new pipeline to replace a lateral pipeline that is being abandoned by NOVA Gas Transmission Ltd. (the “Etzikom Lateral Project”). The Etzikom Lateral Pipeline serves approximately 1,715 of AUI’s customers in southeast Alberta, including rural areas surrounding the City of Medicine Hat and extending south to the hamlet of Etzikom and surrounding rural areas. Construction of the Etzikom Lateral Project was completed in the fourth quarter of 2019 and the total cost of the project was approximately $9.7 million. AUI expects the AUC to issue a final decision on whether or not the project meets the Type 1 Capital Tracker Criteria under the PBR 2 plan in 2020. Any difference between interim-approved and actual approved revenue requirements are expected to be collected or refunded through 2021 annual PBR rates.

2017

Material Regulatory Developments and Applications

British Columbia

In November 2017, PNG submitted revenue requirements applications with the BCUC for 2018 and 2019 and received approvals for interim and refundable delivery rate increases effective January 1, 2018. The BCUC issued its decisions in August 2018 and approved permanent delivery rate decreases of approximately 1.8 percent for each of 2018 and 2019 for customers in the Western System, permanent delivery rate increases of approximately 6 percent for each of 2018 and 2019 for customers in the Northeast System (Fort St. John/Dawson Creek) service areas, as well as permanent delivery rate increases of approximately 18 percent for each of 2018 and 2019 for customers in the Northeast System (Tumbler Ridge) service area, compared to 2017 rates. The BCUC also directed PNG to include a provision for negative salvage in its depreciation expense commencing in 2019 and sought input from PNG on the transitional period to effect this accounting change. PNG requested and received BCUC approval on November 26, 2018 for a five year transition period for the inclusion of negative salvage accounting. The delivery rate increases noted above do not include the impact of negative salvage accounting. Taking into consideration negative salvage, the 2019 permanent delivery rates are decreased by approximately 0.3 percent for customers in the Western System, increased by approximately 7 percent in the Northeast System (Fort St. John/Dawson Creek) service areas and increased by approximately 20 percent in the Northeast System (Tumbler Ridge) service area.

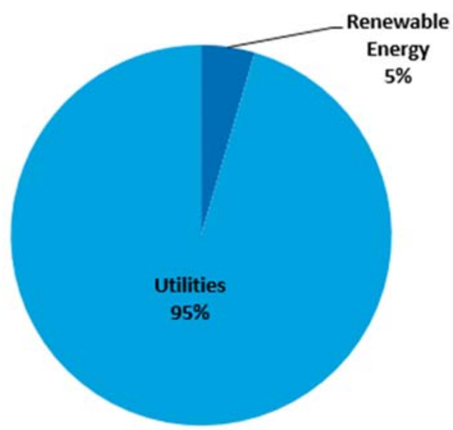
Nova Scotia

In 2017, the *Gas Distribution Act* (Nova Scotia) was changed to enable the NSUARB to regulate long-term gas distribution contracts for recovery by the gas distribution utility. In 2017, HGL entered into a precedent agreement with Portland Natural Gas Transmission System that would provide transportation capacity to HGL, giving it access to gas supply in Dawn, Ontario which is a part of the Portland Xpress Expansion Project for a 22-year period beginning in the fall of 2018, enhancing security of supply and reducing gas price volatility. On June 1, 2018, HGL received approval from the NSUARB to enter into this contract and recover associated costs of the contract from its customers through regulated rates. The contract went into effect on November 1, 2018.

BUSINESS OF THE COMPANY

The revenue for ACI's assets for the year ended December 31, 2019 was approximately $326.3 million compared to $309.1 million for the year ended December 31, 2018.

Revenue by Business for 2019 and 2018(1)



Note:

(1) Excluding Corporate segment and intersegment eliminations.

UTILITIES BUSINESS

ACI's Utilities business contributed revenue of $311.5 million for the year ended December 31, 2019 (2018 - $294.0 million), representing approximately 95 percent (2018 – 95 percent) of ACI's total revenue before Corporate segment and intersegment eliminations.

Rate Regulation Overview

The rates charged for natural gas distribution services are regulated in Canada and many other jurisdictions. The term "rate-regulated" is used to refer to a utility business whose rates for distribution, transmission or other services are subject to approval by a regulator. The Applicable Utilities Commissions are the regulators responsible for approving natural gas distribution rates in their respective jurisdictions.

In Canada, regulators generally use two different models for approving the rates charged by rate-regulated utilities: (a) a "cost of service" model; and (b) a "performance-based" model (sometimes also referred to as an "incentive-based" model).

In a cost of service model, a utility charges rates for its services that allow it the opportunity to recover the costs of providing its services, earn an allowed ROE and over time recover its invested capital. The costs of providing its services must be prudently incurred. Cost savings are typically passed on to customers in the form of lower rates reflected in future rate decisions.

In a performance-based model, a utility also charges rates for its services that allow it the opportunity to recover the costs of providing its services, earn an allowed ROE and over time recover its invested capital. However, the rates charged by the utility in a performance-based model assume that the utility becomes increasingly efficient over time, resulting in lower costs to provide the same service. If a utility achieves cost savings in excess of those established by the regulator, the utility may retain some or all of the benefits of those cost savings for a longer period of time, which may permit the utility to earn more than its allowed ROE during the performance term(s).

Value Drivers for a Rate Regulated Utility

Management believes the key drivers of value for a rate-regulated utility are:

- a skilled and experienced workforce delivering safe, reliable service;
- constructive and transparent relationships with the respective utility regulators;
- prudent capital investments which ultimately add to the utility's rate base;
- the utility's deemed capital structure and allowed ROE, as set by the regulator; and
- the ability to generate efficiencies and cost savings in the operations of the utility.

Safe, Reliable Service

The ability to provide safe, reliable service is a fundamental value driver for a utility. Utilities must develop operating practices and procedures, asset integrity management plans, natural gas supply strategies, workforce development plans and safety management plans, all driven towards safe delivery of their product in the short, medium and long-term. Success in this area attracts and retains customers to the business, builds the trust and confidence of the regulators, reduces repair, maintenance and emergency costs, and allows the utility to perform its obligations under its franchise agreements. See the heading "*Business of the Company – Utilities Business – Franchise Agreements and Approvals*".

Relationship with the Regulator

The ability of a utility to maintain constructive and transparent relationships with its regulator is a key driver of value. This relationship lays the foundation for all decisions made by the regulator in respect of the utility's business, including with respect to revenue requirements and ultimately the actual returns earned by the utility.

Rate Base and Capital Expenditures

The rate base of a rate-regulated utility generally refers to the net book value of the utility's assets for regulatory purposes. A utility's rate base must be calculated in accordance with the requirements of the utility's regulator and is generally approved by the regulator as part of the utility's rate application. The rate base for a natural gas utility in British Columbia, Alberta and Nova Scotia generally includes the gross cost of the Company's utility assets, less contributions paid by customers, less accumulated depreciation, plus an allowance for working capital. Utilities make capital investments to service new customers and to meet their obligations to deliver natural gas safely and reliably. Capital investments are included in a utility's rate base after the assets are placed into service. The rate base of a utility is reduced by depreciation of the utility's regulated assets being recorded in rates charged to customers. An increase in the utility's rate base will generally result in an increase in the utility's net income, all other things being equal.

Capital Structure and Return on Equity

Rate-regulated utilities have a "deemed" or approved capital structure that is set by the regulator. This is typically expressed as a ratio of debt-to-equity. For instance, in Alberta, the deemed capital structure for AUI set by the AUC is 61/39, which means that, for rate making purposes, AUI is considered to have a capital structure consisting of 61 percent debt and 39 percent equity. This capital structure is applied to the utility's rate base. As an example, if a utility has a rate base of $100 million and a 61/39 capital structure, this means the regulated assets of the utility are deemed to be capitalized with $61 million of debt and $39 million of equity. The deemed capital structure is important to a utility because it is used to calculate the dollar amount of a utility's net income that the utility is afforded the opportunity to earn through rates. A utility's deemed capital structure also reflects the regulator's view of the amount of debt that a utility should have in order to operate prudently.

A utility's ROE is the rate of return that a regulator allows the utility the opportunity to earn on the equity portion of the utility's rate base. ROE is expressed as a percentage. A utility's ROE represents the amount, over and above a utility's costs associated with providing services that a utility has the opportunity to earn as its net income after tax. A utility's allowed ROE is therefore a significant factor that affects the financial performance of rate-regulated utilities.

In order to calculate its allowed ROE as a dollar amount, the utility applies the allowable ROE percentage set by the regulator to the equity portion of its rate base. The equity portion of its rate base is, in turn, determined by multiplying the utility's rate base by the percentage of equity reflected in its deemed capital structure (i.e. 39 percent for AUI).

Operational Cost Savings and Efficiencies

Utilities seek greater efficiency and cost savings, including from economies of scale, productivity improvements or the use of new technology and systems. These cost savings are typically passed on to customers in the form of lower rates. In a cost of service model, this means the lower costs may be reflected in a lower revenue requirement approved by the regulator in the utility's next rate application. In other words, in a cost of service model without deferral mechanisms, cost savings, if any, are generally only retained by the utility until new rates are approved by the regulator. In a performance-based model for rates, the utility has the potential to retain some or all of the benefit of cost savings achieved in excess of those established by the regulator, thereby increasing its ROE during the performance term. The ability to demonstrate greater efficiency and cost savings in the operations of a utility is a key factor in a regulator's decision to approve rates. This, together with the utility's desire to increase profitability while keeping rates low, provides incentives for utilities to continue to seek more efficient ways to deliver their service to customers.

Rate Applications

Framework

The Applicable Utilities Commissions are the regulators that approve rates for utilities in their respective jurisdictions. In Alberta, rates are currently determined using a PBR methodology, with a potential for reverting back to cost of service at the end of the respective PBR term. In British Columbia and Nova Scotia, rates are typically set on a cost of service basis. In the Northwest Territories, rates are normally set on a cost of service basis, but are regulated on a light-handed complaint-based framework where competition exists within a franchise area. These models are reviewed and modified by the Applicable Utilities Commissions from time to time.

Application Process

A utility must file a rate application with the Applicable Utilities Commission to seek approval of its revenue requirement, which forms the basis for the rates to be charged for the approved period. The period between a utility's applications for rates may vary, and depends on the type of application process employed by the Applicable Utilities Commission.

A rate application is generally comprised of two phases: (a) to set the revenue requirement; and (b) to set specific rates to be charged to different classes of consumers and determine the terms and conditions of service.

A rate application is supported by pre-filed evidence, which contains details on the various categories of expenses proposed to be incurred by the utility, including, but not limited to, operations, maintenance and administration costs, depreciation and amortization, costs of debt and income taxes. A rate application will also include details on the capital expenditures proposed to be made based on available information and assumptions made at the time of the rate application. A utility must demonstrate to the Applicable Utilities Commission that capital investments are appropriate and prudent for inclusion in the utility's rate base and that the costs of providing service are also appropriate and prudent.

Rate applications for utilities such as PNG, AUI and HGL are generally based on “forward test years” whereby the utility must forecast and make assumptions regarding its expected costs and consumer demand during the periods covered by the rate application. The utility must support its application with information about prior or historical years and the current year.

Intervenors, such as consumer groups and other industry participants (including land owners and indigenous groups), and staff of the Applicable Utilities Commission, may also participate in the applicant's stakeholder activities, in technical conferences, and in the tribunal process itself, and they may also file questions and their own evidence. The parties may attempt to negotiate a full or partial settlement of the issues raised by the application. Unsettled issues are referred to a hearing in which the applicant is required to defend its rate application through written or oral submissions. After the completion of the hearing, the Applicable Utilities Commission issues a decision with reasons. The Applicable Utilities Commission will approve the final rate order or request revisions to better reflect its decision.

Applicable Utilities Commissions can instigate generic proceedings where topics are addressed for all utilities in the respective jurisdiction. The proceedings follow the same process as an individual utility application, however all utilities file evidence, take part in the hearing and are bound by the Applicable Utilities Commission's decision.

A utility may apply to the Applicable Utilities Commission for the approval of “deferral accounts” or “variance accounts”, which are accounts used by the utility to record amounts due to, or amounts to be received from, rate payers at a future date. These type of accounts may be used to track, among other items, unforeseen capital expenditures or particular operation, maintenance and administration costs incurred during that period that were not included in the utility's last application for rates. The Applicable Utilities Commission will determine in connection with a subsequent rate application whether to allow a utility to include the assets produced from these capital expenditures in the utility's rate base or to recover such costs in rates.

Cost of Service Model

In a cost of service model for determining rates, a utility applies to the Applicable Utilities Commission for approval of its revenue requirement through a rate application. The revenue requirement covers the anticipated annual costs of providing the service, which includes an amount that represents the allowable ROE approved by the Applicable Utilities Commission.

Revenue Requirement

($)

Return on Equity	Calculated by multiplying the allowed ROE set by the Applicable Utilities Commission by the equity component of the utility's rate base.
Income Taxes	The allowance for the recovery of income taxes paid in respect of the regulated operations of the utility.
Cost of Debt	The approved cost of debt for the utility at the deemed capital structure.
Depreciation & Amortization	The depreciation on the rate base assets that is determined based on depreciation studies filed by a distribution utility, and approved by the Applicable Utilities Commission, which is net of any customer contribution amortization.
Operating Costs, Administrative Costs & Property Taxes	The costs associated with operating a utility that are determined to be prudent by the regulator.

The total revenue requirement is primarily collected through distribution rates. Other revenue generated by the utility through its regulated operations makes up the difference between the total revenue requirement and the amount collected through the distribution rates.

Performance-Based Model

The process for applying for distribution revenue requirements under a PBR framework differs from the process for applying for traditional cost of service revenue requirements in the following ways:

- under a PBR model, the revenue requirement is effectively decoupled from the utility's cost of providing service, and the utility must effectively manage its business to earn its allowed ROE over the period covered by the rate decision. Under this model, revenues earned from rates may not correspond to the utility's actual costs;
- the period covered by a PBR rate application in Alberta is typically five years, which is longer than the typical period covered by a cost of service rate application of one or two years;
- the utility applies for the "going-in rates" based on either a traditional cost of service rebasing model, a continuation of the rates in effect just prior to the new PBR period or as otherwise directed by the Applicable Utilities Commission;
- the revenue requirement for each of the subsequent years during the PBR period is generally determined based on a formula that multiplies the going-in rate by an inflation factor less certain productivity factors set by the regulator, multiplied by a factor for customer growth, plus a factor for capital funding. The revenue requirement in these subsequent years is set on the assumption that the utility is lowering its cost of service over the period covered by the rate decision due to efficiency or productivity improvements;
- certain capital expenses outside of the normal course of business or which cannot be foreseen are typically not included in PBR rates and are considered separately;
- the revenue requirement is also adjusted for the effect of other decisions of the regulator such as generic cost of capital proceedings; and
- the utility is permitted to retain all or a portion of the cost savings achieved in excess of those established by the regulator during the period covered by the rate decision, thereby allowing the utility to earn more than its allowed ROE.

Complaints-Based Model

Under a complaints-based model, a transmission or distribution utility does not file its rates for review or approval by the Applicable Utilities Commission. Rates are typically only reviewed upon the complaint of a ratepayer. Distribution providers in franchise areas with multiple providers in the Northwest Territories are typically regulated by the NWTPUB on a "light-handed" or complaints-based model.

Franchise Agreements and Approvals

In British Columbia, Alberta, Nova Scotia and the Northwest Territories, rate-regulated utilities may provide service within designated areas (i.e., franchise territories and areas), under the authority granted by franchise or operating agreements or otherwise granted as permits or approvals issued pursuant to applicable statutes by the Applicable Utilities Commissions. Franchise agreements or approvals grant the rate-regulated utility the exclusive right to provide utility services in the applicable franchise area.

Seasonality

The natural gas distribution business in Canada is highly seasonal, as the majority of natural gas demand occurs during the winter heating season that extends from November to March. Natural gas delivered during the winter heating season typically accounts for approximately two-thirds of annual natural gas deliveries, typically resulting in profitable first and fourth quarters and weaker second and third quarters. Accordingly, annualized individual quarterly revenues and earnings are not indicative of annual results.

Delivery rates for AUI and HGL are based on the 20-year rolling average Degree Days expected for the application period. Positive variances relative to expected levels lead to increased delivery volumes.

Delivery rates for PNG are set based on the 10-year rolling average Degree Days expected for the application period. PNG is authorized by the BCUC to maintain a rate stabilization adjustment mechanism regulatory account to mitigate the effect on its earnings of deliveries to certain customers caused principally by volatility in weather and the impact on deliveries. Balances in the account are recovered in customer rates over a two-year period based on forecast deliveries.

Competition

Natural gas competes with other forms of energy available to the Company's customers. The primary competitive factor is price. The commodity cost of natural gas has traditionally been volatile. When prices are high, the prospects of fuel-switching and increased energy conservation pose a risk to levels of demand for natural gas, as other energy sources can become more cost-competitive. It is anticipated that natural gas will continue to have a competitive advantage in British Columbia and Alberta, where virtually all potential customers in PNG and AUI's franchise areas are connected to natural gas. However, over time, material natural gas price increases may result in material decreases in the use of natural gas by customers. Within their respective current franchise areas, PNG and AUI have nearly achieved complete market saturation, with the exception of those consumers choosing alternate fuel sources or living in more remote areas where natural gas service is cost-prohibitive at this time.

In Nova Scotia, where customers face costs to convert to natural gas, there is competition from alternative energy sources. HGL is a relatively new utility having started with a single customer in 2003 and natural gas has a small share of the energy market. The dominant fuel source is oil, followed by electricity, then propane and wood fuel, used by smaller residential customers. In Nova Scotia, natural gas offers a competitive advantage relative to fuel oil and electricity due to its affordability, cleanliness, versatility, reliability and safety. HGL has responded to competitive propane prices in its small commercial rate class (500 to 4,999 GJ/year) by adjusting its distribution rates. The improving competitive position of natural gas relative to propane has allowed HGL to increase its distribution rates three times since the CRP was put in place.

The rate-regulated utility sector is also affected by competition ranging from large utilities to independent power producers, as well as private equity and international conglomerates. In British Columbia and Alberta, the natural gas distribution market is dominated by a major distributor that serves a majority of customers. Although the Company holds a relatively small share of the overall market in its relevant jurisdictions, through its franchise agreements, permits and approvals, it has a monopoly within its noted service areas.

Utilities Business Key Utility Metrics

The following table summarizes the capital expenditures for the Utilities business for years ended December 31, 2019 and 2018:

	2019	2018
($ millions)		
New business	**15.8**	19.1
System betterment and gas supply	**45.1**	42.6
General plant	**15.5**	10.0
Total	**76.4**	71.7

The following table summarizes the nature of regulation applicable to each utility (other than Inuvik Gas) as at December 31, 2019:

Regulated Utility Applicable Utilities Commission	$ Rate Base[1] (% of the Company's Consolidated Rate Base)	Allowed Common Equity (%)	Allowed ROE (%) 2019	Allowed ROE (%) 2018	Significant Features/Material Regulatory Development
AUI *AUC*	$396 million (42%)	39	8.50	8.50	• Effective January 1, 2018, second generation PBR term 2018 – 2022 was approved. • Cost recovery and return on rate base through revenue per customer formula. • Generic cost of capital proceeding completed to establish allowed ROE and capital structure for 2018-2020. • Authorized to invest approximately $41 million per year over the five year plan term. • 2018 AUI Depreciation Study decision received on December 20, 2019.
PNG *BCUC*	$232 million (25%)				• Permanent rates approved for test year 2019 in the 2018/2019 revenue requirement application. • Revenue requirements application filed in November 2019 for test years 2020/2021, with new interim rates in place January 1, 2020. • Primarily protected from weather related volatility through revenue stabilization adjustment account.
Western System		46.50	9.50	9.50	
Northeast System (Fort St. John/ Dawson Creek)		41.00	9.25	9.25	
Northeast System (Tumbler Ridge)		46.50	9.50	9.50	
HGL *NSUARB*	$313 million[2] (33%)	45	11.00	11.00	• Distribution rates approved under a cost of service model. • No regulatory lag; earn immediately on invested capital. • RDA of up to $50 million. • CRP approved in September 2016 resulting in a decrease in distribution rates for certain commercial customers and deferral of certain costs while the program is in place. • Filed an extension for the CRP to the end of 2023 and to significantly reduce the degree of deferral currently approved. Decision expected in first half of 2020. • The incremental deferrals arising from the CRP are allowed a return 4 percent.

Notes:

[1] Inclusive of construction work in progress.

[2] Inclusive of CRP deferrals of approximately $36 million, which earn a return of 4%.

Regulatory Deferral Accounts

The Applicable Utilities Commissions have approved a number of deferral accounts for each of AUI, PNG and HGL to record costs and revenues for various items for recovery from customers, or refund to customers, over a future time period. The general purpose of a deferral account is to keep a company or its customers whole in respect of the subject matter of the deferral account. As at December 31, 2019, the Company's deferral accounts in assets were $236.6 million ($216.4 million as at December 31, 2018) and were $33.7 million in respect of liabilities ($31.0 million as at December 31, 2018). The period over which the accounts will be realized or settled depends upon the type of account. Recovery of deferral accounts may occur as quickly as the following month (as for certain deferral cost of gas amounts) or extend many decades (as for recovery of deferred income tax amounts).

Each of AUI, PNG and HGL have a gas cost variance account. The difference between the forecast gas cost charged to customers and the actual gas cost incurred is recorded in these accounts. If actual gas costs exceed forecast gas costs, the difference will be recovered from customers by an increase in future rates. If actual gas costs are lower than forecast gas costs, the difference will be refunded to customers through a reduction in future rates. In this way, customers, over time, pay the same cost for gas as is paid by the utility.

Each of AUI and PNG have an account with respect to recovery of deferred income taxes, which taxes reflect the future revenues required to fund the deferred tax liabilities. HGL is not yet subject to paying income taxes, as it has accumulated tax loss carryforwards which are used to reduce taxable income to zero. As such, income taxes are not yet reflected in HGL's distribution rates.

PNG forecasts the revenue it will receive from customers based on an annual forecast of gas deliveries to customers. As it is not possible to forecast deliveries to customers with complete accuracy for a variety of reasons, including the effect of weather on gas consumption, PNG is allowed by the BCUC to record the difference between forecast and actual use per account realized from residential and small commercial customers in a rate stabilization adjustment mechanism deferral account. If actual use per account exceeds forecast use per account, the resulting difference will be recorded in the rate stabilization adjustment mechanism deferral account and refunded to customers in future rates. If actual use per account is less than forecast use per account, the resulting revenue difference will be recorded in the rate stabilization adjustment mechanism deferral account and recovered from customers in future rates.

HGL has approval from the NSUARB to use an RDA until it is fully recovered, subject to a maximum of $50 million, which may be increased subject to approval by the NSUARB. The RDA is revenue required to afford HGL the opportunity to earn the rates of return on its rate base, as approved by the NSUARB. In HGL's customer development stage, it is expected that the actual revenue billed will be less than the revenue required to earn the approved rates of return and, therefore, an RDA asset will accumulate. As the distribution network matures, the actual revenue billed is expected to exceed the revenue required to earn the approved rates of return and the RDA will be drawn down.

In September 2016, the NSUARB approved the customer retention program ("CRP") allowing HGL to reduce the base energy charges for customers who consume between 500 and 4,999 GJs/year and the flexibility to increase the base energy charges up to $8.69/GJ (the previously approved rates), deferral of depreciation expense and a deferral of an additional approximately 25 percent of maintenance and administrative expenses while the program is in place. The deferred amounts under the CRP earns a return of 4 percent. The CRP is scheduled to expire on December 31, 2020. HGL currently has an application with the NSUARB to extend the CRP. See "*General Development of the Business – 2019 – Material Regulatory Developments and Applications – Nova Scotia".*

Alberta

AUI commenced operations as an Alberta, provincially regulated, natural gas distribution utility in 1954. Its head office is located in Leduc, Alberta. AUI delivers natural gas to residential, farm, and C&I consumers in more than 90 communities throughout Alberta. At the end of 2019, AUI served approximately 80,500 customers. AUI also owns transmission facilities, including, without limitation, high-pressure pipelines that deliver natural gas from gas sources to the distribution systems.

AUI operates in a mature market and has achieved nearly 100 percent saturation within its franchise areas, with the exception of a few consumers choosing alternate fuel sources or living in remote areas where natural gas service is cost-prohibitive. The Alberta natural gas distribution market is dominated by a major distributor that serves approximately 85 percent of natural gas consumers. AUI serves approximately 6 percent of Alberta customers, with the remaining market served by member-owned natural gas cooperatives and municipally owned systems. AUI expands its customer base through economic expansion and growth in its franchise areas and also pursues opportunities to develop service areas not currently served with natural gas. AUI may pursue the acquisition of municipal and co-op systems as they become available.

Operations

AUI's distribution system consists of 21,041 km of pipeline. There are 687 small and mid-sized metering and pressure regulating stations throughout AUI's distribution network. AUI operates its gas distribution systems through a network of 14 district offices. AUI's market consists primarily of residential and small commercial consumers located in smaller population centres or rural areas of Alberta.

The following table sets out, by customer category, AUI's gas deliveries:

	2019	2018
Deliveries: (PJ)		
Residential	**7.1**	7.1
Rural	**3.0**	2.9
Commercial	**5.4**	5.4
Small industrial (Rate 2 - Large General Services)	**1.4**	1.4
Large industrial (Rate 3 - Demand)	**2.7**	2.6
Producers	**0.6**	1.0
Total deliveries	**20.2**	20.4

The following table sets out, by customer category, AUI's customers:

	2019	2018
Customers at Year End:		
Residential	**58,943**	58,779
Rural	**13,962**	13,945
Commercial	**7,435**	7,418
Small industrial (Rate 2 - Large General Services)	**145**	148
Large industrial (Rate 3 - Demand)	**62**	60
Producers	**2**	2
Total customers	**80,549**	80,352

Under the *Municipal Government Act* (Alberta), municipal councils have the authority to grant a right, exclusive or otherwise, to a person to provide utility service in all or part of the municipality, for not more than 20 years. Under the *Municipal Government Act* (Alberta), AUI negotiates an initial franchise agreement with municipalities based on a standard template approved by the AUC. Each initial franchise agreement sets a negotiated initial term and also defines the rights and obligations of both the municipality and AUI.

The distribution franchise agreements granted to AUI under the *Municipal Government Act* (Alberta) are exclusive to AUI, granted under initial terms for a minimum of 10 years, and up to 20 years, and are typically renewed for periods of 10 years. If any franchise agreement is not renewed, it remains in effect until such time as either party, with the approval of the AUC, terminates it. Upon termination of a municipal franchise agreement, the municipality may purchase AUI's distribution facilities system within the municipality at a price to be agreed upon or, failing agreement, on a price to be fixed by the AUC. A prior Supreme Court of Canada decision supports a purchase price calculated at the full replacement cost, less loss in value of the system due to wear and tear and obsolescence.

As at December 31, 2019, AUI currently has 44 municipal distribution franchises granted pursuant to the *Municipal Government Act* (Alberta); nine permits granted by Indigenous and Northern Affairs Canada under the authority of the *Indian Act* (Canada); and 21 rural franchise approvals issued under the authority of the *Gas Distribution Act* (Alberta), with remaining terms that vary from 3.8 years to perpetual and are renewed from time to time in the ordinary course of AUI's business. The top three municipalities contributing to AUI's total revenue in 2019 were the City of Leduc, City of Beaumont and Town of Drumheller, which collectively accounted for approximately 25 percent of AUI's total revenue and 21 percent of energy delivered in 2019.

AltaGas has managed AUI's natural gas supply arrangements since November 1, 1999. AltaGas is under contract and receives a monthly fee that is escalated annually at the Canadian CPI for providing gas management services to AUI. AltaGas arranges for the purchase and transportation of the gas supply required to meet AUI's daily load requirements.

AUI currently buys the majority of its natural gas under monthly and daily arrangements from a number of producers. The price paid for the natural gas on a monthly basis is based on market value provided in the Canadian Gas Price Reporter. AUI receives the majority of its natural gas from ATCO Gas and Pipelines Ltd.'s and NOVA Gas Transmission Ltd.'s Alberta gas transportation systems. Deliveries are made at various Alberta delivery points into the AUI system for delivery to its customers. AUI's natural gas supply and transportation arrangements are such that most of the third party transportation charges are paid by the natural gas customers. The cost of gas purchased is flowed through to the distribution customers and does not impact net income.

British Columbia

PNG's head office is located in Vancouver, British Columbia and its principal operating office is located in Terrace, British Columbia. PNG's wholly owned subsidiary, PNG(N.E.) has its main operating offices in Fort St. John, British Columbia and Dawson Creek, British Columbia.

PNG owns and operates the Western System, a regulated natural gas transmission and distribution utility within the west central portion of northern British Columbia. PNG(N.E.) owns and operates the Northeast System, a distribution utility in northeast British Columbia.

Substantially all of PNG's and PNG(N.E.)'s pipeline facilities are located across Crown land or privately-owned property under rights-of-way granted by the Crown or the owners in perpetuity or for so long as they are used for pipeline purposes. Approximately three kilometers of main pipelines and approximately nine kilometers of lateral transmission pipelines cross reserves established under the *Indian Act* (Canada), for which PNG has appropriate land rights. Compressor and metering stations are principally located on land owned by PNG. PNG owns its local offices in Terrace, Prince Rupert, Kitimat, Burns Lake, Smithers, Summit Lake, Dawson Creek, Tumbler Ridge and Fort St. John, British Columbia and leases office space in Vanderhoof and Vancouver, British Columbia.

All of the property and assets of PNG and PNG(N.E.) are subject to the lien of a deed of trust and mortgage dated as of April 15, 1982 between PNG and Computershare Trust Company of Canada, as trustee, as amended and supplemented from time to time, under which PNG's secured debentures have been issued.

All of PNG's and PNG(N.E.)'s residential customers, most of their commercial customers and a number of their smaller industrial customers continue to rely on PNG and PNG(N.E.) for arrangement of their gas supply, and such customers pay tariffs which include PNG's and PNG(N.E.)'s gas supply commodity and delivery costs. The large industrial customers, the majority of small industrial customers and a number of commercial customers purchase their own gas supply requirements from third party gas suppliers and contract for gas transportation service on the PNG and PNG(N.E.) pipeline systems. In addition, some of the smaller commercial customers purchase their gas supply requirements directly from gas marketers. Since PNG's income is earned from the distribution of natural gas and not from the sale of the commodity, distribution margin is not adversely affected by this practice as the gas commodity costs are passed through to customers without a mark-up.

In the Western System service area, PNG has a very high penetration of available energy customers. With the final investment decision made by joint venture partners of LNG Canada's export project at Kitimat, British Columbia, PNG expects that economic spin-offs will be realized in the associated communities, including additional residential housing and business requirements in PNG's franchise areas, which could provide a basis for additional growth for the Company's business.

In June of 2019, PNG submitted the PNG Reactivation Application and on February 28, 2020, PNG received approval from the BCUC. PNG is now planning to hold an open season auction for the unutilized transportation capacity of the PNG Western System.

In the Northeast System service area, PNG(N.E.) continues to build out its distribution system to new communities and to capture new housing and commercial developments in its existing serviced communities.

Operations

PNG's transmission pipeline system in the Western System service area connects with the British Columbia pipeline system operated by Enbridge Westcoast Energy Inc. (formerly Spectra Energy) near Summit Lake, British Columbia, and extends 587 km to the west coast of British Columbia at Prince Rupert, British Columbia. The pipeline between Summit Lake, British Columbia and Terrace, British Columbia has been partially paralleled, or looped, with a second line to increase throughput capacity. PNG also owns and operates over 300 km of lateral transmission pipelines extending into the various communities served by PNG, the most significant being dual lines extending approximately 57 km into Kitimat, British Columbia. The Western System distribution system is comprised of approximately 960 km of distribution pipelines. Five compressor units maintain pressure on PNG's Western System transmission pipeline system (four of which are presently deactivated).

The Northeast System serves the Fort St. John and Dawson Creek areas of British Columbia through connections with the Enbridge Westcoast Energy Inc. pipeline system at several locations. The Northeast System also connects with pipelines owned by Canadian Natural Resources Limited to obtain supply for the Fort St. John area, a producer's pipeline to serve the Dawson Creek area, and a Canadian Natural Resources Limited gas supply pipeline to serve the Tumbler Ridge area of British Columbia. The entire Northeast System consists of approximately 243 km of transmission lines, 2,202 km of distribution lines and a gas processing plant near Tumbler Ridge with a capacity of 120,000 cubic meter of natural gas per day.

The following table sets out, by customer category, PNG's gas deliveries:

	2019	2018
Deliveries: (PJ)		
Residential	**3.1**	3.1
Commercial	**3.0**	3.0
Small industrial	**2.4**	1.9
Large industrial	**2.0**	1.9
Total deliveries	**10.5**	9.9

The following table sets out, by customer category, PNG's customers:

	2019	2018
Customers at Year End:		
Residential	**36,587**	36,371
Commercial	**5,447**	5,437
Small industrial	**41**	47
Large industrial	**2**	2
Total customers	**42,077**	41,857

Under the *Utilities Commission Act* (British Columbia), municipal councils and utilities negotiate franchise agreements, which are then subject to approval by the BCUC through a certificate of public convenience and necessity.

Under the *Community Charter* (British Columbia), a council of a municipality may enter into an agreement to grant an exclusive or limited franchise for the provision of gas, electrical or other energy supply system for terms of not more than 21 years. If any franchise agreement is not renewed, it remains in effect and the utility may not discontinue operations except on the approval of the BCUC. Furthermore, any disposition of a utility's property, franchises, licences, permits, concessions, privileges or rights also requires the approval of the BCUC.

PNG currently has exclusive franchise agreements with the municipalities of Prince Rupert, Port Edward, Kitimat, Terrace, Smithers, Burns Lake, Houston, Fort St. James, Fraser Lake and Vanderhoof, entitling it to supply and distribute natural gas within those municipalities. Each of the franchise agreements have a term of 21 years, expiring in 2032 (except in the cases of Port Edward, where the agreement expires on October 5, 2031, Prince Rupert and Fraser Lake, where both agreements expire in 2036, and Fort St. James, where the agreement expires June 30, 2038).

PNG also has an operating agreement with the municipality of Telkwa, British Columbia that entitles PNG to install and operate gas distribution facilities in the municipality. The initial term of this operating agreement has expired, and PNG is operating within ten year renewal terms which will expire in 2021. The operating agreement provides for an unlimited number of ten year renewal terms, which take effect automatically on the expiry of the preceding renewal term. If the parties cannot agree on alterations to an operating agreement for a renewal term, the BCUC may determine such alterations.

PNG(N.E.) has exclusive franchise agreements with the city of Fort St. John, the District of Taylor, the City of Dawson Creek, and the Village of Pouce Coupe for 21-year terms, expiring in 2018, 2033, 2036, and 2037, respectively. PNG(N.E.) currently has an interim operating agreement with the city of Fort St. John and has filed an application for approval of the franchise agreement negotiated with the city of Fort St. John on December 10, 2019. PNG(N.E.) operates its gas distribution facilities in the Tumbler Ridge area pursuant to a certificate of public convenience and necessity issued by the BCUC. The franchise agreement with the District of Taylor gives the municipality the right to purchase the distribution system within the municipality on expiry of the franchise agreement, at the fair market value of the assets as a going concern.

Tenaska Marketing Canada has managed most of PNG's natural gas supply arrangements since March 2013. Tenaska Marketing Canada's gas management services include gas supply planning and resource selection analysis, gas supply contract negotiation and administration, daily energy management services, and the monitoring and reporting of credit, hedging positions and gas prices. The contract expires on March 31, 2021. The cost of gas purchased is flowed through to the distribution customers and does not impact net income.

PNG meets its gas demand requirements using a balanced approach and contracts for supply from different counterparties for both daily and monthly priced supply. Most of the gas purchased by PNG is taken from the pooled gas stream available from the Enbridge Inc. pipeline system. This includes all of the supply to PNG's transmission line serving its Western System service area and most of the supply for the Fort St. John and Dawson Creek, British Columbia service areas. In addition, the Fort St. John system incorporates two interconnections with Canadian Natural Resources Limited's West Stoddart Pipeline and the Dawson Creek area connects to a producer's pipeline. In Tumbler Ridge, British Columbia, all of the gas supply is obtained in the form of raw gas production from Canadian Natural Resources Limited and PNG operates its own gas processing facilities.

PNG also includes natural gas storage in its gas supply portfolio and has a storage agreement with Tenaska Marketing Canada for storage at the Aitken Creek Gas Storage Facility of up to 1,000,000 GJs which has been renewed until March 31, 2022 to assist in managing gas supply during peak demand.

Nova Scotia

HGL is a natural gas distribution utility in Nova Scotia with a head office located in Dartmouth, Nova Scotia. HGL's franchise was granted in 2003 and gives it the exclusive right to distribute natural gas through its distribution system to all or part of seven counties in Nova Scotia, including the Halifax Regional Municipality until December 31, 2028.

Natural gas currently provides less than 10 percent of total energy used in Nova Scotia, with electricity and fuel oil being the dominant energy sources. In 2019, HGL's customer base grew by 5 percent and ended the year at approximately 7,700 customers. HGL currently has approximately 4,300 residential and approximately 3,350 commercial customers representing approximately 30 percent of all homes and 43 percent of all commercial buildings that currently have access to natural gas. HGL is focused on increasing penetration levels within the area currently served by its existing network.

The following table sets out, by customer category, HGL's gas deliveries:

	2019	2018
Deliveries: (PJ)		
Residential	**0.3**	0.3
Small commercial	**2.5**	2.3
Large commercial	**2.6**	2.5
Industrial	**3.5**	3.4
Non-regulated compressed natural gas distribution	**1.2**	1.1
Total deliveries	**10.1**	9.6

The following table sets out, by customer category, HGL's customers:

	2019	2018
Customers at Year End:		
Residential	**4,344**	4,100
Small commercial	**3,081**	2,938
Large commercial	**250**	241
Industrial	**16**	16
Non-regulated compressed natural gas distribution	**3**	3
Total customers	**7,694**	7,298

Natural gas prices are very competitive with other energy sources in Nova Scotia for large commercial and industrial customers. HGL currently has a CRP in place which was approved by the NSUARB in 2016 for commercial customers with consumption between 500 and 4,999 GJ per year. In the fall of 2017, HGL implemented an increase to the distribution rates that were previously reduced as provided under the CRP decision. An additional increase was made to distribution rates in the spring of 2018 and again in the fall of 2018 to partially restore the rates to previously approved cost of service levels. Due to delays in gas infrastructure projects that are expected to further reduce the cost of natural gas in the Maritimes, in the fall of 2019, HGL filed an application to extend its CRP to the end of 2023. To date the program has been successful in curtailing the migration of customers to propane. Since the implementation of the CRP, HGL has continued to add residential and commercial customers. The program has enabled HGL to remain competitive for this customer class during a period of low propane prices.

Operations

Under the *Gas Distribution Act* (Nova Scotia), a utility must apply for a franchise before the NSUARB, subject to approval by the Governor in Council. Franchises granted by the NSUARB provide the franchise holder the exclusive right to construct and operate a gas delivery system within the geographical area of the franchise (subject to limited exceptions) for a term of 25 years. Franchises are renewable by application to the NSUARB. In the event that a franchise is not renewed, the NSUARB may require the franchise holder to continue to provide service for such time as will allow users to convert to another energy source.

The franchise currently held by HGL is for a 25-year term, issued on February 7, 2003 for Cumberland, Colchester, Pictou, and Halifax Counties (now Halifax Regional Municipality), the Municipality of the District of East Hants, and the Goldboro area of Guysborough County. In addition, in 2014, HGL was granted the franchise rights for Antigonish County.

HGL's distribution system consists of approximately 465 km of pipeline mains infrastructure of which approximately 350 km is located in the Halifax Regional Municipality, approximately 60 km is located in Amherst, Nova Scotia 45 km in New Glasgow/Pictou area and approximately 10 km is located in Oxford, Nova Scotia.

Historically HGL received much of its natural gas supply from the Sable Offshore Energy project and Encana Corporation's Deep Panuke project off the coast of Nova Scotia. In 2018 the natural gas supply from both of these projects ended with Deep Panuke ceasing operation in May 2018 and Sable Offshore Energy ceasing operation in December 2018. In anticipation of these declines, HGL entered into gas supply and transportation contracts to secure supply from other supply basins in North America and to provide relative price stability.

HGL has a 22-year contract with Portland Natural Gas Transmission System for natural gas transportation capacity from the Dawn Hub in Ontario to Nova Scotia on a pipeline path that consists of Union Gas Limited Pipeline, TransCanada pipeline, Portland Natural Gas Transmission System and the Maritimes and Northeast Pipeline system. This agreement enhances security of supply and reduces gas price volatility. The agreement provides for 3,915 GJ per day beginning November 1, 2018; 9,350 GJ per day beginning November 1, 2019; and 10,550 GJ per day beginning November 1, 2020 for the duration of the contract.

Through an agreement with AltaGas, HGL purchases gas under negotiated contracts with wholesale gas marketers. During 2019, Emera Energy Inc. managed HGL's natural gas supply, and is contracted to continue to provide the service until October 2020. In 2019, HGL's supply was delivered via the TransCanada pipeline, the Portland Natural

Gas Transmission system and the Maritimes & Northeast U.S. and Canadian pipeline systems from supply basins offshore Nova Scotia, central and western Canada and the United States. The cost of gas purchased is passed through to the distribution customers and does not impact net income.

In December 2019, HGL entered into two agreements with Maritimes & Northeast Pipeline Limited Partnership. One agreement was for 7,500 GJ per day of firm transportation capacity for 25 months. The second agreement is for an interruptible transportation service with a $6 million annual commitment.

In 2014, HGL executed a 20-year gas storage agreement with Alton Natural Gas Storage L.P., a wholly-owned subsidiary of AltaGas, for storage capacity at the Alton Natural Gas Storage Project in Nova Scotia. Construction for this facility is underway and HGL currently expects the facility to bring benefits to HGL beginning in 2024.

Also in 2014, HGL signed an agreement with Enbridge Inc. for the Atlantic Bridge Expansion Project, on the Algonquin Gas Transmission pipeline system. The contract is a 15-year commitment for 10,550 GJ per day of transportation that provides HGL an opportunity to diversify suppliers and provide access to other supply basins until the end of its term. The Atlantic Bridge Expansion Project is expected to be in-service in late 2020.

INUVIK GAS AND IKHIL JOINT VENTURE

AUGI has an approximate one-third interest in Inuvik Gas and the Ikhil Joint Venture natural gas reserves, which have historically supplied Inuvik Gas with natural gas for the Town of Inuvik. With the Ikhil Joint Venture natural gas reserves approaching the end of their life, a propane air mixture system producing synthetic natural gas was implemented as the main source of energy supply for Inuvik Gas with the Ikhil Joint Venture serving as the main energy supply during shoulder seasons when the two Dempster Highway river crossings are closed. These shoulder seasons are in the early winter when the ferries are unable to run and the ice bridges are not formed yet as well as in the spring when the ice bridges melt prior to the ferries being able to run. Winter shoulder season lasts approximately two months and spring shoulder season lasts approximately one month.

Under the *Public Utilities Act* (Northwest Territories) and the *Cities Towns and Villages Act* (Northwest Territories), municipal councils have the authority to grant a utility the right to operate within a municipality. Where a utility plans to operate outside of a municipality, this authority rests with the Minister responsible for the *Public Utilities Act* (Northwest Territories). Under the *Cities Towns and Villages Act* (Northwest Territories), franchise agreements may not have initial terms greater than 20 years, and may be renewed for terms not to exceed 10 years. Upon expiry of a franchise, with the approval of the Minister under the *Cities Towns and Villages Act* (Northwest Territories), the municipality may purchase the property used in connection with a franchise on terms to be agreed to by the parties, or by arbitration under the *Arbitration Act* (Northwest Territories).

In December 2016, Inuvik Gas notified the Town of Inuvik of its intention to terminate the gas distribution franchise agreement effective December 2018. The franchise agreement was terminated on December 8, 2018. Through an in-person meeting in December 2018, Inuvik Gas agreed to continue to provide service to its customers in accordance with the previous franchise agreement and the NWTPUB approved terms and conditions of service as Inuvik Gas and the Town of Inuvik continue negotiations to transition ownership of Inuvik Gas to the Town of Inuvik. The Company and its joint venture partners will continue to own and operate the Ikhil Joint Venture.

RENEWABLE ENERGY BUSINESS

ACI's Renewable Energy business contributed revenue of $14.8 million for the year ended December 31, 2019 (2018 - $15.2 million), representing approximately 5 percent (2018 – 5 percent) of ACI's total revenue before Corporate segment and intersegment eliminations. The revenue from the Renewable Energy segment also excludes revenue from the Northwest Hydro Facilities as the investment is accounted for using the equity method accounting.

At December 31, 2019, ACI has installed power capacity from a combination of hydro and wind generation, as more particularly set forth in the below table.

Facility	Interest (%)	Installed Capacity (MW)	Type	Geographic Region	Contracted Expiry Date
Bear Mountain Wind Park	100	102	Wind	British Columbia, Canada	2034
Forrest Kerr[(1)]	10	214	Hydro	British Columbia, Canada	2074
McLymont Creek[(1)]	10	72	Hydro	British Columbia, Canada	2075
Volcano Creek[(1)]	10	17	Hydro	British Columbia, Canada	2074

Note:

(1) ACI owns a 10 percent indirect interest in the Northwest Hydro Facilities, which are comprised of Forrest Kerr, McLymont Creek and Volcano Creek.

The following chart provides a summary of the volumes sold for the last two years:

	2019	2018
Bear Mountain Wind Park power sold (GWh)	**141.9**	143.7
Northwest Hydro Facilities power sold (GWh) [(1)(2)]	**120.5**	101.4

Note:

(1) Representing 10 percent of the total power sold by the Northwest Hydro Facilities.

(2) Inclusive of 2.7 GWh of deemed energy for the year ended December 31, 2019 related to BC Hydro's curtailment.

Bear Mountain Wind Park

The Bear Mountain Wind Park, owned by the Company through BMWLP and BMWPC, is a 102 MW generating wind facility consisting of 34 turbines, a substation and transmission and collector lines, which are connected to the BC Hydro transmission grid. The Bear Mountain Wind Park is British Columbia's first fully-operational wind park, delivering enough electricity to power most of British Columbia's South Peace region.

The turbine manufacturer, Enercon GmbH of Germany, provides operating and maintenance services to BMWLP under a service agreement that expires in December 2021 on a fixed fee basis, escalating with reference to specified pricing indices. Enercon GmbH provides various warranties in respect of the turbines, including with respect to minimum levels of availability. Each of the 3 MW Enercon E-82 wind turbine generators supplied to the Bear Mountain Wind Park is 78 metres tall to the hub.

The Bear Mountain Wind Park was commissioned and fully connected to the British Columbia power grid in 2009. All of the power from the Bear Mountain Wind Park is sold to BC Hydro under a 25-year EPA expiring in 2034 with an escalation factor of 50 percent of Canadian CPI calculated at the beginning of each year. The facility is an EcoLogo certified facility and generates RECs. BMWLP has retained the green attributes and RECs and sells them, and intends to continue to sell them, to provide an additional revenue stream.

The Bear Mountain Wind Park covers approximately 25 hectares and, as the turbines require limited surface land space, the facility continues to be used for cattle grazing and by the public for hiking, snowmobiling, cross-country skiing and other recreational activities.

There are royalty agreements in place with Peace Energy Cooperative (a community-based group), Aeolis Wind Renewable Energy Company and AltaGas for a total of 1.712 percent of the project revenues and for 28.5 percent of any revenues from the sale of RECs above a cumulative threshold amount.

Northwest Hydro Facilities

The Northwest Hydro Facilities, located in Tahltan First Nation territory approximately 1,000 kilometres northwest of Vancouver, British Columbia, are comprised of three run of the river hydro facilities, namely Forrest Kerr, McLymont Creek, Volcano Creek and all associated transmission and related support facilities.

The Northwest Hydro Facilities, with a combined installed capacity of approximately 303 MW, are contracted under three separate 60-year EPAs with BC Hydro that are fully indexed to BC CPI, meaning there is no direct commodity risk on contracted power. Each EPA expires 60 years from the facility's respective date of COD.

The CMH Group is owned by Coast LP, its general partner Coast GP and the Tahltan First Nation. The Company's indirect ownership is through limited partnership units of Coast LP and common shares of Coast GP. Impact benefit agreements are in place for all three Northwest Hydro Facilities, supporting a cooperative and mutually beneficial relationship between the Tahltan First Nation and the CMH Group.

The Company has agreed with AltaGas that it will not directly or indirectly dispose of any of its interest in Coast LP or Coast GP prior to November 1, 2028 without the prior consent of AltaGas.

Competition

Wind power generated from the Bear Mountain Wind Park is not currently exposed to power price volatility as the power generated is sold at a fixed price for 25 years, with an escalation factor of 50 percent of CPI calculated at the beginning of each year. Renewable energy sold from Forrest Kerr, McLymont Creek and Volcano Creek are sold at a predetermined price as contracted under the 60-year EPAs with BC Hydro. The EPAs for Forrest Kerr, McLymont Creek, and Volcano Creek are fully indexed to BC CPI.

Seasonality

The renewable energy business of ACI is cyclical due to the nature of wind and run-of-river hydroelectric resources, which fluctuate based on both seasonal patterns and annual weather variation. Typically, run-of-river hydroelectric facilities generate most of their electricity and revenues during May to October when snowpack melt starts feeding the watersheds and the rivers and increases in precipitation. Inversely, wind speeds are historically greater during the cold winter months when air density is at its peak. Accordingly, annualized individual quarterly revenues and earnings are not indicative of annual results.

CAPITAL STRUCTURE

DESCRIPTION OF CAPITAL STRUCTURE

The Company's authorized share capital consists of an unlimited number of Common Shares and such number of Preferred Shares issuable in series at any time as have aggregate voting rights either directly or on conversion or exchange that in the aggregate represent less than 50 percent of the voting rights attaching to the then issued and outstanding Common Shares. As at December 31, 2019, ACI had 30,000,000 Common Shares issued and outstanding and no Preferred Shares issued and outstanding.

The summary below of the rights, privileges, restrictions and conditions attaching to the Common Shares and the Preferred Shares is subject to, and qualified by reference to, ACI's articles and by-laws.

Common Shares

Holders of Common Shares are entitled to notice of, to attend and to one vote per share held at any meeting of the Shareholders (other than meetings of a class or series of shares of the Company other than the Common Shares as such). Subject to prior satisfaction of all preferential rights to dividends attached to shares of other classes of shares of the Company ranking in priority to the Common Shares in respect of dividends, the holders of Common Shares are entitled to receive dividends as and when declared by the Board of Directors on the Common Shares as a class. In the event of any liquidation, dissolution or winding-up of the Company, whether voluntary or involuntary, or any other distribution of the assets of the Company among the Shareholders for the purpose of winding-up its affairs, and subject to prior satisfaction of all preferential rights to return of capital on dissolution attached to all shares of other classes of shares of the Company ranking in priority to the Common Shares in respect of return of capital on dissolution, the holders of Common Shares are entitled to share rateably, together with the holders of shares of any other class of shares of the Company ranking equally with the Common Shares in respect of return of capital on dissolution, in such assets of the Company as are available for distribution. The Common Shares are not convertible into any other class of shares.

Preferred Shares

The Preferred Shares may at any time or from time to time be issued in one or more series. Before any shares of a particular series are issued, the Board of Directors shall, by resolution, fix the maximum number of shares that will form such series and shall, subject to the limitations set out herein, by resolution fix the designation, rights, privileges, restrictions and conditions to be attached to the Preferred Shares of such series. The Preferred Shares of each series will rank on parity with Preferred Shares of every other series with respect to accumulated dividends and return of capital and the holders of Preferred Shares will rank prior to the holders of Common Shares and any other shares of ACI ranking junior to the Preferred Shares with respect to the payment of dividends and the distribution of assets in the event of liquidation, dissolution or winding-up of ACI, whether voluntary or involuntary or any other distribution of the assets of ACI among its shareholders for the purpose of winding-up its affairs.

The rights, privileges, restrictions and conditions attaching to the Preferred Shares as a class may be repealed, altered, modified, amended or amplified or otherwise varied only with the sanction of the holders of the Preferred Shares given in such manner as may then be required by law, subject to a minimum requirement that such approval be given by resolution in writing executed by all holders of Preferred Shares entitled to vote on that resolution or passed by the affirmative vote of at least 66⅔ percent of the votes cast at a meeting of holders of Preferred Shares duly called for such purpose.

Medium Term Notes

ACI has issued senior unsecured notes in the form of MTNs. On December 5, 2018, ACI issued $300 million of MTNs with a coupon rate of 4.26 percent (4.269 yield to maturity) and maturity date of December 5, 2028. On April 3, 2019, ACI completed the issuance of $250 million of MTNs with a coupon rate of 3.15 percent (3.151 percent yield to maturity) and a maturity date of April 6, 2026. Details with respect to the issued and outstanding MTNs can be found in Note 11 to ACI's consolidated financial statements as at and for the year ended December 31, 2019 filed on SEDAR at *www.sedar.com*. The MTNs are not listed or quoted on any exchange.

COMPENSATION AND GOVERNANCE

Information contained in this AIF under the section titled "*Compensation and Governance*" is given as at the date of this AIF unless otherwise specifically stated. Unless the context otherwise requires, the following additional terms apply to this section titled *"Compensation and Governance"*.

Frequently Used Terms

CEO	Chief Executive Officer and, in the case of Jared B. Green, President and CEO
DBPP	Defined Benefit Pension Plan
DCPP	Defined Contribution Pension Plan
DSU	deferred share unit issued under the DSUP
DSUP	ACI's Deferred Share Unit Plan
EPS	earnings per Share
EVP	Executive Vice President
MTIP	ACI's Mid-Term Incentive Plan
NEO	Named Executive Officer
Option	option to purchase a Share issued under the Option Plan
Option Plan	ACI's Share Option Plan
Pension Plans	DBPP and DCPP collectively
PSU	performance share unit issued under the MTIP
ROE	return on equity
RSU	restricted share unit issued under the MTIP
SERP	Supplemental Executive Retirement Plan
STIP	ACI's Short Term Incentive Plan

Committees

Audit Committee	audit committee of the Board
C&G Committee	compensation and governance committee of the Board
EHS Committee	environment, health and safety committee of the Board

DIRECTORS AND EXECUTIVE OFFICERS

As at March 4, 2020: (a) the directors and executive officers of ACI, as a group, owned beneficially, directly or indirectly, or exercised control or direction over 274,153 of the outstanding Common Shares, or approximately 0.91 percent of the issued and outstanding Common Shares; and (b) 30,000,000 Common Shares were issued and outstanding.

Directors

The Board, as currently constituted, was formed on September 5, 2018 in anticipation of the IPO and listing of the Shares on the TSX. Prior to that, it was a wholly owned subsidiary of AltaGas and its board of directors was comprised of AltaGas management designees, including Jared Green.

AltaGas has Rights to Appoint Nominees

Pursuant to the terms of the Governance Agreement, AltaGas is entitled to nominate three of the seven directors to the Board, including the Chair, for so long as the percentage of outstanding Shares (on a non-diluted basis) beneficially owned directly or indirectly by AltaGas is not less than 30% of the issued and outstanding Shares; nominate two of the members of the Board for so long as the percentage of outstanding Shares (on a non-diluted basis) beneficially owned directly or indirectly by AltaGas is not less than 20% of the issued and outstanding Shares; and nominate one of the members of the Board for so long as the percentage of outstanding Shares (on a non-diluted basis) beneficially owned directly or indirectly by AltaGas is not less than 10% of the issued and outstanding Shares. The Governance Agreement provides that such rights are premised on a Board of up to seven directors, and if the size of the Board is increased to more than seven directors, then AltaGas is entitled to nominate such number of additional representatives to the Board as are necessary such that AltaGas' minimum rights to appoint nominees to the Board (as a percentage of the total number of directors on the Board) is proportionately maintained.

Subject to any requirements of the CBCA, AltaGas is entitled to nominate for appointment or election to the Board a replacement director for any nominee director of AltaGas who ceases for any reason to be a director of the Board, provided AltaGas remains, at that time, entitled to appoint such director.

David Cornhill, Corine Bushfield and Gregory Aarssen have been selected as nominees by AltaGas pursuant to the Governance Agreement. Five of the directors are considered independent. For details on the independence determinations, refer to "*Compensation and Governance – Corporate Governance – Board of Directors – Independence*".

Composition of the Board of Directors

The number of directors of ACI is to be determined from time to time by resolution of the Board of Directors. The number of directors is currently seven, of which five are independent directors as defined under Canadian securities laws.

The term of office of any director continues until the annual meeting of Shareholders following the director's election or appointment or (if an election or appointment of a director is not held at such meeting or if such meeting does not occur) until the date on which the director's successor is elected or appointed, or earlier if the director dies or resigns or is removed or disqualified, or until the director's term of office is terminated for any other reason in accordance with the constating documents of ACI. The Shareholders are annually entitled to elect the Board of Directors.

The following table sets forth the names of the directors of ACI and Common Shares held as of March 4, 2020, their municipalities of residence and their principal occupations within the last five years.

Name and Residence of Directors *(Common Shares held)*	Principal Occupation During the Past Five Years	Director Since
David W. Cornhill *(1)* Calgary, Alberta, Canada Chair of the Board of Directors *(105,000 Common Shares)*	Mr. Cornhill is Chair of the Board of Directors of ACI. Mr. Cornhill served as Chairman of the board of directors of AltaGas, from inception in 1994 until April 1, 2019. He is also a founding shareholder of AltaGas (and its predecessors). He remains on the board of directors of AltaGas as a director. He was Chief Executive Officer of AltaGas from 1994 until 2016 and served as interim co-chief executive officer from July to December 2018. Prior to forming AltaGas, Mr. Cornhill served in various capacities with Alberta and Southern Gas Co. Ltd, including Vice President, Finance and Administration, Treasurer and President and Chief Executive Officer.	September 5, 2018
Gregory A. Aarssen *(1)(2)* Chatham, Ontario, Canada *(6,100 Common Shares)*	Mr. Aarssen is an entrepreneur and independent businessman and has been President of Aarssen Management Service Inc., since 1997. Mr. Aarssen was Co-President Gas of AltaGas from 2010 until his retirement in 2012, and prior thereto held senior roles with AltaGas and PremStar Energy Canada Inc.	September 5, 2018
Judith J. Athaide *(1)* Calgary, Alberta, Canada *(13,800 Common Shares)*	Ms. Athaide is a Professional Engineer. She has been the President of The Cogent Group Inc., since 1999. Prior to co-founding The Cogent Group, Ms. Athaide held a variety of senior commercial and technical roles in the energy industry, including Vice-President, Bow Engineering and Project Execution of EnCana Leasehold Limited Partnership. She is a member of the Institute of Corporate Directors.	September 5, 2018
Amit Chakma *(1)* Waterloo, Ontario, Canada *(no Common Shares)*	Mr. Chakma is a Professional Engineer. He was a Professor of Chemical Engineering and served as the President of the Western University from 2009 to June 2019. Prior thereto, Mr. Chakma was Vice-President (Academic) and Provost, and a Professor of Chemical Engineering at the University of Waterloo. He is a member of the Institute of Corporate Directors and has been a director of the Canadian Scholarship Trust since 2013. He serves on the audit committee of a non-profit organization.	September 5, 2018
William J. Demcoe *(1)* Calgary, Alberta, Canada *(no Common Shares)*	Mr. Demcoe is a Chartered Accountant and independent businessman. He was President of Willbren & Company Ltd. from 1993 until 2019. He has over 30 years' experience as an executive officer, including positions with Maryn International Ltd., Alberta Natural Gas Ltd., and Alberta & Southern Gas Ltd., Consolidated Pipelines Ltd., and Consolidated Natural Gas Company Ltd. Mr. Demcoe was also an instructor at the University of Calgary, Faculty of Business and has past board experience. Mr. Demcoe holds Master of Business Administration from the University of Chicago. He is a member of Financial Executives International and the Institute of Chartered Professional Accountants of Alberta.	September 5, 2018
Corine R. K. Bushfield Calgary, Alberta, Canada *(no Common Shares)*	Ms. Bushfield is the Executive Vice President, Chief Administrative Officer of AltaGas, a position she has held since December 2016. Prior to joining AltaGas, Ms. Bushfield was the Senior Vice President and Chief Financial Officer of Long Run Exploration Ltd. from 2013 to 2016. She held various leadership positions at Encana Corporation from 2000 to 2013, including Vice President and Assistant Controller. Ms. Bushfield is a member of the Institute of Chartered Professional Accountants of Alberta.	September 5, 2018
Jared Green Calgary, Alberta, Canada *(58,603 Common Shares)*	Mr. Green is the President and Chief Executive Officer of ACI. See *"Executive Officers"* below for Mr. Green's biography.	October 5, 2017

Notes:
(1) Independent director.
(2) Lead director.

The following table sets forth any other public company directorships held by the directors.

Director		Other Public Company Boards
Gregory A. Aarssen		-
Judith J. Athaide		Computer Modelling Group Ltd. PHX Energy Services Corp. HSBC Bank Canada (private reporting issuer)
Corine R. K. Bushfield		-
Amit Chakma		Canadian Scholarship Trust (private reporting issuer)
David W. Cornhill		Imperial Oil Limited AltaGas Ltd.
William J. Demcoe		-
Jared B. Green		-

The experience and qualifications of the directors, including their knowledge and depth of understanding of their role and ACI's business, contribute to ACI's overall success. For details of the expertise of each director in the categories delineated by ACI, refer to the skills matrix under the heading "*Compensation and Governance – Corporate Governance – Areas of Expertise*", and for details of their professional development and education, refer to the information under the heading "*Compensation and Governance – Corporate Governance – Director Orientation, Development and Continuing Education*".

Interlocking Service

ACI reviews any interlocking relationships of its nominees with respect to their involvement with the boards of directors of other public companies. As of March 4, 2020, none of the directors sit together on the board of directors of any other public company, and no executive officer of ACI sits on the board of directors of a public company of which a director is an executive officer.

ACI has a Majority Voting Policy

ACI has a Majority Voting Policy which requires that any nominee for director who receives a greater or equal number of votes "withheld" than "for" his or her election shall tender his or her resignation to the Chair of the Board following any meeting of the Shareholders convened for such election, effective upon acceptance by the Board. This policy applies only to uncontested elections, meaning elections where the number of nominees for director is equal to the number of directors to be elected. The Board will accept such resignation except in situations where exceptional circumstances would warrant such director continuing to serve as a member of the Board. The nominee shall not attend any meeting or participate in any committee or Board deliberations on the resignation offer. The Board shall disclose its election decision via press release promptly and in any event, within 90 days of the applicable meeting of the Shareholders. If a resignation is not accepted, the press release will disclose the reasons for that decision. If a resignation is accepted, the Board may appoint a new director to fill the vacancy created by the resignation. A copy of the Majority Voting Policy can be found on ACI's website at *www.altagascanada.ca*.

Executive Officers

The names, residence and position of each of the current executive officers of ACI, and the presidents of the utilities are as follows:

Name of Officer, Residence and Position	Principal Occupation During the Past Five Years
Jared Green Calgary, Alberta, Canada President and Chief Executive Officer	Prior to his current role as President and Chief Executive Officer, Mr. Green served as AltaGas' President, Canadian Utilities, with responsibility for PNG, AUI and HGL, plus its interest in Inuvik Gas. From 2014 to 2017, Mr. Green was President of ENSTAR Natural Gas Company and President of Cook Inlet Natural Gas Storage, AltaGas' Alaska utility and natural gas storage businesses. Mr. Green originally joined AltaGas in 2004 serving in progressively more senior roles through the organization. Mr. Green is a Chartered Professional Accountant.
Shaun Toivanen Calgary, Alberta, Canada Executive Vice President and Chief Financial Officer	Prior to his current role as Executive Vice President and Chief Financial Officer, Mr. Toivanen served as AltaGas' Vice President and Controller, from 2017 to 2018. Prior thereto, Mr. Toivanen served as the Vice President and Treasurer of AltaGas from 2011 to 2017. Mr. Toivanen originally joined AltaGas in 2006 serving in progressively more senior roles through the organization. He is a Chartered Financial Analyst and a Chartered Professional Accountant.
Autumn Howell Calgary, Alberta, Canada General Counsel and Corporate Secretary	Ms. Howell is the General Counsel and Corporate Secretary of ACI, a position she has held since May 2019. Prior to her current position, Ms. Howell was Senior Legal Counsel at Simplex Legal LLP and prior thereto she held legal positions at Veresen Inc. from 2010 to 2017, most recently as Senior Legal Counsel and Corporate Secretary.
Leigh Ann Shoji-Lee Vancouver, British Columbia, Canada Executive Vice President Utility Operations and President of PNG	Ms. Shoji-Lee is the Executive Vice President Utility Operations of ACI and the President of PNG. Ms. Shoji-Lee has been the President of PNG since 2016. From 2014 to 2016, she was Vice-President, Manufacturing and Shares Services for Britco LP. Prior thereto, Ms. Shoji-Lee was President and Chief Executive Officer of Canadian Utility Construction Corporation. She also held senior roles with BC Hydro and Union Gas Limited.
John Hawkins Fall River, Nova Scotia, Canada President of HGL	Mr. Hawkins is the President of HGL, a position he has held since June 2017. He was Vice President Engineering, Construction and Operations at HGL from 2014 to 2017. He is a Professional Engineer and currently serves on the board of directors of the Canadian Gas Association.
Mark Lowther Leduc, Alberta, Canada President of AUI	Mr. Lowther is the President of AUI, a position he has held since January 2019. Mr. Lowther joined AUI in 2008 and has held various positions, including Vice President Operations & Engineering, Vice President Corporate Services, and Director Distribution Operations. Mr. Lowther is a Professional Engineer and currently serves on the board of directors of the Canadian Gas Association.

CEASE TRADE ORDERS, BANKRUPTICES, PENALITIES AND SANCTIONS

Cease trade orders

To the knowledge of ACI, no director or executive officer of ACI, nor any promoter of ACI is, as of March 4, 2020, or was within ten years before March 4, 2020, a director, chief executive officer or chief financial officer of any company (including ACI), that: (a) was subject to a cease trade order (including a management cease trade order), an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation, in each case that was in effect for a period of more than 30 consecutive days (collectively, an ‘‘Order’’), and that was issued while the director or executive officer was acting in the capacity as director, chief executive officer or chief financial officer; or (b) was subject to an Order that was issued after the director or executive officer ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer.

Bankruptcies

Other than as set out below, to the knowledge of ACI, no director or executive officer of ACI, nor any promoter of ACI or a Shareholder holding a sufficient number of securities of ACI to affect materially the control of ACI (nor any personal holding company of any of such Persons): (a) is, as of March 4, 2020, or has been within the ten years before March 4, 2020, a director or executive officer of any company (including ACI) that, while that Person was acting in that capacity, or within a year of that Person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or (b) has, within the ten years before March 4, 2020, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director, executive officer or Shareholder.

John Hawkins, President of HGL, was a director of a private family business corporation from November 2005 until August 2010. An interim receiver in bankruptcy was appointed over such corporation's assets in September 2010 pursuant to the *Bankruptcy and Insolvency Act* (Canada). The Supreme Court of Nova Scotia issued a discharge order in respect of these matters on September 9, 2011 under the *Bankruptcy and Insolvency Act* (Canada) procedures.

Penalties or sanctions

To the knowledge of ACI, no director or executive officer of ACI, nor any promoter of ACI or a Shareholder holding a sufficient number of securities of ACI to affect materially the control of the ACI (nor any personal holding company of any of such Persons), has been subject to: (a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or (b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision**.**

VOTING SECURITIES AND PRINCIPAL HOLDERS THEREOF

ACI is authorized to issue an unlimited number of Shares. As at the date hereof, 30,000,000 Shares were issued and outstanding. To the knowledge of the Board and the executive officers of ACI, as at the date hereof, the following person or company beneficially owns, or controls or directs, directly or indirectly, Shares carrying 10% or more of the votes attached to all of the issued and outstanding Shares.

Name of Holder	Type of Ownership	Number of Voting Securities Owned	Percentage of Issued and Outstanding Shares
AltaGas Ltd.	Direct	11,025,000	36.75%
RBC Global Asset Management	Control or Direction	3,036,099	10.12%

DIRECTOR COMPENSATION

The information provided in this section regarding director compensation relates to programs in place for the year ended December 31, 2019. Following closing of the Arrangement, compensation programs may be modified to reflect any amended corporate structure of ACI.

PHILOSOPHY AND APPROACH

ACI's objectives with respect to director compensation include:

- recruiting and retaining qualified individuals to serve as members of the Board;
- competitively compensating members of the Board commensurate with their responsibilities and time commitment; and
- aligning the interests of the directors with those of the Shareholders.

While ACI's executive compensation program is designed around pay-for-performance, director compensation is based primarily on annual retainers and equity grants, and equity-based compensation is not linked to performance targets. This practice is designed to meet the above-referenced compensation objectives while ensuring that directors are unbiased when making decisions and carrying out their duties while serving on the Board.

The initial director compensation package was developed in consultation with external advisors, and approved by the C&G Committee and the Board. Director compensation will be reviewed with the assistance of compensation advisors as appropriate.

A member of the Board who is also an executive officer of ACI or AltaGas is not entitled to compensation for services rendered to ACI as a director.

Non-executive director compensation includes:

- annual cash retainers, which may be taken in DSUs; and
- equity-based awards, granted in the form of RSUs or DSUs.

DSUs are governed by the DSUP. RSUs are governed by the MTIP. DSUs and RSUs are intended to provide directors with additional motivation to promote sustained improvement in ACI's business and align director compensation with long-term Shareholder interests. DSUs and RSUs are notional shares that are linked directly to Share price performance over the period the DSUs and RSUs are held. DSUs do not have specific performance targets and are not payable until a director retires. RSUs vest three years from grant, subject to meeting applicable vesting criteria. While executives are eligible to participate in the DSUP, DSUs are intended to be issued to directors only. Additional details of the DSUP are included in Schedule A.

Compensation Governance

The Board, in conjunction with the C&G Committee, is responsible for compensation policies and practices. The C&G Committee is responsible for reviewing and making recommendations to the Board with respect to non-executive director compensation. The peer group for executive compensation was approved in connection with the IPO and the C&G Committee approved the use of the same peer group for benchmarking director compensation. The C&G Committee mandate entitles the committee to retain independent advisors to assist with the process.

COMPENSATION COMPONENTS

Annual Retainer

Directors, other than directors who are also executive officers of ACI or AltaGas, receive an annual cash retainer for serving on the Board and an additional amount for serving as chair of a committee. No meeting attendance fees or committee fees were paid to directors in 2019, other than meeting fees paid regarding an independent committee established in connection with the Arrangement.

Each director may elect, once per calendar year, to receive a percentage of their annual retainer in DSUs. However, pursuant to the minimum equity ownership requirements established by the Board (as more particularly described under the heading "*Compensation and Governance – Director Compensation – Director Equity Ownership Requirements*"), a director who has not yet achieved the minimum equity ownership requirement must take at least 50% of his or her annual retainer in DSUs. The number of DSUs that a director is entitled to receive in any quarter is equal to one-quarter of the amount of the annual retainer that he or she elected to take in DSUs, divided by the Share price on the quarterly grant date, where the Share price is the average closing price of the Shares for the 20 consecutive trading days immediately preceding the date of grant.

The retainers payable for each role for the year ended December 31, 2019 are set out below.

Role	Annual Cash Retainer ($)
Chair[(1)]	100,000
Lead Director	85,000
Other Directors[(2)]	75,000
Audit Committee Chair	10,000
C&G Committee Chair	5,000
EHS Committee Chair	5,000

Notes:

(1) Prior to April 16, 2019 Mr. Cornhill was not considered independent. Mr. Cornhill began receiving a retainer for serving as Chair effective May 1, 2019. See "*Compensation and Governance – Corporate Governance – Board of Directors – Independence*".

(2) Directors who are executive officers of ACI or AltaGas are not entitled to fees.

Equity Grants

In addition to receiving a percentage of their annual retainer in DSUs, directors may also receive grants of DSUs or RSUs.

DSUs are fully vested upon grant and are immediately credited to the director's account. DSUs do not have voting rights but they accrue dividend equivalents at the same rate as dividends paid on the Shares. Payment of the value of DSUs granted occurs following the director's retirement from the Board and is not subject to satisfaction of any requirements regarding minimum period of membership or employment or other conditions. The amount a director receives on redemption is calculated by multiplying the number of DSUs he or she holds (including credited dividend equivalents) by the Share price, where the Share price is the average closing price of the Shares for the 20 consecutive trading days prior to the payment date.

RSUs are granted under the MTIP and are a form of mid- to long-term variable compensation. RSUs do not have voting rights but they accrue dividend equivalents at the same rate as dividends paid on the Shares. RSUs are notional Shares linked to Share price performance. RSUs are payable upon vesting, which is three years from the date of grant, subject to meeting applicable performance vesting criteria. On retirement from the Board, the RSUs continue to vest and be paid out in the normal course as if the director has not retired.

No DSUs were granted to directors in 2019 other than in connection with their annual retainer elections.

The directors receive an RSU grant equal to an annual value of $75,000 each, granted on a quarterly basis in advance. This annual grant was approved by the Board in May 2019 to recognize the complexity of the shareholder and stakeholder risks facing ACI and to create a stronger and tighter link to driving stakeholder value with the enhanced risk facing the Company in 2019 and beyond. The first quarterly installment of RSUs, for May and June only, was granted on a prorated basis.

Other Benefits

In addition, non-executive directors receive benefits and are reimbursed for out-of-pocket expenses incurred in the performance of their duties such as attending meetings.

SUMMARY COMPENSATION TABLE FOR NON-EXECUTIVE DIRECTORS

The following table reflects the compensation, by category and on an aggregate basis, paid to each non-executive director of ACI for the year ending December 31, 2019.

Mr. Green, as CEO, is not entitled to compensation for services rendered to ACI in his capacity as a director. Details of compensation paid to the CEO can be found under the heading "*Compensation and Governance – Executive Compensation*".

Name	Fees Earned(1) ($)	Share-based Awards (DSU & RSU)(2) ($)	Option-based Awards(3) ($)	Non-Equity Incentive Plan Compensation ($)	Pension Value ($)	All other Compensation(5) ($)	Total ($)
Gregory Aarssen	22,000	136,317	nil	nil	nil	4,463	162,780
Judith Athaide	53,500	88,235	nil	nil	nil	4,463	146,198
Corine Bushfield(4)	n/a	n/a	nil	nil	nil	nil	nil
Amit Chakma	17,500	126,177	nil	nil	nil	4,463	148,140
David Cornhill(4)	12,000	117,691	nil	nil	nil	nil	129,691
William Demcoe	60,500	88,235	nil	nil	nil	4,387	153,122
TOTAL	**165,500**	**556,655**	**nil**	**nil**	**nil**	**17,776**	**739,931**

Notes:

(1) Includes the amount of committee chair retainer, annual retainer received in cash as well as fees paid to participants in connection with an independent committee established by the Board for a portion of 2019 related to the Arrangement. Messrs. Aarssen, Chakma and Demcoe and Ms. Athaide received fees for participating on the independent committee and Mr. Cornhill received fees for participating on the negotiating committee related to the Arrangement.

(2) Includes that portion of the annual retainer that the director elected to receive in DSUs and RSU grants. Refer to the discussion of the MTIP and Option Plan under the heading "*Mid- and Long-Term Incentives*" under "*Compensation and Governance – Compensation Discussion and Analysis*". Grant date fair value of RSUs under the MTIP and DSUs under the DSUP is calculated by multiplying the number of units granted by the closing price of the Common Shares on the grant date. The methodology used to calculate the fair value of RSUs and DSUs is the same as that used for accounting purposes.

(3) Option-based awards have never been granted to non-executive directors.

(4) As an executive officer of AltaGas, the parent of ACI until October 25, 2018, Ms. Bushfield, the Executive Vice President, Chief Administrative Officer of AltaGas, did not receive compensation for serving as a director of ACI in 2019. Mr. Cornhill became an independent director on April 16, 2019 and commenced receiving compensation for service as a director of ACI on May 1, 2019. See "*Compensation and Governance – Corporate Governance – Board of Directors – Independence*" for more details.

(5) Amounts include the value of ACI's group benefits plan, in which all current directors participate, with the exception of Ms. Bushfield and Mr. Cornhill.

DIRECTOR FEES

The following table outlines the annual retainer paid to each non-executive director for serving on the Board and its committees and the portion of their annual retainer that each director elected to receive in DSUs. The retainer for serving as chair of any committee is not included in the DSU election.

Name	Annual Board Retainer ($)	Committee Chair Retainer[(1)] ($)	Retainer elected to be taken in DSUs (%)	Total Retainer Fees Earned ($)	Total Retainer Fees taken as Cash ($)
Gregory Aarssen	85,000	n/a	100	85,000	nil
Judith Athaide	75,000	5,000	50	80,000	42,500
Corine Bushfield	nil	n/a	n/a	n/a	n/a
Amit Chakma	75,000	5,000	100	80,000	5,000
David Cornhill[(2)]	66,667	n/a	100	66,667	nil
William Demcoe	75,000	10,000	50	85,000	47,500

Notes:

(1) Mr. Aarssen is Lead Director. Ms. Athaide is chair of the EHS Committee, Mr. Chakma is chair of the C&G Committee and Mr. Demcoe is chair of the Audit Committee. No fees are paid for serving as a member of a committee.

(2) Mr. Cornhill received director compensation for part of 2019, commencing on May 1, 2019. Mr. Cornhill's full year annual chair retainer is $100,000.

INCENTIVE PLAN AWARDS

Outstanding Option-Based Awards and Share-Based Awards

The following table reflects all Share-based incentive plan awards outstanding to non-executive directors at December 31, 2019. For details of Mr. Green's incentive plan awards, see "*Compensation and Governance – Executive Compensation*".

	Option-based Awards[(1)]	Share-based Awards[(2)]			
Name	Shares underlying unexercised Options (#)	Number of Shares or units that have not vested (# of RSUs)	Market or payout value of share – based awards that have not vested ($ of RSUs)	Number of Shares or units that have vested and not been paid out (# of DSUs)	Market or payout value of vested Share-based awards not paid out or distributed ($ of DSUs)
Gregory Aarssen	nil	2,148	71,769	5,550	185,204
Judith Athaide	nil	2,148	71,769	2,501	83,458
Corine Bushfield	nil	nil	nil	nil	nil
Amit Chakma	nil	2,148	71,769	5,004	166,983
David Cornhill	nil	2,148	71,769	2,491	83,125
William Demcoe	nil	2,148	71,769	2,555	85,294

Notes:

(1) Option-based awards have never been granted to non-executive directors.

(2) DSUs granted to directors fully vest upon grant. RSUs vest three years from the date of grant. Amounts represent RSUs, DSUs and the accumulated dividend equivalents on the RSUs and DSUs at December 31, 2019. Market or payout value of RSUs and DSUs is calculated by multiplying the number of RSUs or DSUs, as applicable, held by a director by the closing price of the Shares on December 31, 2019 ($33.37).

Incentive Plan Awards – Value Vested or Earned During 2019

The following table reflects the aggregate dollar value on vesting of Options, RSUs and DSUs for non-executive directors during the year ended December 31, 2019, and the value of non-equity compensation earned during that year by such directors.

Name	Option-based awards - Value vested during 2019(1) ($)	Share-based awards – Value of DSUs vested during 2019(2) ($)	Non-equity incentive plan compensation – Value earned during 2019 ($)
Gregory Aarssen	n/a	85,966	n/a
Judith Athaide	n/a	37,885	n/a
Corine Bushfield	n/a	n/a	n/a
Amit Chakma	n/a	75,827	n/a
David Cornhill	n/a	67,341	n/a
William Demcoe	n/a	37,885	n/a

Notes:

(1) Option-based awards have never been granted to non-executive directors.

(2) The value upon vesting of DSUs for all non-executive directors is the amount of the annual cash retainer elected by the director to be taken in DSUs in 2019. This value does not include dividend equivalents. No RSUs awarded to directors have vested.

DIRECTOR EQUITY OWNERSHIP REQUIREMENT

In recognition of the importance of ensuring an alignment of financial interests of directors with those of Shareholders, the Board has adopted an equity ownership requirement for its non-executive directors. Non-executive directors must achieve an equity ownership level of three times their annual retainer within a five-year period of their date of appointment as a director of ACI. For purposes of achieving compliance with ACI's equity ownership requirement, Shares, RSUs and DSUs are included in the calculation. Ms. Bushfield did not receive compensation from ACI in 2019, and therefore is not subject to equity ownership requirements. For details of Mr. Green's equity ownership requirement, refer to "*Compensation and Governance – Executive Compensation – Executive Equity Ownership Requirement*".

It is the Board's policy that, until such equity ownership level is attained, a director must elect to receive at least 50% of their annual retainer in DSUs. As all non-executive directors were appointed on September 5, 2018, they have until September 5, 2023 to satisfy the ownership requirement. The following table sets out each director's equity ownership levels at December 31, 2019.

Name	Equity Holdings		Total Equity Holdings (#)	Minimum Equity Ownership Required(2) ($)	Minimum Equity Ownership Met(3)
	Shares (#)	DSUs and RSUs(1) (#)			
Gregory Aarssen	6,100	7,698	13,798	255,000	✓
Judith Athaide	13,800	4,649	18,449	225,000	✓
Corine Bushfield	nil	nil	nil	n/a	n/a
Amit Chakma	nil	7,152	7,152	225,000	✓
David Cornhill	105,000	4,639	109,639	300,000	✓
William Demcoe	nil	4,703	4,703	225,000	On track

Notes:

(1) Holdings include dividend equivalents on the DSUs and RSUs.

(2) The applicable annual retainer for 2019 was multiplied by three to determine the required equity ownership for 2019.

(3) To determine market value for the Shares, DSUs and RSUs to determine equity ownership level, the December 31, 2019 closing price of the Shares on the TSX of $33.37 was used.

CORPORATE GOVERNANCE

The Board is responsible for overseeing the management of the business and affairs of ACI and believes that good governance improves performance and benefits all Shareholders. Accordingly, the Board is committed to high standards of governance. As part of its mandate, the C&G Committee monitors governance developments and trends in order to ensure that ACI's practices are aligned with applicable best practices in governance. Following is an overview of ACI's key corporate governance highlights. In addition, key governance documents are available on ACI's website at *www.altagascananda.ca*.

Governance Highlights	
Size of current Board	7
Number of independent directors	5
Number of women on Board	2
Average attendance of directors at Board and committee meetings	100%
Separate Board Chair and CEO	Yes
Lead director if Board Chair considered not independent(1)	Yes
Sessions of independent directors at every Board meeting	Yes
Audit Committee members independent and financially literate	Yes
Members of committee overseeing compensation and nominations independent	Yes
Average tenure of directors	1 year
Average age of directors	58 years
Term limits	Yes
Retirement age	Yes
Individual director elections	Yes
Majority Voting Policy	Yes
Number of board interlocks	None
Equity ownership requirements for non-executive directors	Yes
Equity ownership requirements for executive officers	Yes
Board orientation and continuing education	Yes
Code of Business Ethics, annually reviewed	Yes
Governance guidelines	Yes
Board and committee mandates	Yes
Position descriptions	Yes
Skill matrix for directors	Yes
Annual board evaluation process	Yes
Gender Diversity Policy	Yes
Whistleblower Policy	Yes
Prohibitions on Hedging	Yes
Clawback Policy	Yes
Dual-class shares	No
Advance Notice Requirement	Yes

Note:

(1) The Chair became an independent director on April 16, 2019.

GOVERNANCE OVERSIGHT

ACI has structured its governance practices to comply with applicable legislation and policies, including National Instrument 52-110 – *Audit Committees* ("NI 52-110"), National Policy 58-201 – *Corporate Governance Guidelines*, National Instrument 58-101 – *Disclosure of Corporate Governance Practices* ("NI 58-101") and National Instrument 52-109 – *Certification of Disclosure in Issuers' Annual and Interim Filings*. In addition, ACI stays abreast of legislative and other policy initiatives pertaining to corporate governance matters and proactively seeks to adjust its corporate governance to address such potential requirements.

The Board discharges its responsibilities directly and through its committees. The responsibilities of the Board and each committee are set out in written mandates, which are reviewed and approved regularly by the Board. The chair of each committee is responsible for ensuring the mandates are fulfilled. In addition, the mandates for the committees include position descriptions for their respective chairs. For a detailed description of the Board's responsibilities, refer to the Board mandate in Schedule B and, for a summary of the roles and responsibilities of the various committees, see the disclosure under the heading "*Compensation and Governance – Corporate Governance – Board Committees*".

The Board developed governance guidelines which further delineate the roles and responsibilities of the Board, its committees and management. Position descriptions for the Chair of the Board, the Lead Director and the CEO were also adopted. The Chair's primary role is to provide leadership to the Board to facilitate the operation and deliberations of the Board and to ensure that the Board fulfills its responsibilities under the Board mandate. The Chair is accountable to the Board and acts as a liaison between the Board and management. The Lead Director's primary role is to facilitate discussions amongst independent directors. The CEO's primary role is to provide leadership and oversee the day-to-day operations and the corporate and strategic objectives of ACI. The CEO's role and responsibilities are further specified, refined and delineated by the Board through approval of the annual budget and the corporate objectives for which the CEO is responsible, as well as through strategic plans, and more specific delegations of authority as required. The C&G Committee evaluates performance against those objectives and reports the results of the evaluation to the Board.

Board of Directors

Independence

Independent decision-making is a cornerstone of sound governance. Under NI 58-101, a director is considered to be independent if he or she is independent within the meaning of NI 52-110. Pursuant to NI 52-110, an independent director is a director who is free from any direct or indirect relationship which could, in the view of the Board, be reasonably expected to interfere with a director's independent judgment. An individual who is or, within the last three years, was, an executive officer of the issuer is deemed to be in a material relationship with the issuer. For purposes of this determination, the definition of issuer includes an entity that was a parent of the issuer prior to a recent spin-out. As AltaGas was the parent of ACI prior to its IPO, current executives of AltaGas are deemed to be in a material relationship with ACI, as are any individuals who served as CEO of AltaGas in the past three years.

Based on information provided by each director concerning his or her background, employment and affiliations, the Board has considered and determined that:

- David W. Cornhill, Gregory A. Aarssen, Amit Chakma, William J. Demcoe and Judith J. Athaide are independent.
- David W. Cornhill became independent as of April 16, 2019, when three years had elapsed from his retirement as CEO of AltaGas.
- As CEO, Jared B. Green is not independent.
- As EVP, Chief Administrative Officer of AltaGas, Corine R.K. Bushfield is not independent.

The Board believes that given its size and structure, it is organized properly, functions effectively and is able to facilitate independent judgment in carrying out its responsibilities.

Chair and Lead Director

Gregory A. Aarssen was appointed as the Lead Director by the Board and is responsible for ensuring that the independent directors have opportunities to meet without management and the non-independent directors, as required. While Mr. Cornhill became an independent director for purposes of NI 52-110 on April 16, 2019, Mr. Aarssen continues to serve as Lead Director. The Lead Director may be appointed and replaced from time to time by a majority of independent directors and will be an independent director. Discussion among the independent directors is led by the Lead Director.

Committee Independence

Five of the seven members of the Board are currently considered independent (71%). Further details on committee composition are set forth below:

Director	Audit Committee(1)	C&G Committee(2)	EHS Committee
Independent			
David W. Cornhill			
Gregory Aarssen			✓
Judith Athaide	✓	✓	Chair
Amit Chakma	✓	Chair	
William Demcoe	Chair	✓	
Non-Independent			
Corine Bushfield			✓
Jared Green			✓

Note:

(1) The Board has determined that all members of the Audit Committee are independent and financially literate in accordance with NI 52-110.

(2) All members of the C&G Committee are independent.

Meetings of the Board and Committees

The Board plans to meet a minimum of five times per year. In 2019, the Board held 5 regularly scheduled meeting and 3 special meetings. Management of ACI provided operations updates and discussed issues relevant to the Board, with reference to ACI's strategy.

Each meeting included discussions without the presence of management and non-independent directors. The Lead Director presides over these sessions at Board meetings, and the chair of each committee presides over these sessions at committee meetings and, in each case is responsible for informing the Chair (if not independent) and/or management if any action is required. The sessions held by independent directors are of no fixed duration and participants are invited to raise and discuss any comments or concerns.

The nature of the business discussed and conducted by the Board at any particular meeting is dependent on the then-current state of ACI's business and the opportunities and risks that ACI faces at that time. However, every regularly scheduled quarterly Board meeting includes a review of ACI's consolidated financial and operational status and performance, including review and approval of relevant financial statements and public disclosure, and a discussion of near and long-term strategic goals and progress being made in respect of such goals, as well as reports from any committees that have met since the last Board meeting. The Board also sets one meeting per year for a comprehensive review and approval of ACI's budget for the following year.

See "*Compensation and Governance – Corporate Governance – Board Committees*" for details relating to committee meetings.

Meeting Attendance in 2019

The table below includes meetings held during the year ending December 31, 2019. Directors also participated in informal discussions and orientation sessions.

Director / Nominee	Board of Directors	Audit Committee	EHS Committee	C&G Committee
Gregory Aarssen	8/8		4/4	
Judith Athaide	8/8	4/4	4/4	6/6
Corine Bushfield	8/8		4/4	
Amit Chakma	8/8	4/4		6/6
David Cornhill	8/8			
William Demcoe	8/8	4/4		6/6
Jared Green	8/8		4/4	

Key Responsibilities of the Board

Strategy

The Board is responsible for reviewing and approving ACI's strategic plan, including an examination of the opportunities and risks of the business of ACI and its subsidiaries, and for monitoring and assessing overall performance in meeting the pre-established corporate objectives that align with the strategic plan.

ACI's strategy is focused on delivering safe, reliable, clean and cost-effective energy solutions to customers while achieving long-term profitable growth. Management meets with the Board to outline its strategic plan and establish the objectives that support the strategic plan and the criteria that will be used to measure success, and management provides updates at least quarterly on its progress towards achieving such strategic objectives.

Risk Management

The Board is responsible for identifying and understanding the principal risks associated with ACI's business and for reviewing and approving the implementation of systems to manage risks. Management is responsible for ensuring that the Board and its committees are kept well-informed of changing risks on a timely basis. The Board receives reports on risk matters from both the committees of the Board and from management. Refer to disclosure under the heading "*Compensation and Governance – Corporate Governance – Board Committees*" for details of the risks managed by each committee and to "*Compensation and Governance – 2019 Compensation Overview – Managing Compensation Risk*" for measures designed to mitigate compensation risk.

In addition, many of ACI's policies are designed to manage risk, including those set out under the heading "*Compensation and Governance – Corporate Governance – Governance Oversight – Governance Policies and Practices*".

Succession Planning

With respect to leadership and succession planning, the Board is responsible for:

- appointing the CEO and other officers;
- monitoring senior management's performance, goals, assessments and rewards;
- developing, reviewing and monitoring the CEO succession plan;
- reviewing the succession strategy for all other senior management positions on an annual basis; and
- overseeing human capital risk to ensure ACI's management programs effectively address succession planning.

The C&G Committee makes recommendations to the Board with respect to executive succession planning matters. The C&G Committee is also responsible for making recommendations to the Board in respect of succession planning for the Board.

Compensation

Refer to "*Compensation and Governance – Director Compensation*" and "*Compensation and Governance – Executive Compensation*" for the process by which the Board determines the compensation for ACI's directors and executive officers, and to "*Compensation and Governance – Corporate Governance – Board Committees – Compensation and Governance Committee*" for the composition of the committee and its responsibilities, powers and operation.

Ethical Business Conduct

The Board encourages and promotes an overall culture of ethical business conduct by promoting compliance with applicable laws, rules and regulations, providing guidance to management to help them recognize and deal with ethical issues, promoting a culture of open communication, honesty and accountability and ensuring awareness of disciplinary action for violations of ethical business conduct. In connection with its commitment to ensuring the ethical operation of ACI, the Board has adopted a code of business ethics, a copy of which is available on ACI's website at *www.altagascanada.ca* and under ACI's profile on SEDAR at *www.sedar.com*.

The code of business ethics sets out the fundamental principles of ACI's business practices and reflects ACI's commitment to a culture of honesty, integrity and accountability. Each director, officer, employee, contractor, consultant, representative and agent of ACI must comply with the code of business ethics. Compliance with the code of business ethics is a condition of employment. Individuals are obligated to promptly report any problems or concerns or any potential or actual violation of the code of business ethics in accordance with the procedures established therein. The Board monitors compliance with the code of business ethics through reports of management to the Board and requires that all persons subject to the code of business ethics provide an annual certification of compliance with the code of business ethics.

A director who has a material interest in a matter before the Board or any committee on which he or she serves is required to disclose such interest as soon as the director becomes aware of it. In situations where a director has a material interest in a matter to be considered by the Board or any committee on which he or she serves, such director may be required to absent himself or herself from the meeting while discussions and voting with respect to the matter are taking place. Directors will also be required to comply with the relevant provisions of the CBCA regarding conflicts of interest. Executive officers are also required to disclose any material interest in a transaction or agreement being considered by the Board. Such executive officers would not be present at the Board meeting at which such transaction is being considered.

Governance Policies and Practices

The Board has adopted a number of policies that support ethical conduct and mitigate risk, including:

- Whistleblower Policy
- Securities Trading and Reporting Policy
- Respectful Workplace Policy
- Board Diversity and Gender Diversity Policy
- Clawback Policy

The Whistleblower Policy provides employees, clients and contractors of ACI or its operating subsidiaries with the ability to report, on a confidential and anonymous basis, any violation of law or policy, including criminal conduct, fraud, falsification of financial records, or any conduct or activity that is ethically, morally or legally questionable. The Board believes that providing a forum for employees, clients, contractors, officers and directors to raise concerns about ethical conduct and treating all complaints with the appropriate level of seriousness fosters a culture of ethical conduct.

A copy of the Whistleblower Policy is publicly available on ACI's website at *www.altagascanada.ca* or by request to the Corporate Secretary. Reports can be made by phone at 1-844-783-5361 or through the website at *www.altagascanada.ethicspoint.com.* Reports received through Ethicspoint will be reported on a confidential basis to the Chair of the Board and chair of the Audit Committee, or in certain circumstances, to the Lead Director, and investigated promptly. Committees or the Board will be involved as appropriate and corrective action will be taken.

The Securities Trading and Reporting Policy prohibits insiders of ACI from trading in Shares or other securities of ACI while they are in possession of any material non-public information relating to the business and affairs of ACI that significantly affects, or would reasonably be expected to have a significant effect on, the market price or value of securities, or that would reasonably be expected to have a significant influence on a reasonable investor's investment decisions concerning such securities. This policy works in conjunction with the Disclosure Policy. Directors and officers are subject to quarterly blackouts in connection with the preparation of financial statements. The Securities Trading and Reporting Policy includes a prohibition on hedging. Refer to "*Compensation and Governance – 2019 Compensation Overview – Managing Compensation Risk*" for further details.

The Respectful Workplace Policy sets out ACI's commitment to the health and safety of all its' workers and to promoting and maintaining a workplace free of discrimination, harassment, bullying and workplace violence. The policy sets out the procedure for making complaints, including a mechanism that allows anonymous reporting through a third party provider, investigating complaints and resolving complaints, including the disciplinary action that may be taken. ACI prohibits reprisals and retaliation against any worker who, in good faith, has identified a practice they reasonably believe constitutes discrimination, harassment, bullying or workplace violence or has made a complaint.

The Board Diversity and Gender Diversity Policy aims to set out the key considerations for the approach of the Board towards Board composition, including the Board approach for achieving diversity and gender diversity on the Board. The Board is committed to growth and development with respect to diversity among its members. This includes but is not limited to diversity in regards to attributes such as gender, age, race, ethnicity, sexual orientation, education, geographic location and other characteristics of the communities in which ACI operates. Pursuant to this policy, when identifying candidates to nominate to the Board, the C&G Committee will be guided by the following principles when recommending nominees: (a) all nominees will be highly qualified; (b) a balance in terms of experience, expertise, diversity and other required competencies will be sought for each nomination; (c) nominees will be evaluated based upon their skills, with reference to skills identified as required by the Board in accordance with the director skills matrix; and (d) the level of representation of women on the Board will be considered when making recommendations. The C&G Committee will assesses the effectiveness of this policy and through its nomination process and will report to the Board thereon and make recommendations to the Board for revision, if necessary.

The Board receives quarterly reports of any complaints received under the code of business ethics or the above policies that are received by the Chair, any committee chair or through Ethicspoint.

The Clawback Policy and details of the prohibition on hedging are described under the heading "*Compensation and Governance – 2019 Compensation Overview – Managing Compensation Risk – Compensation Discussion and Analysis*".

Gender Diversity

Two of the seven members of the Board are women (29%) and each committee of the Board has at least one female member (representing 33% of the C&G Committee, 33% of the Audit Committee and 50% of the EHS Committee). In accordance with the Board Diversity and Gender Diversity Policy, the level of representation of women on the Board will be considered when making nominee recommendations.

The C&G Committee considers the level of representation of women in executive officer positions when making executive officer appointments. Two of the four members of the ACI executive team are woman (50%) and three of the 11 members of management of AUI, PNG and HGL, collectively, are women (representing 27%, assuming Ms. Shoji-Lee is counted only for ACI).

The Board has not yet adopted specific targets as it does not believe that adopting specific targets is the most effective way of ensuring diversity or recruiting the most qualified candidate. The Board will continue to promote its overall objectives by taking steps to ensure that nominee recruitment and identification processes are appropriate in terms of depth and scope to foster identification and progression of diverse candidates.

BOARD EFFECTIVENESS

Performance Assessment

The C&G Committee's mandate includes reviewing and making recommendations as to the size of the Board and establishing practices for measuring Board performance and for evaluating the performance of the Board, its committees and the individual directors.

The Board, in conjunction with the C&G Committee, requires its members to complete a confidential questionnaire. The questionnaire is designed to evaluate how effectively the Board, its committees and the individual directors are operating and provide directors with the opportunity to make suggestions for improvement. Questions may address the composition of the Board and its committees, effectiveness of the Board, its committees, the Chair, the Lead Director and the chairs of the committees, the quality of information provided at, and effectiveness of, meetings, and the quality and quantity of director orientation and continuing development. Directors' input will then be summarized on an anonymous basis and reported to the Board. Areas for potential improvement or areas of concern will be addressed.

The Board considers its size each year when it considers the number of directors to recommend to the Shareholders for election at the annual meeting of Shareholders, taking into account the number required to carry out the Board's duties effectively and to maintain a diversity of view, skills and experience.

The initial assessment with respect to appropriate size and diversity consisted of informal discussions among the independent members of the Board. The Board believes that, as currently constituted, the Board is the appropriate size and represents sufficiently diverse perspectives.

Nomination of Directors

In its role as "nominating committee", the C&G Committee is responsible for determining the necessary qualifications and experience required for a diverse and effective Board. The competencies of individual directors and the Board as a whole, including those identified in the skills matrix, are considered by the C&G Committee in assessing potential nominees and making recommendations to the Board.

When conducting assessments of the current Board or potential nominees, the Board considers various criteria including qualifications, skills, experience, areas of expertise, gender and other diversity criteria, number of other public company boards and board interlocks. The C&G Committee will consider the level of representation of women on the Board when making recommendations for nominees to the Board and in general with regard to succession planning for the Board.

The C&G Committee reviews the experience and qualifications of the Board to identify any gaps relative to the skills, expertise and experience identified by the Board as being important to ACI's business, operations and strategic objectives. The C&G Committee also takes into account succession planning necessitated by changes in ownership pursuant to the Governance Agreement, age and tenure. In certain circumstances, AltaGas has the right to nominate members to the Board, which rights are predicated on AltaGas' ownership of Shares.

Director Age and Tenure

While all the directors are relatively new to the Board, the Board's governance guidelines do address age and tenure. The guidelines specify that current directors will not stand for re-election after they have reached age 75 or at the fifteenth, or any subsequent, annual meeting of shareholders following the date such director was first elected or appointed. In order to ensure that the Board benefits from fresh ideas, views and expertise, as part of its annual assessment and succession planning process, the Board will consider age and tenure.

Areas of Expertise

The skills matrix is used by the C&G Committee to identify gaps in the experience and qualifications of the Board relative to the skills, expertise and experience identified by the Board as being important to ACI's business, operations and strategic objectives.

In order to promote diversity on the Board, in addition to diversity and depth of expertise, the Board considers the gender, age and tenure of its members.

		Gregory Aarssen	Judith Athaide	Corine Bushfield	Amit Chakma	David Cornhill	William Demcoe	Jared Green
Tenure	<3	✓	✓	✓	✓	✓	✓	✓
	3-8							
	>8							
Gender		M	F	F	M	M	M	M
Age	<54			✓				✓
	55-65	✓	✓		✓			
	65+					✓	✓	
Skills and Experience								
Managing/Leading Strategy and Growth		●	●	●	●	●	●	●
Knowledge and Experience of ACI Geographic Areas		●	•	●	•	●	●	●
CEO/Senior Officer		●	•	●	●	●	●	●
Human Resources		•	•	●	●	●	●	●
Renewable Power Infrastructure[1]		●	●	•		●		•
Regulated Utilities		●	●	•		●	●	●
Governance		●	●	●	●	●	●	●
Financial Accounting, Audit and Capital Markets		•	•	●	•	●	●	●
Environment, Health, Safety and Sustainability		●	●	•	●	●	•	●
Stakeholder Relations and Corporate Communication[2]		●	•	●	●	●	•	●
Risk Oversight Management		●	●	●	●	●	•	●

● Expertise • Experience

Notes:

(1) Includes operations and energy marketing.

(2) Includes government, Indigenous community and regulators.

Director Orientation, Development and Continuing Education

The C&G Committee is responsible for the orientation and continuing education of the members of the Board. As new directors join the Board, they are provided with, among other things, board and committee mandates, corporate policies, historical information about ACI, information on ACI's performance and its strategic plan and an outline of the general duties and responsibilities entailed in carrying out their duties. New directors are provided the opportunity to meet with the Chair of the Board, the Lead Director, the CEO, the CFO and other members of management to discuss the role and responsibilities of individual directors, the Board and its committees and to gain an understanding and appreciation for ACI's business, operations, strategic objectives and core values. Directors are provided with such other orientation and information as requested.

ACI encourages directors to attend, enroll or participate in courses and/or seminars dealing with financial literacy, corporate governance and related matters. Each director has the responsibility for ensuring that he or she maintains the skill and knowledge necessary to meet his or her obligations as a director.

As part of continuing education, Board meetings are often coordinated with operations updates and site visits, where directors may meet and consult with management and local employees. Directors are provided with articles and other reading material on an ongoing basis on topics of interest relating to ACI's business, strategy and industry best practices (including in the area of corporate governance). Directors may participate in safety stand-downs. Dinners are often held with management in advance of meetings of the Board. Other forms of ongoing education will be offered where a need is perceived or based on input obtained from directors as part of the annual Board assessment process. The following are some of the continuing education topics and events that occurred in 2019:

2019	Topic/Event	Presented / Hosted By	Presented To
March	Polyethylene pipe fusion demonstration	AUI	Board of Directors
	Accounting policy and lease standards update	CFO	Audit Committee
	Utility finance overview	AUI	Audit Committee
	Governance update	Legal Counsel	C&G Committee
May	Accounting policy update, non-GAAP measures and lease standards update	CFO	Audit Committee
	Governance and legislative update	Legal Counsel	C&G Committee
August	Accounting policy update	CFO	Audit Committee
	Governance and legislative update	General Counsel	C&G Committee
September	Heritage Gas facility tour	HGL	Board of Directors
November	Accounting policy update	CFO	Audit Committee

BOARD COMMITTEES

The Board has three standing committees: the Audit Committee, the C&G Committee and the EHS Committee. Each member of Audit Committee and the C&G Committee is considered independent within the meaning of NI 52-110. The mandates are posted on ACI's website at *www.altagascanada.ca.*

Audit Committee

Chair: William Demcoe
Members: Judith Athaide, Amit Chakma

The Board has adopted a written mandate for the Audit Committee outlining the duties and responsibilities of the Audit Committee and its chair, which it reviews annually. Any changes are recommended to the C&G Committee for review. The Audit Committee is responsible for, among other things:

- reviewing financial statements;
- reviewing public disclosure documents containing financial information and reporting on such review to the Board;
- ensuring compliance with legal and regulatory requirements;
- overseeing qualifications, engagement, compensation, performance and independence of ACI's external auditors; and
- reviewing, evaluating and approving the internal control and risk assessment systems that are implemented and maintained by management.

The Audit Committee meets with ACI's auditors regularly, independent of management, and has direct communication channels with external and internal auditors to discuss and review specific issues as appropriate. The Audit Committee meets at least four times per year.

All members of the Audit Committee are "independent", "financially literate" and have "accounting or related financial expertise", based on criteria established by the Board in accordance with NI 52-110. Details of their relevant experience are below. For details of their principal occupation in the last five years, see *"Compensation and Governance – Directors and Executive Officers – Directors"*.

Pre-Approval Policies and Procedures

As set forth in the Audit Committee's charter, the Audit Committee must pre-approve all non-audit services provided by the external auditor and has direct responsibility for overseeing the work of the external auditor.

Audit Committee Charter

The Mandate of the Audit Committee is attached hereto as Schedule C.

External Auditor Service Fees by Category

The fees billed by E&Y, ACI's external auditors, during 2019 and 2018 were as follows:

Category of External Auditor Service Fee	2019 ($)	2018 ($)
Audit Fees(1)	**832,650**	649,562
Audit-Related Fees(2)	**107,598**	78,050
All Other Fees(3)	**89,200**	96,428
Total	**1,029,448**	824,040

Notes:

(1) Represents the aggregate fees for services related to the audit of annual financial statements of ACI, AUI, PNG and HGL, and annual pension audits of the ACI Salaried Employees' Pension Plan, AUI Bargaining Unit Pension Plan, and PNG Pension Plan.

(2) Represents the aggregate fees billed by E&Y for assurance and related services that were reasonably related to the performance of the audit or review of ACI's financial statements and were not reported under "Audit Fees". During 2019 and 2018, the nature of the services provided included review of prospectuses and security filings, research of accounting and audit-related issues, and registration costs for the Canadian Public Accountability Board.

(3) Represents the aggregate fees billed by E&Y for products and services, other than those reported with respect to the other categories of service fees. During 2019 and 2018, the nature of the services provided was for translation services.

Compensation and Governance Committee

Chair: Amit Chakma
Members: Judith Athaide, William Demcoe

The Board has adopted a written mandate for the C&G Committee outlining the duties and responsibilities the C&G Committee and its chair, which it reviews annually. The C&G Committee is responsible for:

- the development of ACI's overall governance approach;
- continual assessment of corporate governance matters, including measuring and evaluating the effectiveness of current guidelines, policies and practices and resolving any issues with respect to the code of business ethics;
- reviewing all Board and committee mandates;
- making recommendations to the Board regarding governance matters and ensuring compliance with the code of business ethics;
- making recommendations to the Board regarding the compensation of non-employee directors and equity ownership requirements;
- establishing a process for identifying, recruiting and appointing new directors;
- recruiting and recommending individuals for nomination for election to the Board;
- overseeing strategies designed to manage social and environmental risks, management processes and standards and ensure future sustainability of ACI;
- making recommendations with respect to corporate social responsibility matters (including with respect to policies, procedures and practices to ensure consistent application and alignment with ACI's core values);
- verifying that management proactively identifies and monitors the impact of proposed legislation and other emerging issues and trends in the area of corporate social responsibility and recommends, where material, appropriate responses to the Board; and
- reviewing the effectiveness of management's communication and engagement with stakeholders, including with respect to corporate social responsibility issues and priorities.

The C&G Committee also addresses, on behalf of the Board, matters of human resources and compensation and is responsible for:

- providing direction and oversight on human resources strategy, and developing appropriate compensation policies for the executives, senior management and other employees of ACI;
- ensuring ACI has appropriate programs for workforce recruitment and employee retention;
- monitoring performance, goals, assessments and rewards of senior management;
- overseeing human capital risk and ensuring ACI's management programs are effective and do not encourage individuals to take inappropriate or excessive risks that could result in a material negative impact to ACI;
- overseeing the design, and governance, of ACI's compensation, pension and benefit programs;
- making recommendations to the Board regarding CEO compensation;
- developing an appropriate framework for human resource policies and plans; and
- reporting to the Board on organizational structure and succession planning matters.

Refer to the disclosure under the heading "*Compensation and Governance – Compensation Discussion and Analysis*" for details of how the C&G Committee fulfills its mandate with respect to compensation.

The C&G Committee meets at least four times per year. The members of the C&G Committee have all been senior leaders in various organizations. As a result, they have obtained direct experience relevant to executive compensation and the skills and experience that enable the C&G Committee to develop and make recommendations on the suitability of ACI's compensation policies and practices. In addition, the C&G Committee consults with advisors as they consider appropriate and has the authority to retain an advisor independent of management. Refer to the disclosure under the heading "*Compensation Governance – Compensation Discussion and Analysis – Compensation Governance – Compensation Consultants and Advisors*" for additional detail.

None of the members of the C&G Committee is an executive officer of ACI or was an officer or employee of ACI or any of its subsidiaries in the most recently completed financial year or formerly an officer of ACI or any of its subsidiaries, or had or has any relationship that requires disclosure under the headings "*Indebtedness of Directors and Executive Officers*" or "*Other Information – Interest of Informed Persons in Material Transactions*".

Environment, Health and Safety Committee

Chair: Judith Athaide
Members: Gregory Aarssen, Corine Bushfield, Jared Green

The Board has adopted a written mandate for the EHS Committee outlining the duties and responsibilities of the EHS Committee and its chair, which is reviewed annually. The EHS Committee has established an environmental risk management system and monitors its operation through regular reports from management.

The EHS Committee's mandate is to oversee the development of the environment, health and safety programs for ACI and the EHS Committee is responsible for all material matters of an environment, health and safety nature. The EHS Committee is responsible for reviewing, approving, reporting on or making recommendations to the Board in respect of guidelines, policies, procedures and practices relating to matters of environment, health and safety including but not limited to:

- compliance with appropriate laws, regulations and industry standards relating to environment, health and safety matters and monitoring developments in relation to, and the potential impact of, proposed or enacted laws and regulations or changes to industry standards related to environment, health and safety including reviewing, reporting, approving or making recommendations to the Board;
- promoting a culture of safety;
- environment, health and safety reporting;
- environment, health and safety audits, on at least an annual basis, to determine, among other things, compliance with management systems in place within ACI;
- environment, health and safety events and incidents, and identification of key items for review, including public exposure, safety and health concerns and monitoring of monetary exposure; and
- environment, health and safety risk management.

The EHS Committee is also responsible for reviewing estimates of environmental liability, remediation and reclamation. The EHS Committee meets at least four times per year.

COMPENSATION DISCUSSION AND ANALYSIS

Compensation Philosophy and Approach

The information provided in this section regarding compensation relates to programs in place for the year ended December 31, 2019. Following closing of the Arrangement, compensation programs may be modified to reflect any amended corporate structure of ACI.

The Board believes that attracting, motivating and retaining high performing leaders is integral to the long-term success of ACI. The compensation program is designed to ensure that the actions of its executives are aligned with ACI's long-term corporate strategy and the interests of Shareholders.

The Board and the C&G Committee view total compensation as a way to link executive actions with the strategy and performance targets of ACI and have designed a compensation framework that is comprised of both short-term and long-term compensation elements. The design emphasizes competitive and fair annual fixed and variable compensation that provides incentives for reaching shorter-term corporate objectives, while also providing fixed and variable compensation elements intended to retain and motivate executives over the long-term. ACI's compensation programs are designed to motivate executives to deliver long-term value to Shareholders through risk-managed value creation. The goal of the C&G Committee in making compensation recommendations with respect to executives is to recognize and reward individual performance, experience and level of responsibility and the achievement of corporate success.

ACI's executive compensation program is comprised of base salary, benefits, the STIP, the MTIP, the Option Plan, the Employee Share Purchase Savings Plan, the Pension Plans and the SERP (each as described herein). Executive performance is the foundation on which all decisions to award compensation are based. The mix of compensation elements will be reviewed annually by the C&G Committee. Each of these components is discussed in greater detail below.

The compensation program is designed to:

- attract, and retain, highly qualified and engaged executives;
- align executive interests with those of the Shareholders by linking awards with achievement of strategic goals that enhance value;
- offer competitive base salary compensation at approximately the median among the relevant peer group; and
- assuming performance goals are met, recognize and reward executives through pay-for-performance, such that total compensation meets or exceeds the median among the relevant peer group.

Executive compensation and target payouts have been developed to align executive compensation with the achievement of strategic objectives that support ACI's long-term strategy and safety measures.

COMPENSATION GOVERNANCE

In making compensation recommendations to the Board, the C&G Committee considers a wide range of quantitative and qualitative factors. Corporate strategy execution, financial metrics, performance relative to market and relative to peer companies, individual performance, as well as peer compensation surveys are all factored into decisions.

Corporate strategy considerations include the growth of ACI's asset base and operations to maximize Shareholder value, and the acquisition and building of energy infrastructure assets with long economic lives that provide long-term dependable earnings and cash flows. Financial performance metrics including normalized net income, EPS, and Total Growth in Total Net Earning Assets, are all directly linked to the success of ACI and considered integral to the achievement of ACI's long-term corporate strategy. The achievement of financial performance targets is one of the key factors measured in determining compensation to be paid under the STIP and vesting of PSUs.

Compensation decisions are based on individual and corporate performance. Base salary for executives is targeted at the median of the ACI peer group. Total cash compensation, including short-term incentives and long-term incentives, are targeted to meet or exceed the median among such peer group, assuming that the relevant performance goals have been met.

The C&G Committee and the Board reviews executive compensation annually. The C&G Committee reviews progress on short-term incentive measures, RSU and PSU performance measures and total compensation at-risk for executives. Corporate performance and individual performance are also regularly discussed. The C&G Committee recommends, for Board approval, executive salary and perquisite changes, corporate results, short-term incentive payments and long-term incentive grants. No executives participate in decision-making or vote on recommendations with respect to compensation matters affecting them. For further details of the C&G Committee mandate and its members, refer to the disclosure under "*Compensation and Governance – Corporate Governance – Board Committees*".

Compensation Consultants and Advisors

ACI engages external consultants to assist with compensation matters. ACI initially engaged Mercer (Canada) Limited ("Mercer") (a wholly-owned subsidiary of Marsh & McLennan Companies, Inc.) in October 2018 to provide specific support to it and the Board in determining compensation for ACI's executives and officers. In 2018 this support consisted of: (i) provision of peer survey compensation benchmark data; (ii) analysis of total executive compensation based on peer survey results; (iii) review of competitiveness of compensation design; and (iv) review of the metrics to be used in incentive plan design(s). In 2019, ACI continued to engage Mercer to provide analysis on existing compensation programs.

In addition to this mandate, Mercer (through different lines of business) provides other services, including pension and benefits advisory services and general employee compensation consulting services to ACI and its operating subsidiaries. The fees for such services are disclosed in the table below. During the initial period while Mercer was supporting both the Board and management, the Board required management to seek pre-approval from the C&G Committee prior to engaging Mercer for additional services.

In July 2019 the C&G Committee engaged Hugessen Consulting to review ACI's existing executive and director compensation programs. Following such review, no amendments were made to ACI's existing compensation programs.

The independent external consultants provide information and recommendations. However, the Board, based on the recommendations of the C&G Committee, has full responsibility for compensation decisions, which reflect the qualitative and quantitative factors previously discussed.

Independent Compensation Advisors	2018 ($)	2019 ($)
Mercer		
• Executive compensation-related fees	50,034	88,897
• All other fees(1)	102,764	388,507
Hugessen		
• Executive and director compensation-related fees	n/a	24,480

Note:

(1) These fees include ongoing pension and benefits advisory services for 2019 and 2018 and were approved by the Board.

COMPENSATION BENCHMARKING

Management reviews peer compensation survey results provided by external consultants to benchmark ACI's compensation programs with those of comparably-sized organizations. A summary of this information is provided to the C&G Committee to assist with their review of ACI's overall compensation policy. Peer survey results are one of many tools the C&G Committee uses when making compensation determinations. The peer survey results on their own may not be appropriate for comparative purposes based on role responsibilities, experience and succession considerations. The final decisions on executive compensation are made with sound judgement based on the qualitative and quantitative factors described above.

The C&G Committee approved and recommended to the Board the peer group of companies used for peer compensation survey comparisons. The peer group will be reviewed regularly to ensure that it continues to provide a reasonable basis for comparison and is reflective of the industries and areas in which ACI operates.

The peer benchmark companies were initially selected in 2018 based on their similarity in size, scale and industry relative to ACI, while also taking into account the companies with which ACI directly competes for executive talent. The

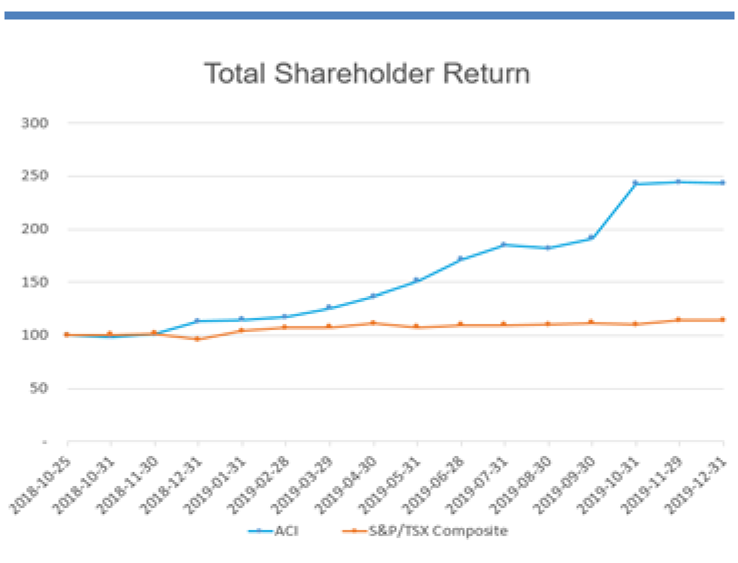
2018 peer group was unchanged and adopted for 2019. The majority of companies in the peer group have revenue, asset value and enterprise values that are within the range of 50% to 200% of ACI.

Compensation Peer Group
• AltaLink L.P.
• Crius Energy Trust
• Fortis Alberta Inc.
• Fortis BC Energy Inc.
• Just Energy Group Inc.
• Nova Scotia Power Inc.
• Tidewater Midstream and Infrastructure Inc.
• TransAlta Renewables Inc.
• Valenar Inc.

PERFORMANCE GRAPH

The following performance graph compares the yearly percentage change in the cumulative total return of the Shares commencing on October 25, 2018 and ending on December 31, 2019 (assuming a $100 investment was made on October 25, 2018 at the closing price of the Shares on the TSX of $14.50 and assuming the reinvestment of dividends, with the cumulative total return of the S&P/TSX Composite Index, assuming reinvestment of dividends or distributions, as applicable, during the same period).

NEO compensation increased for the period from October 25, 2018 to the year ended December 31, 2019 which aligns with the Shareholder return trend displayed in the graph over the same period as a significant portion of NEO compensation is based on the mid- and long-term incentive programs which use Share price as a key component in determining the payout value. Any change in the trading price of Shares has a direct impact on current and future compensation value for the NEOs pursuant to the equity-based compensation awarded.



2019 COMPENSATION OVERVIEW

This Compensation Discussion and Analysis outlines material compensation elements for the following NEOs for the financial year ended December 31, 2019, which includes three executives of ACI, as well as the Presidents of AUI and HGL.

	Relevant Entity
Jared B. Green, President and Chief Executive Officer Mr. Green leads the development and execution of ACI's strategic plan.	ACI
Shaun W. Toivanen, EVP and Chief Financial Officer Mr. Toivanen is responsible for the overall financial strategy of ACI. This includes responsibility for financial reporting and compliance, corporate finance, treasury, corporate planning, investor relations, and tax functions at ACI.	ACI
Leigh Ann Shoji-Lee, EVP Utility Operations and President of PNG Ms. Shoji-Lee is responsible for the operational alignment and effectiveness of ACI's utility business units and is also responsible for the strategic leadership and direction of PNG.	ACI / PNG
Mark Lowther, President of AUI Mr. Lowther is responsible for the strategic direction of AUI. Mr. Lowther oversees AUI's capital and operations and maintenance programs required for delivery of safe, efficient and reliable service to customers. Mr. Lowther became President of AUI on January 1, 2019.	AUI
John M. Hawkins, President of HGL Mr. Hawkins is responsible for the safe and reliable distribution of natural gas in the five counties served by HGL in Nova Scotia. In his role he is also focused on the application of new technologies to foster the growth of natural gas within the province.	HGL

ELEMENTS OF COMPENSATION PROGRAM

ACI's total compensation is comprised of a base salary, benefits, short-term incentives and longer-term incentives. More senior positions have a larger percentage of their compensation weighted towards long-term incentives that align with ACI's long-term strategy.

The primary elements of the ACI compensation program, which are discussed in further detail in the following sections, include:

	Base Salary	Short-Term Incentives	Mid-Term Incentives (PSUs & RSUs)	Long-Term Incentives (Options)[1]	Retirement and Other Benefits[2]
Purpose	Provide competitive annual compensation and compensate employees for fulfillment of job responsibilities.	Reward achievement of annual financial and strategic objectives.	Align compensation with medium-term performance goals, and link executive compensation with Shareholder interests.	Align compensation with long-term performance goals, and link executive compensation with Shareholder value creation over the longer term.	Provide competitive compensation, reward long service at ACI.
Performance Period/Expiry	Ongoing	1 year	3 years	6 years	N/A
Payment	Ongoing	After approval of annual financial and corporate results	After end of performance period	After vesting period, upon exercise	Upon retirement or, if Employee Savings Plan, ongoing
Form	Cash	Cash	Cash or Shares[3]	Shares	Cash[4]

Notes:

(1) While executives are eligible to participate in the DSUP, ACI's intention is to grant DSUs to directors only.

(2) Includes Pension Plans, SERP and Employee Share Purchase Savings Plan.

(3) ACI can elect to make such payments in cash, Shares issued from treasury or Shares purchased on the open market, or a combination of cash and Shares.

(4) Executives receive Shares on an ongoing basis if they participate in the Employee Share Purchase Savings Plan.

Compensation Mix

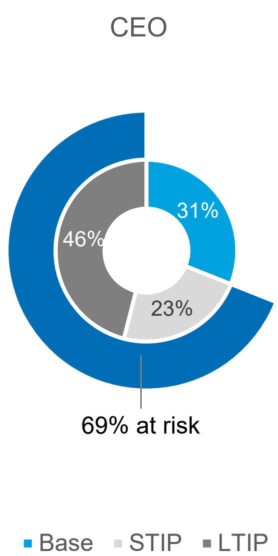
The target compensation mix for ACI's executive officers is weighted towards mid- and long-term incentives, with a larger percentage of their total compensation being at-risk, reflecting the increased influence of the executive officers over the achievement of the company's long-term strategy. This design provides for further alignment between executive officer compensation and long-term corporate performance and Shareholder interests, while discouraging excessive short-term risk taking.

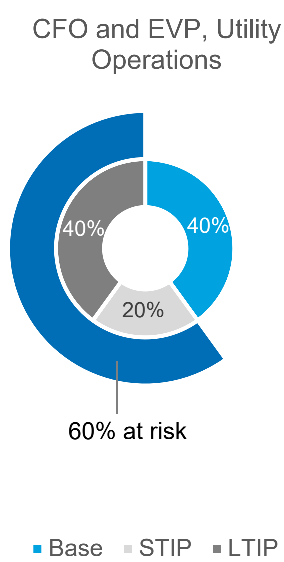
The following is the targeted mix of compensation elements for the NEOs.

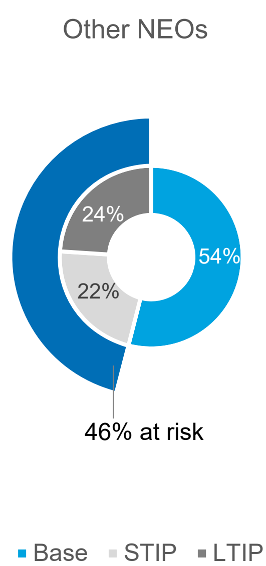
		At-Risk	
Principal Position(s)	**Base Salary (%)**	**STIP (%)**	**LTIP[(1)] (%)**
CEO	31	23	46
CFO/EVP Utility Operations & President PNG	40	20	40
Other NEOs	54	22	24

Note:

(1) For purposes of the graphics below, LTIP includes RSUs, PSUs and Options granted under the MTIP and Option Plan.







For 2019, the MTIP and LTIP grants (PSUs, RSUs and Options) issued to the ACI executive NEOs recognized the complexity of the shareholder and stakeholder risks facing ACI and were structured to create a stronger and tighter link to driving stakeholder value with the enhanced risks facing the Company in 2019 and beyond.

Base Salary

Annual salary is intended to provide a competitive rate of base compensation in recognition of the skills, competencies and level of responsibility of the NEO. The C&G Committee annually reviews market and peer group compensation data and generally targets annual salaries at approximately the median of ACI's peer group, as discussed in "*Compensation and Governance – Compensation Discussion and Analysis – Compensation Benchmarking*", taking into account the relative responsibilities and level of experience required for the position. Base salaries for executives are approved by the C&G Committee and, where applicable, by the Board.

The table below outlines the base salaries for 2019. Ms. Shoji-Lee's salary is paid approximately 20% by ACI and 80% by PNG. Salaries for Mr. Lowther and Mr. Hawkins were paid by AUI and HGL, respectively. Refer to the "*Summary Compensation Table*" under "*Compensation and Governance – Executive Compensation*" for details of the actual payments.

Executive	2019 Base Salary
Jared Green	$400,000
Shaun Toivanen	$300,000
Leigh Ann Shoji-Lee	$325,000
Mark Lowther	$250,000
John Hawkins	$250,487

Short Term Incentives

NEOs participate in ACI's STIP. The STIP provides annual cash bonuses for the achievement of a combination of individual, divisional and corporate performance metrics for the year. The more senior the position held within the organization, the greater the target bonus level and the weighting toward ACI's corporate performance measures. Divisional performance objective weightings align with those employees directly accountable for results in the relevant business division. For the NEOs, compensation under the STIP is heavily weighted toward the attainment of corporate/divisional performance objectives.

The C&G Committee reviews market and peer group compensation data and generally targets STIP compensation at approximately the median of ACI's peer group, taking into account the relative responsibilities and level of experience required for the position. STIP compensation is recommended by the C&G Committee and approved by the Board following completion of the relevant year and approval of the annual financial statements. No awards have been made to any executives under the STIP in cases where they did not meet the objectives applicable to them.

For the NEOs, STIP targets include corporate and/or divisional and individual weightings. Corporate performance includes the achievement of annual financial and strategic measures. The financial measure is normalized net income against a pre-determined target. There can be a number of strategic measures, each as a weighted percent. Measures are established at the beginning of the year. The financial and strategic measures are directly linked to the success of ACI and are considered integral to the achievement of ACI's long-term corporate strategy. Individual performance is measured against the achievement of individual objectives and the executive's relative contributions to the achievement of ACI's overall performance.

The STIP target levels and weightings for the NEOs under the 2019 STIP are as follows:

Name	STIP Target (% of Salary)	Corporate/ Divisional Weighting (%)	Individual Weighting (%)
Jared Green	75	70	30
Shaun Toivanen	50	60	40
Leigh Ann Shoji-Lee(1)	50	60	40
Mark Lowther(2)	40	50	50
John Hawkins(2)	35	60	40

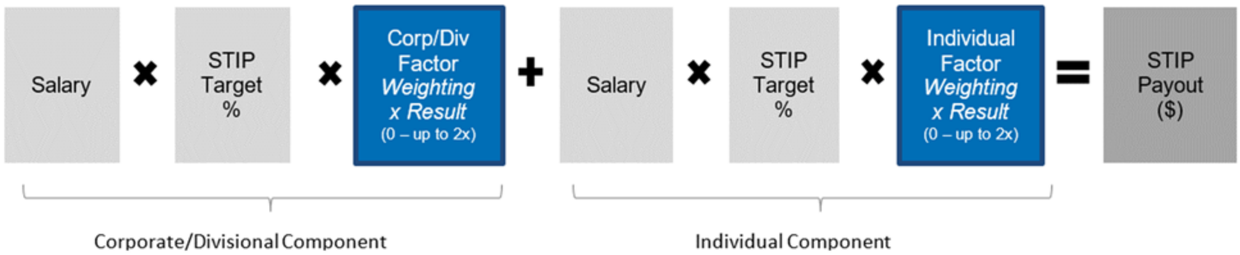
Notes:

(1) Ms. Shoji-Lee's corporate/divisional weighting was based on 20% on ACI corporate results and 80% on PNG divisional results.

(2) Mr. Lowther's corporate/divisional weighting was based solely on AUI's divisional results and Mr. Hawkins' corporate/ divisional weighting was based solely on HGL's divisional results.

Calculation of STIP Awards

The illustration below describes how STIP awards are determined, along with the rating scale based on achievement of corporate/divisional and individual performance metrics.



Corporate/Divisional Performance

ACI's corporate performance is measured based on the achievement of financial, safety and strategic objectives. In 2019, the financial objectives were based on the year end consolidated financial results, using normalized net income, against a pre-determined target. ACI also identified strategic objectives, including (a) completing Type 1 capital addition in Alberta, and (b) entering into definitive development agreements on PNG transmission. Safety performance, as measured by "total recordable injury frequency or TRIF", was also included. The STIP performance objectives and targets are identified annually and approved by the Board and align to specific deliverables in the respective utilities and corporate divisions related to the overall long-term strategy of ACI. Each of the utilities establishes divisional performance objectives.

Based on the achievement of the objectives, applicable performance ratings are determined using the following criteria: "not met", "partially met", "met", "exceeded" or "exceptional".

After the applicable performance results have been determined, a multiplier is applied to the target compensation level under the STIP to reflect the level of achievement of the objectives.

For Mr. Green, Mr. Toivanen and Ms. Shoji-Lee, unless otherwise noted, the following criteria were used to determine the applicable multiplier:

Achievement of Corporate/Divisional and Individual and Strategic Targets	Multiplier
Not Met	0x
Partially Met	0.5x
Met	1.0x
Exceeds	1.5x
Exceptional	2.0x

2019 ACI Corporate Results

For 2019, the following corporate results were achieved, and approved by the Board upon the recommendation of the C&G Committee:

	Weighting (%)	2019 Target	2019 Result	Performance Result	Multiplier
Normalized Net Income[(1)]	70	$42.8M	$45.3M	Exceeds	1.5
Safety Measure	15	≤2.0 TRIF[(2)]	1.62 TRIF[(2)]	Exceeds	1.5
Strategic Measures	15	Complete	Completed		
- Complete Type 1 Capital Addition AB				Exceeds	1.5
- Definitive Development Agreements on PNG Transmission				Partially Met	0.5
TOTAL	**100**				**1.425**

Note:

(1) Refer to the 2019 Annual MD&A under "*Non-GAAP Financial Measures"* section.

(2) TRIF is the total recordable injury frequency rate for 2019.

ACI's corporate results are applicable to the corporate performance portion for Mr. Green and Mr. Toivanen. ACI's corporate results are applicable to 20% of Ms. Shoji-Lee's corporate performance portion of her STIP calculation. These results are then combined with individual and, if applicable, divisional performance.

2019 PNG Divisional Results

For 2019, the following metrics and results are also applicable to the corporate performance portion (80%) of Ms. Shoji-Lee's STIP calculation:

PNG	Weighting (%)	2019 Target	2019 Result	Performance Result	Multiplier
Net Income	25	$8.74M	$9.02M	Exceeds	1.5
Return on Equity	25	8.12	8.55	Exceeds	1.5
Net Customer Base Growth	15	194	220	Exceeds	1.5
Safety & Environment Measures					
- Identified Safety Metrics	25	4 of 7	7 of 7	Exceptional	2.0
- Employee Attendance at Monthly EHS meetings	10	90%	97.3%	Exceeds	1.5
TOTAL	**100**				**1.625**

2019 AUI Divisional Results

For 2019, the following metrics and results are applicable to the corporate performance portion of Mr. Lowther's STIP calculation:

AUI	Weighting (%)	2019 Target	2019 Result	Performance Result	Multiplier
Net Income	40	$12.3M	$13.2M	Exceeds	1.3
Customer Satisfaction(1)	30	87.8%	91%	Met	1.0
Safety Measures(2)	15	3 of 5	4 of 5	Exceeds	1.3
Job Observations	5	112	118	Met	1.0
Environment(3)	10	No warnings, fines, citations	No warnings, fines, citations	Met	1.0
TOTAL	**100**				**1.165**

Notes:

(1) Calculated based on the number of responses recorded as "satisfied or better" based on the AUC-approved overall customer satisfaction surveys at the plan year-end, divided by the total number of survey responses received.

(2) Calculated based on the actual injury and collision experience and safety performance with respect to the Canadian Gas Association Safety Awards Program for AUI.

(3) Calculated based on a targeted reduction in Greenhouse Gas Intensity (GGI) as well as no warnings, fines or citations relating to environmental matters.

2019 HGL Divisional Results

For 2019, the following metrics and results are applicable to the corporate performance portion of Mr. Hawkin's STIP calculation:

HGL	Weighting (%)	2019 Target	2019 Result	Performance Result	Multiplier
Regulated Gross OMA(1)	25	$11.7M	$11.3M	Met	1.0
Regulated Delivery Revenue (weather adjusted)	25	$36.6M	$38.2M	Exceeds	1.5
Annualized Activation Revenue (commercial + residential)	25	$940K	$1,295K	Exceptional	2.0
Close Call Reporting(2)	10	45	59	Exceeds	1.5
Worksite Observations	5	≥98%	100%	Met	1.0
Recordable incidents(2)	10	2	2	Met	1.0
TOTAL	**100**				**1.425**

Notes:

(1) Regulated Gross OMA represents Operating, Maintenance and Administrative Expenses in the regulated business.

(2) Recordable safety incidents include: Lost time Injuries, Medical Aid and preventable vehicle collisions. High potential incidents are those with risk potential rating >4 on the ACI Risk Matrix.

2019 STIP Payments

The table below reflects the STIP payments for the year ending December 31, 2019.

					Corporate/Divisional			Individual			Total STIP Paid[4] ($)
Name	Salary Earned ($)		STIP Target[1] (%)		Weighting[2] (%)	Multiplier		Weighting[3] (%)	Multiplier		
Jared Green	400,000	x	75	x	70	1.425	x	30	1.800	=	461,250
Shaun Toivanen	300,000	x	50	x	60	1.425	x	40	1.725	=	231,750
Leigh Ann Shoji-Lee[5]	325,000	x	50	x	60	1.585	x	40	1.600	=	258,538
Mark Lowther	250,000	x	40	x	50	1.165	x	50	1.275	=	122,000
John Hawkins	250,487	x	35	x	60	1.425	x	40	1.350	=	122,300

Notes:

(1) As a percentage of base salary paid during 2019.

(2) Weighting reflects corporate/divisional results as defined in the respective scorecards applicable to each executive.

(3) Weighting reflects individual performance measures.

(4) Table reflects the payment in respect of the year ending December 31, 2019.

(5) Ms. Shoji-Lee's corporate/divisional component is based on a combination of ACI's corporate results (20%) and PNG's divisional results (80%).

Under the STIP, the CEO has the ability to recommend an adjustment to the calculated corporate rating when the CEO believes it is appropriate, in order to reflect factors or extraordinary events that are not contemplated in the calculation of the corporate performance metrics as described above. The C&G Committee considers any such recommendation and, if appropriate, approves the recommendation. No such recommendation or approval was made for 2019.

Mid- and Long-Term Incentives

ACI has two longer-term incentive plans pursuant to which it issues mid- and long-term variable compensation, being the MTIP and Option Plan. The Board, as recommended by the C&G Committee, approves the granting of RSUs and PSUs under the MTIP and the granting of Options under the Option Plan. The C&G Committee determines the appropriate performance vesting criteria for the purpose of RSUs and PSUs.

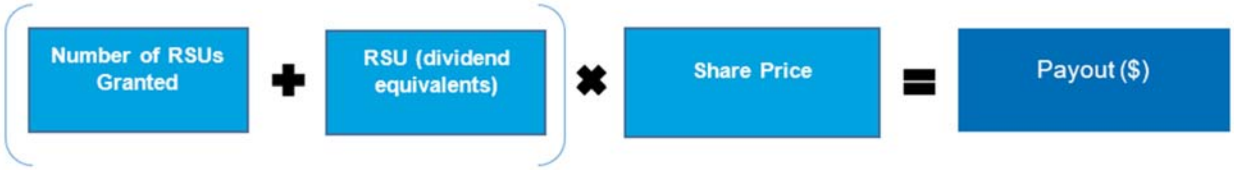
RSUs and PSUs issued under the MTIP

RSUs and PSUs granted under the MTIP are a form of mid- to long-term variable compensation. The purpose of the MTIP is to align a portion of the employee at-risk compensation to the achievement of ACI's performance targets. RSUs and PSUs are notional Shares linked to Share price performance and are recorded entirely as cash-based bookkeeping entries. The RSUs and PSUs are tracked during the applicable vesting period and dividend equivalents are awarded in respect of RSUs and PSUs on the same basis as dividends declared and paid on Shares during that period, in the form of RSUs or PSUs, as applicable, which accrue to the benefit of that individual. For PSUs, this amount may also include additional PSUs awarded as a result of the performance multiplier earned. RSUs and PSUs are payable upon vesting, subject to meeting applicable performance vesting criteria. ACI intends to pay the earned amount in cash but has the option to pay such amount in Shares issued from treasury or purchased on the open market.

2019 RSU Awards

RSUs granted to the NEOs vest at the end of a three-year period commencing on the date of grant, contingent upon ACI paying out a dividend during each year of the vesting period. If that performance target is not met, no RSUs are payable.

Provided the performance target is met, the following represents the calculation of the payout amount of the RSUs on the date of vesting, where Share price is the volume weighted average trading price of the Shares on the TSX for the 20 trading days immediately preceding the vesting date.

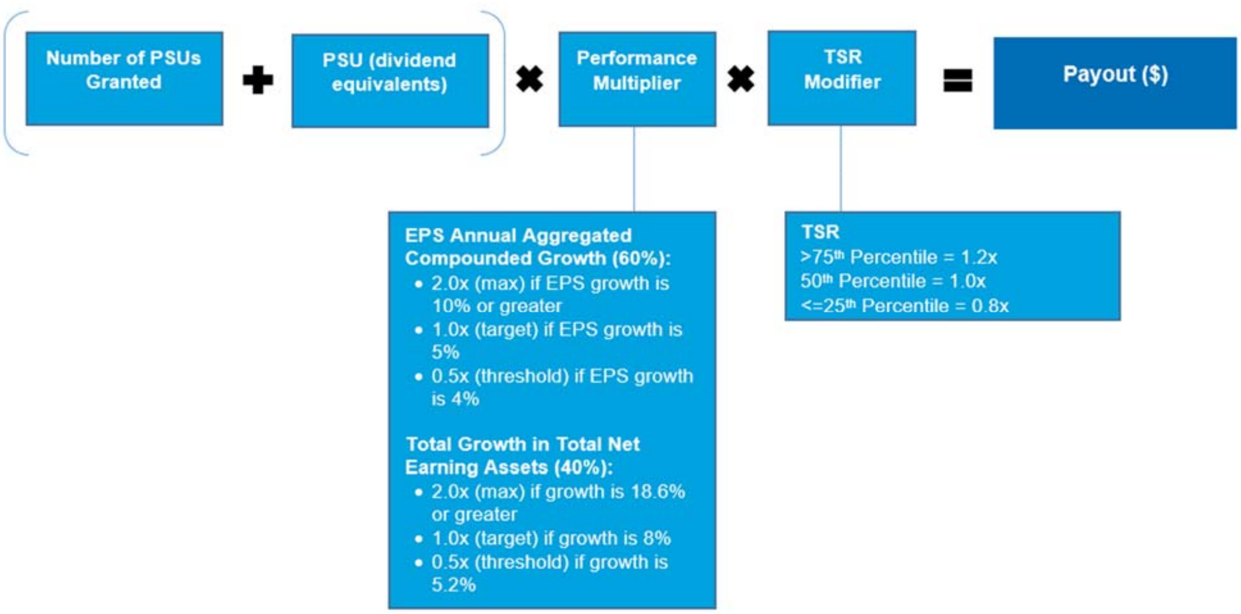


2019 PSU Awards

PSUs granted to NEOs vest at the end of a three-year period commencing on the date of grant, contingent upon ACI achieving a threshold level of performance during the three-year vesting period based on pre-established performance target ranges. Performance below a certain range will result in a zero payout.

For 2019, ACI set the financial performance milestones for PSUs based on reaching a targeted level of EPS Annual Aggregated Compounded Growth and Total Growth in Total Net Earning Assets over the three year term of the grant. Targets are established to reflect a minimum percent of annual growth, with payout ranging from 0.0x to 2.0x as further described in the diagram below. The payouts under the PSUs are further subject to modification based on a total shareholder return ("TSR") target. The modifier provides for either downward or upward adjustments to the award payable under the MTIP. Achievement of TSR performance that is less than or equal to the 25th percentile results in a multiplier of 0.8x, the 50th percentile results in a multiplier of 1.0x, and greater than or equal to the 75th percentile results in a multiplier of 1.2x. Performance will be interpolated between the defined levels.

The following represents the calculation of the payout amount of the 2019 PSUs upon vesting.



Allocation of Awards

The following table sets out the target allocation of mid- and long-term incentive awards for 2019.

	Allocation		
	RSUs	PSUs	Options
Name	%	%	%
Jared Green[(1)]	30	50	20
Shaun Toivanen[(1)]	30	50	20
Leigh Ann Shoji-Lee[(1)]	30	50	20
Mark Lowther	40	40	20
John Hawkins	40	40	20

Note:

(1) The actual allocation of RSUs, PSUs and Options in 2019 to the ACI executive NEOs (Mr. Green, Mr. Toivanen and Ms. Shoji-Lee) were 30%, 40%, and 30%, respectively. For further details, see "*Compensation and Governance – 2019 Compensation Overview – Elements of Compensation Program – Compensation Mix*".

Option Plan

The Option Plan provides a continuing form of long-term variable compensation for executives and other eligible participants of ACI and its subsidiaries. The quantum and granting of Options is based on individual performance, the availability of Options for grant, prior grants and the level of Options granted to other ACI executives with comparable seniority and level of responsibility, and to those holding similar positions in comparably-sized organizations in the industry.

Under the Option Plan, Options granted to executives have a term not to exceed six years and will vest in such a manner as determined by the C&G Committee, generally one-quarter per year over four years. The exercise price of the Options is determined by the C&G Committee at the date of grant in accordance with the terms of the Option Plan. The value of the Options at vesting is calculated based on the difference between the grant price and the market price of Shares on the vesting date.

Additional details on the MTIP and Option Plan are included in Schedule A.

Retirement and Other Benefits

Pension Plans

Defined Contribution Pension Plan (DCPP)

With respect to retirement benefit plans, ACI has a registered DCPP for ACI and HGL employees, including executive officers. Under the DCPP, ACI contributes an amount equal to 4% of an employee's base salary plus an additional service-related match of employee optional contributions of up to 2% of the employee's base salary. ACI's contributions on behalf of employees vest immediately. Employees direct the investment of both their own and ACI's contributions into one or a combination of target date funds, target risk funds, individual investment funds and/or guaranteed investment certificates.

Defined Benefit Pension Plan (DBPP)

With respect to retirement benefit plans, ACI maintains registered DBPPs for specific eligible groups of employees. Under the DBPPs, ACI will make contributions in order to fund the promised benefit to participants and in accordance with periodic actuarial valuations. Contributions will vary from year-to-year, based on plan membership and the funded status of the DBPPs. Benefits are based on the benefit accrual formulas and years of plan membership.

Under the DBPP for members employed by AUI, for the service where an AUI employee is an executive officer, the plan provides a yearly pension payable in the normal form (50% joint and survivor for married members or a lifetime pension with a 10 year guarantee) equal to: (a) 2.0% of the five-year average earnings multiplied by (b) years of executive credited service. For all other AUI employees, the plan provides a yearly pension payable in the normal form equal to: (a) 1.0% of the five-year average earnings up to the five-year average yearly maximum pensionable earnings plus 1.5% of the five-year average earnings in excess of the five-year average yearly maximum pensionable earnings multiplied by (b) years of non-executive credited service. Earnings include base pay and commissions, but exclude overtime pay, bonuses and taxable employee benefits. An unreduced pension is payable if retirement is after age 55 with 90 points (age plus continuous service) or on or after age 62. Early retirement reductions of 3% per year prior to age 62 apply if a participant retires and does not meet these requirements. Participants are not permitted to contribute to the plan. Mr. Lowther has both non-executive and executive credited service.

Under the DBPP for members employed by PNG, members have a choice of participating in Pension Choices DB Core ("Core") or Pension Choices DB Buy Up ("Buy Up") defined benefit provisions or defined contribution provisions. Executives may only accrue service in the Buy Up provision. The Buy Up provision provides a yearly pension payable in the normal form (lifetime pension with a 10 year guarantee) equal to (a) 2% of the highest annual average of 36 consecutive months of earnings multiplied by years of (b) Buy Up credited service. The Core provision provides a yearly pension payable in the normal form equal to (a) 1% of the highest annual average of 36 consecutive months of earnings multiplied by years of (b) Core credited service. Earnings include salary excluding overtime pay, taxable employee benefits, and any other premium payments, plus short term incentive plan payments, retentions bonuses and other bonuses and commissions, but exclude long term incentive plan payments. An unreduced pension is payable if retirement is after age 55 with 85 points (age plus continuous service) or on or after age 62. Early retirement reductions of 3% per year prior to age 62 apply if a participant retires and does not meet these requirements. Executive members are not required contribute to the plan. Ms. Shoji-Lee has only Buy Up credited service. Defined benefit members may also elect to make ancillary contributions (subject applicable limits) which are accumulated and used to purchase additional ancillary enhancements at retirement.

Supplemental Executive Retirement Plan (SERP)

ACI has instituted a non-registered defined benefit retirement plan for certain executive officers to supplement their ACI-sponsored DCPP. The SERP benefit is determined such that the value of each member's total retirement benefit is equal to the value of an annual target defined benefit pension of 2% of the member's highest three-year average earnings multiplied by the member's years of pensionable service.

For the purposes of determining the target defined benefit pension value:

- earnings are defined as the member's base salary plus 50% of their target bonus;
- pensionable service is the period of the member's employment service with ACI after being designated to participate in the SERP;
- the pension is a joint life pension with a guarantee that at least five years of payments will be made. If the member has a spouse at retirement, after the death of the member, and the expiration of the five-year guarantee, 60% of the pension will continue to the spouse for the remainder of the spouse's lifetime; and
- a member with at least five years of pensionable service may retire as early as age 55. The accrued pension will be reduced by 3% per year for each year that retirement precedes the member's attainment of age 60. A member with less than five years of pensionable service will be assumed to commence the pension at the later of the member's age and age 60.

The SERP will provide the difference between the value of the total target defined benefit pension determined above, and the deemed value of the member's DCPP. The SERP will pay this value to the member in equal monthly payments over a 120 month period from the first day of the month coincident with or following the date of the member's retirement.

PNG SERP

The pension earned while participating in the PNG DBPP is subject to maximum pension limits imposed by the *Income Tax Act*. The pension amounts in excess of the maximum pension limits, that would otherwise be paid from the PNG DBPP, are paid from the PNG SERP. At retirement, the PNG SERP pension is paid in the same form, manner and timing as the PNG DBPP, provided the member has at least two years of service. No PNG SERP pension is payable if a member voluntarily terminates prior to age 55.

Perquisites

The NEOs receive limited perquisites that are consistent with the market and designed to attract and retain talented executives, including reserved parking, vehicle allowances, and club memberships.

Employee Share Purchase Savings Plan

The Employee Share Purchase Savings Plan is designed to encourage equity ownership by employees, as a long-term incentive, and to ensure ACI's compensation is competitive in the energy industry amongst peers. Plan participation is optional.

Employees are able to contribute up to 10% of their base pay which is invested, at the election of the employee, in either Shares or a short-term investment fund, or a combination of the two options. ACI matches employee contributions up to a maximum percentage of 5% of base pay (6% for PNG) based on the employee's years of service with the company. ACI will match contributions by a factor of 0.5x for employees with up to three years of service; by a factor of 0.75x for employees with three to six years of service; and by a factor of 1.0x for employees with more than six years of service. ACI's contributions are invested in Shares which are purchased by the plan administrator from the market. ACI's contributions on behalf of employees vest immediately. For employees who transitioned from AltaGas to ACI in connection with the IPO, service with AltaGas is included for purposes of calculating an employee's years of service with ACI.

MANAGING COMPENSATION RISK

ACI is committed to upholding high standards of corporate governance. The Board, including through its committees, routinely assess compensation programs to determine whether such programs encourage individuals to take inappropriate or excessive risks that are reasonably likely to have a material adverse impact on the company. ACI's compensation policies and practices are designed to encourage behaviors that align with the long-term interests of ACI and its Shareholders. While ACI has structured its programs and practices with the intent of discouraging excessive risk taking, the company recognizes that some level of risk taking is necessary to achieve outcomes that are in the best interest of ACI and its Shareholders. In addressing these risks, ACI has implemented a number of risk mitigating strategies, including:

- All directors, including members of the C&G Committee, are regularly apprised of ACI's financial and operating performance throughout the year.
- A significant weighting on long-term incentives mitigates the risk of encouraging achievement of short-term goals at the expense of long-term sustainability and Shareholder value.
- PSU performance measures include EPS and Total Growth in Total Net Earning Assets with a growth target over the vesting period. PSU performance measures also incorporate a TSR modifier, linking payment under PSUs to the interests of Shareholders and the long-term success of ACI. The TSR for these awards will be measured from the quarter in which the grant was made to the vesting date.
- The STIP total payout is capped at a maximum 200% of target.
- The C&G Committee and the Board have the ability to use discretion in assessing both individual executive officer performance and overall ACI performance to ensure that STIP payouts are not overly influenced by an unusual result in any one given area.
- Adoption of prohibitions on hedging and policy permitting Board to "claw-back" awards in certain circumstances.

Hedging Prohibitions

ACI's Securities Trading and Reporting Policy provides that no director, officer or employee may, at any time, purchase financial instruments, including prepaid variable forward contracts, instruments for the short sale or purchase or sale of call or put options, equity swaps, collars, spread bets, contracts for difference or units of exchangeable funds, that are designed to hedge or offset, or that may reasonably be expected to have the effect of hedging or offsetting, a decrease in the market value of any ACI's securities or otherwise take any speculative or derivative positions of any kind which would have or that may reasonably be expected to have such effect. To ACI's knowledge, no directors or NEOs have purchased any such financial instruments.

Clawback Policy

ACI believes that an important part of managing compensation risk and promoting ethical conduct is setting the appropriate tone at the executive level, and ACI believes that having a clawback policy is an important part of setting that tone. In the event of a restatement of the financial results of ACI for any reason other than a restatement caused by a change in applicable accounting rules or interpretations, ACI's Clawback Policy allows the Board to: (a) require that an executive officer return or repay to ACI or reimburse ACI for all or part of the after-tax portion of any excess compensation; and/or (b) cause all or part of any awarded and unpaid or unexercised performance-based compensation (whether vested or unvested) that constitutes excess compensation for an executive officer to be cancelled.

EXECUTIVE COMPENSATION

The following table and discussion relates to compensation paid to ACI's NEOs. As described above under the heading "*Compensation and Governance – Compensation Discussion and Analysis*", compensation of ACI's executive officers includes short-term and long-term compensation with fixed and variable components designed to recognize and reward individual performance and provide an industry competitive level of compensation. The total compensation package is designed to attract, retain and motivate high quality talent, while creating alignment between the long-term interests of NEOs and Shareholders.

The information provided in this section regarding executive compensation relates to programs in place for the year ended December 31, 2019. Following closing of the Arrangement, compensation programs may be modified to reflect any amended corporate structure of ACI.

SUMMARY COMPENSATION TABLE

The following table sets forth summary compensation information for the NEOs for the years ended December 31, 2019 and December 31, 2018. The IPO was completed on October 25, 2018, at which time Mr. Green and Mr. Toivanen commenced employment with ACI. Ms. Shoji-Lee's employment as EVP Utility Operations of ACI also commenced on this date. However, Ms. Shoji-Lee, Mr. Lowther and Mr. Hawkins were employed by PNG, AUI and HGL, respectively, for the full year in 2018.

Name and Principal Position	Year Ended Dec. 31	Salary ($)	Share-based Awards (1)(2) ($)	Option-based Awards (1)(3) ($)	Non-equity Incentive Plan Compensation: Annual Plans(4) ($)	Non-equity Incentive Plan Compensation: Long-term Plans ($)	Pension Value ($)	All Other Compen-sation(5) ($)	Total Compen-sation ($)
Jared Green	2019	400,000	814,018	372,697	461,250	nil	163,503	88,965	2,300,433
President & CEO	2018	72,308	588,554	112,700	56,875	nil	29,024	27,166	886,627
Shaun Toivanen	2019	300,000	407,117	186,187	231,750	nil	107,349	69,927	1,302,330
EVP and CFO	2018	54,231	315,300	60,375	30,373	nil	19,033	26,062	505,374
Leigh Ann Shoji-Lee EVP Utility Operations	2019	325,000	441,072	201,836	258,538	nil	123,400	49,914	1,399,760
and President PNG(6)	2018	58,750	314,264	60,173	38,760	nil	21,600	6,524	479,564
Mark Lowther	2019	250,000	147,529	43,509	122,000	nil	53,300	34,300	650,638
President AUI(6)	2018	39,507	nil	nil	12,799	nil	6,700	5,910	64,916
John Hawkins	2019	250,487	92,448	32,946	122,300	nil	14,103	36,522	548,806
President HGL(6)	2018	44,392	113,508	21,735	20,353	nil	2,442	3,407	205,337

Notes:

(1) Refer to the discussion of the MTIP and Option Plan under the heading "*Mid and Long-Term Incentives*" under "*Compensation and Governance – 2019 Compensation Overview – Elements of Compensation Program*".

(2) Grant date fair value of RSUs and PSUs under the MTIP is calculated by multiplying the number of units granted by the closing price of Shares on the grant date. In respect of PSUs, it is assumed that the performance criteria are met with a multiplier of 1.0x. The methodology used to calculate the fair value of RSUs and PSUs is the same as that used for accounting purposes.

(3) Grant date fair value of Options was determined in accordance with the Black-Scholes-Merton valuation model which requires the following inputs: strike price; expected life of the option; risk-free interest rate; Share price volatility; and dividend rate. The fair value of Options on the grant date is the same as the accounting fair value at the grant date. ACI uses the Black-Scholes-Merton valuation model because it is the most widely used valuation method for this type of compensation, and should thus be the most comparable and most understood model.

(4) Amounts in the table reflect the STIP compensation earned for services performed during the financial year, even if payable at a future date. As ACI did not acquire PNG, AUI or HGL until October 2018, the table includes the 2018 STIP payments to Ms. Shoji-Lee, Mr. Lowther and Mr. Hawkins for the period October 25, 2018 to December 31, 2018. Ms. Shoji-Lee, Mr. Lowther and Mr. Hawkins received total 2018 annual STIP payments in the amount of $138,428, $70,802 and $110,878 respectively, reflecting their full year of service at their respective utilities in 2018.

(5) Amounts include ACI's contribution under the Employee Share Purchase Savings Plan and the value of group benefits and other perquisites. Perquisites or other personal benefits given to NEOs do not exceed, in the aggregate, $50,000 or 10% of their base salary.

(6) As ACI did not acquire PNG, AUI or HGL until October 2018, the table includes the 2018 salaries earned by Ms. Shoji-Lee, Mr. Lowther and Mr. Hawkins during the period October 25, 2018 to December 31, 2018. Ms. Shoji-Lee's salary was adjusted on October 25, 2018 to reflect her increased role and responsibilities with ACI. Including her full year salary from PNG for 2018, Ms. Shoji-Lee received a total salary of $302,718. Mr. Lowther became President of AUI on January 1, 2019 and received a total salary in 2018 of $218,551 from AUI. Mr. Hawkins received a total salary in 2018 of $264,898 from HGL.

See the headings "*Compensation and Governance – Corporate Governance – Board Committees – Compensation and Governance Committee*" for a discussion of the C&G Committee's responsibilities and the qualifications of its members for determining executive compensation, and see "*Compensation and Governance – Compensation Discussion and Analysis – Compensation Philosophy and Approach*" for details of the process for determining executive compensation.

LONG TERM INCENTIVE PLAN AWARDS

Outstanding Option-Based Awards and Share-Based Awards

The following table reflects all Option-based and Share-based incentive plan awards outstanding to the NEOs at December 31, 2019.

Name	Option-based Awards				Share-based Awards[1]		
	Shares underlying unexercised Options (#)	Option exercise price[2] ($/share)	Option expiration date	Value of unexercised in-the-money Options[3] ($)	Number of Shares that have not vested (#)	Market or payout value of Share-based awards that have not vested [4][5][6] ($)	Market or payout value of vested Share-based awards not paid out or distributed ($)
Jared Green	70,000	14.65	Dec. 5, 2024	2,727,340	48,561 PSU	1,620,481	nil
	115,386	21.09	May 17, 2025		30,451 RSU	1,016,150	nil
Shaun Toivanen	37,500	14.65	Dec. 5, 2024	1,409,856	25,179 PSU	840,223	nil
	57,643	21.09	May 17, 2025		15,770 RSU	526,245	nil
Leigh Ann Shoji-Lee	37,375	14.65	Dec. 5, 2024	1,467,013	26,117 PSU	871,524	nil
	62,488	21.09	May 17, 2025		16,377 RSU	546,500	nil
Mark Lowther	6,250	15.73	Jan. 4, 2025	235,506	3,987 PSU	133,046	nil
	10,200	21.09	May 17, 2025		3,987 RSU	133,046	nil
John Hawkins	13,500	14.65	Dec. 5, 2024	377,976	6,083 PSU	202,990	nil
	10,200	21.09	May 17, 2025		6,083 RSU	202,990	nil

Notes:

(1) Amounts represent RSUs, PSUs and the accumulated dividend equivalents on the RSUs and PSUs at December 31, 2019.

(2) The Option exercise price is set using the volume weighted average trading price of Shares on the TSX for the five trading days immediately preceding the grant date.

(3) The value of unexercised in-the-money Options represents the difference between the closing price of Shares on December 31, 2019 ($33.37) and the applicable exercise price.

(4) Market or payout value of RSUs and PSUs that have not vested is calculated by multiplying the number of RSUs or PSUs by the closing price of Shares on December 31, 2019 ($33.37).

(5) Performance metrics for PSUs granted in 2018 is based 60% on EPS annual aggregated compounded growth and 40% on weighted average allowable Utility ROE. Performance metrics for PSUs granted in 2019 is based 60% on EPS annual aggregated compounded growth and 40% on Total Growth in Total Net Earning Assets. The multiplier for each measure ranges from 0.0x to 2.0x, depending on actual performance results. PSUs are also subject to a TSR modifier from 0.8x to 1.2x, depending on actual performance results based on ACI's TSR over the period. For PSUs, the table assumes a PSU multiplier of 1.0x.

(6) Performance measure for RSUs is the payment of a dividend by ACI in each of the years prior to the vesting date. For RSUs, the table assumes a performance threshold is met.

Incentive Plan Awards – Value Vested or Earned During 2019

The only Options outstanding to NEOs were granted on December 5, 2018, January 4, 2019 and May 17, 2019. One quarter of the December 5, 2018 Options granted to NEOs (other than Mr. Lowther) vested on December 5, 2019. The RSUs and PSUs issued to NEOs in 2018 and 2019 will not vest before 2021 and 2022, respectively.

Name	Option-based awards – Value vested during the year(1) ($)	Share-based awards – Value vested during the year(2) ($)	Non-equity incentive plan compensation – Value earned during 2019(3) ($)
Jared Green	329,350	nil	461,250
Shaun Toivanen	176,438	nil	231,750
Leigh Ann Shoji-Lee	175,873	nil	258,538
Mark Lowther	nil	nil	122,000
John Hawkins	63,518	nil	122,300

Notes:

(1) Amount is one quarter of the December 5, 2018 Option grant which amount vested on December 5, 2019 for all NEOs other than Mr. Lowther. In each case, value is calculated as the number of vested Options held multiplied by the difference between the closing price of the shares on December 5, 2019 of $33.47 and the Option exercise price.

(2) RSUs and PSUs under the MTIP have a 3 year vesting period and therefore none of the RSUs or PSUs granted to NEOs have vested.

(3) Amounts reflects the STIP compensation earned for services performed during the financial year, even if payable at a future date. See discussion under "*Compensation and Governance – 2019 Compensation Overview – Short Term Incentive".*

For details of non-equity incentive plan compensation earned during the year ending December 31, 2019, refer to the "*Summary Compensation Table*". Under the heading "*Compensation and Governance – Executive Compensation*".

RETIREMENT PLAN BENEFITS

Defined Benefit Pension Plan and Supplemental Executive Retirement Plan

The following table outlines the DBPP and SERP value for the NEOs as at December 31, 2019. For details of the SERP, see the disclosure under the heading "*Compensation Governance – 2019 Compensation Overview – Elements of Compensation Program*".

Name	Number of years credited service (#)	Annual benefits payable ($)		Present value of defined benefit obligation at start of year ($)	Compensatory change ($)	Non-compensatory change ($)	Present value of defined benefit obligation at year end ($)
		At year end	At age 65				
Jared Green	1.18	13,015	242,267	25,111	142,119	55,454	222,684
Shaun Toivanen	1.18	8,874	187,691	15,779	89,349	40,863	145,991
Leigh Ann Shoji-Lee(1)	3.55	25,530	100,466	377,900	123,400	110,500	611,800
Mark Lowther(2)(3)	11.58	35,047	90,502	427,300	53,300	120,100	600,700
John Hawkins(2)(4)	n/a	n/a	n/a	n/a	n/a	n/a	n/a

Notes:

(1) Ms. Shoji-Lee participates in the DBPP and the SERP.

(2) Mr. Lowther and Mr. Hawkins do not participate in the SERP.

(3) Mr. Lowther participates in the DBPP.

(4) Mr. Hawkins participates in the DCPP.

Defined Contribution Pension Plan

The following table outlines the accumulated value of the DCPP for the NEOs as at December 31, 2019. For details of the DCPP, see the disclosure under the heading "*Compensation Governance – 2019 Compensation Overview – Elements of Compensation Program*".

Name	Accumulated value at start of year ($)	Compensatory[(1)] ($)	Accumulated value at year end[(2)] ($)
Jared Green	3,980	21,384	409,168
Shaun Toivanen	3,409	18,000	285,367
Leigh Ann Shoji-Lee[(3)]	n/a	n/a	n/a
Mark Lowther[(3)]	n/a	n/a	n/a
John Hawkins	2,613	14,103	94,025

Notes:

(1) Reflects only contributions made by ACI or subsidiaries on behalf of the employee.

(2) Accumulated value at year-end reflects the accumulated value at start of year, compensatory changes plus employee contributions to the plan and considers the change in market value of the total holdings. In addition, the amounts shown for the NEOs (other than Ms. Shoji-Lee and Mr. Lowther) include the transfer of individual assets from the AltaGas DCPP into the ACI DCPP that occurred in September 2019.

(3) Ms. Shoji-Lee and Mr. Lowther do not participate in the DCPP. They participate in the DBPP with PNG and AUI, respectively.

EXECUTIVE EQUITY OWNERSHIP REQUIREMENTS

In recognition of the importance of ensuring alignment between the interest of executives and Shareholders, ACI has adopted executive equity ownership requirements.

NEOs are expected to achieve the targeted ownership levels within a five year period commencing on the date of the individual's appointment as an officer of ACI or one of its subsidiaries. For purposes of achieving compliance with the target, unvested RSUs and PSUs count towards ownership. The following equity ownership information for the NEOs is provided as at December 31, 2019.

Name[(1)]	Targeted Ownership of Shares as multiple of base salary	Minimum Equity Ownership Requirement ($)	Actual Shares held (directly and indirectly) (#)	Unvested RSUs and PSUs[(2)] (#)	Total Equity Holdings (#)	Value of Equity as a multiple of 2019 salary[(3)]
Jared Green	5x	2,000,000	57,735	79,012	136,747	11.4x
Shaun Toivanen	2x	600,000	56,557	40,949	97,506	10.8x
Leigh Ann Shoji-Lee	2x	650,000	28,808	42,495	71,303	7.3x
Mark Lowther	1x	250,000	1,400	7,975	9,375	1.3x
John Hawkins	1x	250,487	2,053	12,166	14,219	1.9x

Notes:

(1) Each of the NEOs has until October 25, 2023 to reach the required equity ownership target other than Mr. Lowther who has until January 1, 2024.

(2) Includes dividend equivalents on the RSUs and PSUs.

(3) Value of Shares, RSUs and PSUs at fiscal year-end is calculated using closing price of the Shares on the TSX on December 31, 2019 of $33.37 to determine the equity value as a multiple of 2019 salary.

EXECUTIVE EMPLOYMENT AGREEMENTS

ACI is party to employment agreements with the following NEOs: Jared Green, Shaun Toivanen and Leigh Ann Shoji-Lee (the “Employment Agreements”). The Employment Agreements outline the terms of compensation for such executives while they remain employed by ACI, as well as detail any payments required to be made in the case of certain termination events. The Employment Agreements also provide that ACI may terminate the agreements at any time for just cause.

The terms and conditions in the Employment Agreements are substantially similar and outline the terms of the executive’s employment with the company, including their eligibility for compensation under ACI’s compensation and benefit plans. Each agreement contains a non-solicitation provision and requires that the executive sign a release prior to the receipt of any termination payment. AUI and HGL do not enter into employment agreements with their executives.

TERMINATION AND CHANGE OF CONTROL ARRANGEMENTS

The Employment Agreements provide cash compensation on termination (a “Termination Payment”) in the following circumstances:

- involuntary termination of the executive by ACI for any reason (other than just cause); and
- voluntary termination by the executive in the event of a constructive dismissal (as defined in the Employment Agreements).

The Termination Payment primarily consists of an amount equal to a multiple of: (i) the annual base salary in effect during the last month of employment; plus (ii) the product of (i) multiplied by the annual target bonus percentage; plus (iii) the value of the benefit entitlement for a one-year period. No Termination Payment is triggered under the Employment Agreements as a result solely of a change of control.

The Employment Agreements also reference the terms of the MTIP and the Option Plan. Details of these plans can be found in Schedule A.

A “change of control” includes (i) a sale of all or substantially all of ACI’s assets, (ii) a consummated arrangement, amalgamation, merger, consolidation, take-over bid, compulsory acquisition or similar transaction if shareholders prior to the transaction no longer hold more than 50% of the voting securities of the surviving or resulting entity in such transaction or more than 50% of the combined outstanding voting power of the parent of the surviving or resulting entity, or (iii) a person or group of persons acting jointly or in concert acquires more than 50% of the voting securities.

Under the Option Plan, in the absence of an agreement to the contrary, upon termination for any reason other than cause, all unvested Options are forfeited and unexercised and vested Options may be exercised until the earlier of their normal expiry and 30 days following the termination date, except in the case of death, when the exercise period is the earlier of their normal expiry and one year following the termination date. Under the Employment Agreements, if an individual is terminated for any reason other than cause, their unvested Options will continue to vest for the notice period and unexercised Options shall not expire until the earlier of their normal expiry and 30 days following the notice period. Upon termination for cause, all unvested and vested Options are forfeited.

Under the MTIP, upon termination for any reason other than cause, RSUs and PSUs continue to vest during the applicable notice period. Upon termination for cause, all RSUs and PSUs are forfeited. In the event of a resignation, all RSUs and PSUs are forfeited unless, at the date of the voluntary resignation, the NEO is at least 55 and qualifies for payment of an immediate pension pursuant to the terms of any qualified retirement plan maintained by ACI. In that case, RSUs and PSUs are pro-rated to the date of resignation and the pro-rated units continue to vest and be subject to the relevant performance milestones. In the event of termination by reason of death, the awards are also pro-rated but a performance multiplier of 1.0x is used.

In the event of a change of control under these plans:

- all RSUs and PSUs will vest on change of control if the resulting entity is no longer publicly traded or the resulting entity will not assume the obligations under the MTIP as required by the Board, and will become payable upon the closing of the change of control with a multiplier of 1.0x for the PSUs; and
- all Options will vest on change of control if the resulting entity is no longer publicly traded or the resulting entity will not assume the obligations under the Option Plan as required by the Board and will become payable upon the closing of the change of control.

The following table outlines the estimated amounts payable in the various termination scenarios pursuant to the Employment Agreements and the terms of the MTIP, Option Plan and SERP.

Name	Triggering Event	Months used to calculate termination payment	Value of termination payment(1) ($)	Add'l SERP Value(2) ($)	Value of RSUs, PSUs & Options(3) ($)	Total Value ($)
Jared Green	Termination without cause or constructive dismissal(4)(5)	18	1,148,941	356,825	1,363,670	2,869,436
	Change of Control without termination	0	nil	nil	5,363,968	5,363,968
	Voluntary Termination(6)	0	nil	nil	nil	nil
Shaun Toivanen	Termination without cause or constructive dismissal(4)(5)	12	506,263	171,100	527,967	1,205,330
	Change of Control without termination	0	nil	nil	2,776,333	2,776,333
	Voluntary Termination(6)	0	nil	nil	nil	nil
Leigh Ann Shoji-Lee	Termination without cause or constructive dismissal(4)(5)	12	524,950	266,600	541,678	1,333,228
	Change of Control without termination	0	nil	nil	2,885,064	2,885,064
	Voluntary Termination(6)	0	nil	nil	nil	nil

Notes:

(1) Includes base salary, bonus, benefits and perquisites calculated in accordance with the terms of the Employment Agreements.

(2) Value of additional benefit payable (under SERP provisions and additional SERP benefit provided by Employment Agreements) in the specified termination event, as of December 31, 2019.

(3) Represents the value of the Options and Share-based awards that would be payable in the applicable termination scenario. For Options, this value includes the vested and unexercised Options as at December 31, 2019 and the value of any in-the money Options that would vest and be paid under the termination scenario. For Share-based awards, this value includes the market or payout value of the Share-based awards that have not vested as of December 31, 2019 and that would vest and be paid under the termination scenario. See the disclosure under the heading "*Compensation and Governance – Executive Compensation – Long Term Incentive Plan Awards – Outstanding Option-based Awards and Share-based Awards*".

(4) Payable upon termination by ACI without cause and payable upon voluntary termination by the NEO in the event of constructive dismissal, provided that the termination by the NEO occurs within 30 days of such constructive dismissal.

(5) In the event of death or permanent disability, the executive is also entitled to the Termination Payment. In the event of retirement or death, the long-term incentives are subject to adjustment as discussed above.

(6) While no Termination Payment is payable upon voluntary termination, the executive would be entitled to an additional SERP payment upon termination within six months following the date of change of control. RSUs, PSUs and Options are handled in accordance with the terms of the applicable plan.

OTHER INFORMATION

Securities Authorized for Issuance Under Equity Compensation Plans

The following table sets forth certain information related to ACI's equity compensation plans for the financial year ended December 31, 2019:

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted-average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in the first column)
Equity compensation plans approved by security holders(1)	735,695	18.56(2)	2,264,305(3)
Equity compensation plans not approved by security holders	n/a(2)	n/a	n/a(4)
Total	735,695		2,264,305

Notes:

(1) The Option Plan and the MTIP, both of which allow for the issuance of Shares from treasury, were approved by AltaGas as sole shareholder of ACI prior to completion of the IPO. ACI does not currently intend to issue Shares upon vesting of RSUs or PSUs. For RSUs and PSUs, assumes a performance threshold is met and PSU multiplier is 1.0x. Amounts do not include dividend equivalent units.

(2) Represents the weighted-average exercise price of the outstanding Options. Holders of RSUs and PSUs are not required to pay an exercise price but certain time and performance thresholds must be reached before the awards vest and become payable.

(3) Of the 3,000,000 Shares available for future issuance pursuant to security based compensation arrangements, which includes only the Option Plan and the MTIP, 50% are currently allocated and reserved for issuance with the TSX pursuant to the Option Plan and 50% are currently allocated and reserved for issuance pursuant to the MTIP.

(4) No Shares are available or reserved for future issuance pursuant to the DSUP. On vesting, DSUs are paid in cash or, at the option of ACI, Shares purchased on the open market. The material features of the equity compensation plans are set out in Schedule A.

The following table sets forth certain measures of usage of Options, RSUs and PSUs (collectively, "awards") as a percentage of the issued and outstanding Shares as at December 31, 2019, which was 30,000,000 Shares, and the weighted average remaining term of the awards:

Dilution	number of awards granted but not exercised (735,695) / 30,000,000	2.5%
Overhang (reserved for issuance with TSX)	number of awards reserved for issuance with the TSX (3,000,000) / 30,000,000	10.0%
Overhang (available for issuance pursuant to Plans)	number of awards available to be granted pursuant to security-based compensation arrangements (2,264,305) plus number of awards granted but not exercised (735,695) / 30,000,000	10.0%
Remaining Awards available for grant	number of awards available to be granted pursuant to security-based compensation arrangements (2,265,305) / 30,000,000	7.6%
Weighted average remaining term of awards		5.2 years

Burn Rate	2018 (%)	2019 (%)
number of awards granted(1) / basic weighted average number of Shares outstanding at year end	0.9%	0.9%

Note:

(1) 200,375 Options and 87,377 RSUs/PSUs were granted in 2018. 334,391 Options and 113,552 RSUs/PSUs were granted in 2019. For RSUs and PSUs, assumes a performance threshold is met and PSU multiplier is 1.0x. For purposes of above calculations a multiplier of 0.6x was used as a time-weighting factor and dividend equivalent units are not included. Further details on ACI's Option Plan and MTIP are provided in Schedule A.

Aggregate Indebtedness

ACI is not aware of any individuals who are either current or former executive officers, directors or employees of ACI or any of ACI's subsidiaries and who have indebtedness outstanding as at the Record Date (whether entered into in connection with the purchase of securities of ACI or otherwise) that is owing to (i) ACI or any of its subsidiaries, or (ii) another entity where such indebtedness is the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by ACI or any of its subsidiaries.

Indebtedness of Directors and Executive Officers

ACI is not aware of any individuals who are, or who at any time during 2019 were, directors or executive officers of ACI, proposed nominees for election as directors of ACI, or any associate of any of those directors, executive officers or proposed nominees, who are, or have been at any time since the beginning of the most recently completed financial year, indebted to ACI or any of its subsidiaries, or whose indebtedness to another entity is, or at any time since the beginning of the most recently completed financial year has been, the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by ACI or any of its subsidiaries.

Interest of Informed Persons in Material Transactions

To ACI's knowledge, no director or executive officer of ACI or any of its subsidiaries, no proposed nominee or any of their respective associates or affiliates has any material interest, direct or indirect, in any transaction the beginning of the most recently completed financial year, or in any proposed transaction which has materially affected or would materially affect ACI or any of its subsidiaries.

Directors' and Officers' Liability Insurance

Directors' and officers' liability insurance has been obtained for the directors and officers of ACI and its subsidiaries with a policy limit of $75,000,000 aggregate per policy year. Under this insurance coverage, directors and officers would be covered for amounts where the company is unable or precluded from indemnifying, and the company would be reimbursed for indemnity payments made on behalf of the directors and officers of the company subject to a deductible of $250,000 per occurrence (which would be paid by the company). The total premium paid by the company for directors' and officers' liability insurance during the financial year ended December 31, 2019 was $211,985 for the policy year October 1, 2019 to October 1, 2020.

RISK FACTORS

Set forth below is a summary of certain risk factors relating to ACI and the business of the Company. The risks described below are not an exhaustive list of all risks, nor should they be taken as a complete summary of all the risks associated with the applicable business being conducted. Security holders and prospective security holders of ACI should carefully review and consider the risk factors set out below in this AIF before making a decision on investment and should consult their own experts where necessary.

Regulations

ACI's businesses are subject to extensive and complex laws and regulations in the jurisdictions in which they carry on business. Regulations and laws are subject to ongoing policy initiatives, and ACI cannot predict the future course of regulations and their respective ultimate effects on ACI's businesses. Changes in the regulatory environment may be beyond ACI's control and may significantly affect ACI's businesses, results of operations and financial conditions.

AUI, PNG, and HGL operate in regulated marketplaces where regulatory approval is required for the regulated returns that permit a reasonable opportunity to recover on a timely basis the estimated costs of providing services, including a fair return on and of rate base to provide for recovery of costs and a return on capital and may limit the ability to make and implement independent management decisions, including, without limitation, setting rates charged to customers, determining methods of cost recovery and issuing debt. Earnings of ACI's regulated utilities may be impacted by a number of factors, including, without limitation: (i) changes in the regulator-approved allowed ROE and the deemed capital structure; (ii) changes in rate base; (iii) changes in gas delivery volumes; (iv) changes in the number and composition of customers; (v) variances between actual expenses incurred and forecast expenses used to determine revenue requirements and set customer rates; and (vi) recovery of unplanned costs through rate cases. A failure to obtain rates that recover the costs of providing service or provide a reasonable opportunity to earn an expected ROE and capital structure as applied for may adversely affect the business carried on by the Company, the undertaking or timing of proposed upgrades or expansion projects, ratings assigned by rating agencies, the issue and sale of securities, and other matters which may, in turn, have a material adverse effect on the Company's results of operations and financial position. See information under the heading "*Business of the Company – Utilities Business – Rate Regulation Overview*".

Weather and Wind Resource

The natural gas distribution business is highly seasonal, with the majority of natural gas demand occurring during the winter heating season, the length of which varies in each jurisdiction in which ACI's utilities operate. Natural gas distribution revenue during the winter typically accounts for the largest share of annual natural gas distribution revenue. There can be no assurance that the long-term historical weather patterns will remain unchanged. Annual and seasonal deviations from the long-term average can be significant.

Wind is naturally variable. Therefore, the level of electricity production from the Bear Mountain Wind Park will also be variable. In addition, the strength and consistency of the wind resource at the Bear Mountain Wind Park may vary from what the Company anticipates due to a number of factors including: the extent to which site-specific historic wind data and wind forecasts accurately reflect actual long-term wind speeds, strength and consistency; the potential impact of climatic factors; the accuracy of assumptions relating to, among other things, weather, icing and soiling of wind turbines, site access, wake and line losses and wind shear; the potential impact of topographical variations; and the potential for electricity losses to occur before delivery. Variations in weather may be impacted by climate change which may impact the Bear Mountain Wind Park. A reduced amount of wind at the location of the Bear Mountain Wind Park over an extended period may reduce the production from such facility, as well as any environmental attributes that accrue to the Company and reduce the Company's revenues and profitability.

General Economic Conditions

Adverse changes in general economic and market conditions such as changes in employment levels, personal disposable income, energy prices, housing starts and customer growth could negatively impact demand for electricity, natural gas, revenue, operating costs, timing and extent of capital expenditures, the net recoverable value of plant, property and equipment, results of financing efforts, credit risk and counterparty risk, which could cause the Company to suffer a material adverse effect. Natural gas and crude oil prices are closely correlated with natural gas and crude oil exploration and production activity in certain of ACI’s service territories. The level of these activities can influence energy demand, which could have a material adverse effect on ACI.

Climate Change

Some of ACI’s significant facilities may be subject to future provincial or federal climate change regulations or both to manage greenhouse gas emissions. See section “*Environmental Regulation*” of this AIF. The direct or indirect costs of compliance with these regulations may have a material adverse effect on ACI’s business, financial condition, results of operations and prospects. ACI’s business could also be indirectly impacted by laws and regulations that affect its customers or suppliers; to the extent such changes result in reductions in the use of natural gas by its customers or limit the operations of, or increase the costs faced by producers. In addition, concerns about climate change have resulted in a number of environmental activists and members of the public opposing the continued exploitation, development and transportation of fossil fuels. Given the evolving nature of the debate related to climate change and the control of greenhouse gas emissions and resulting requirements, it is difficult to predict the impact on ACI and its operations and financial condition.

Operating Risk

ACI’s business and associated infrastructure investments are subject to physical risks such as fires, floods, explosions, leaks, sabotage, terrorism, equipment malfunction, natural disaster, severe weather conditions and many of which are beyond the control of the ACI. Climate change can increase the frequency and severity of any extreme weather events. Any of these hazards can interrupt operations, impact the Company’s reputation, cause loss of life or personal injury, result in loss of or damage to equipment, property, information technology systems, related data and control systems, and cause environmental damage that may include polluting water, land or air. Unplanned outages or prolonged downtime for maintenance and repair typically increase operation and maintenance expenses and reduce revenues. Losses resulting from repair costs and lost revenues could substantially exceed insurance coverage and any increased rates.

Infrastructure Maintenance, Replacement and Expansion

The Company’s regulated assets require on-going maintenance, replacement and expansion. Accordingly, to ensure the continued performance of such physical assets, the Company determines expenditures that should be made to maintain, replace and expand the assets. The Company could experience service disruptions and increased costs if it is unable to maintain or replace its rate base. The inability to recover, through approved rates, the costs of capital expenditures that the Company believes are necessary to maintain, replace, expand and remove its regulated assets, the failure by the Company to properly implement or complete approved capital expenditure programs or the occurrence of significant unforeseen equipment failures could have a material adverse effect on the Company’s results of operations and financial position.

The Bear Mountain Wind Park is subject to operational risks, including unplanned outages or prolonged downtime for maintenance and repair typically increase operation and maintenance expenses and reduce revenues as a result of selling less electricity. Although the Bear Mountain Wind Park has generally operated in accordance with expectations, there can be no assurance that they will continue to do so. To the extent that a facility's equipment requires longer than forecasted down times for maintenance and repair, or suffers disruptions of renewable power for other reasons, ACI’s business, operating results, financial condition or prospects could be adversely affected

The Company continually updates its capital expenditure programs and assesses current and future operating, maintenance, replacement, expansion and removal expenses that will be incurred in the ongoing operation of its business. Management’s analysis is based on assumptions as to costs of services and equipment, regulatory requirements, revenue requirement approvals, and other matters, which involve some degree of uncertainty. If actual costs exceed regulatory-approved capital expenditures, it is uncertain as to whether such additional costs, if found imprudent, will receive regulatory approval for recovery in future rates. The inability to recover these additional costs could have a material adverse effect on the Company’s results of operations and financial position.

There can be no assurance that the Company's maintenance program will be able to detect potential failures in its facilities prior to occurrence or eliminate all adverse consequences in the event of failure. In addition, weather related interference, work stoppages and other unforeseen problems may disrupt the operation and maintenance of the Bear Mountain Wind Park and may materially and adversely affect the Company.

Natural Gas Supply Risk

AUI, PNG and HGL are supplied by gas from regions where they have not been granted franchises for natural gas distribution. These purchases are transported through pipeline infrastructure. If adequate supply of natural gas cannot be maintained, this could have a material adverse effect on the Company's business, financial position and cash flow.

Franchise grants may not be renewed upon their expiry

Most of the Company's natural gas distribution businesses operate within a franchise territory that has been granted under the terms of franchise and other agreements. This means that there is virtually no competition for natural gas distribution within such service areas during the terms of the agreements. This enables the applicable utility to grow organically for the term of the franchise with little threat of competition other than from alternative energy sources. There are ongoing risks that the various franchise grants will not be renewed upon their expiry. The consequence of expiry differs depending upon the jurisdiction in which the franchise is granted, but in some cases may result in the loss of revenue from the franchise area after the franchise agreement expires, which could have a material adverse effect on the Company's business, financial position and cash flow.

Expiration of EPA

The Bear Mountain Wind Park sells power under a long-term EPA expiring in 2034. The EPA and any replacement EPA may be subject to termination in certain circumstances, including default by the facility owner or operator. When an EPA expires or is terminated, it is possible that the price received for power under subsequent selling arrangements may be reduced significantly. It is also possible that any EPA negotiated in replacement of the initial EPA may not be at prices that permit the continued operation of the facility on a profitable basis. If this occurs, the affected facility may be forced to permanently cease operations.

The ability of the Bear Mountain Wind Park to generate the maximum amount of power which can be sold under the EPA is an important determinant of the revenues of the Company. If the Bear Mountain Wind Park delivers less than the required quantity of electricity in any given month within a contract year, penalty payments may be payable to the purchaser by the Company. The payment of any such penalties by the Company could materially adversely affect the revenues and profitability of the Company.

Dependence on Third Parties

The Company's renewable assets sell all of their power to government entities under long-term EPAs. If, for any reason, any of the purchaser of power under such EPAs are unable or unwilling to fulfill their contractual obligations under the relevant EPA, or if they refuse to accept delivery of power pursuant to the relevant EPA, the Company's assets, liabilities, business, financial condition, results of operations and cash flow could be materially and adversely affected as they may not be able to replace the agreement with another agreement on equivalent terms and conditions. External events, such as a severe economic downturn, could impair the ability of some counterparties to the EPAs or some end use customers to pay for electricity received.

In addition, the Company's renewable power facilities will enter into contracts with third parties for materials and generation equipment, which often require deposits to be made prior to equipment being delivered and other goods and services being provided. Should one or more of these third parties be unable to meet their obligations under the contracts, such an occurrence would result in possible loss of revenue, delay in return to service and increase in operating costs.

The Bear Mountain Wind Park depends on electric transmission systems and related facilities owned and operated by government entities to deliver the electricity the assets generate to delivery points where ownership changes and the Company is paid. These grids operate with both regulatory and physical constraints which in certain circumstances may impede access to electricity markets. There may be instances in system emergencies in which the Bear Mountain Wind Park are physically disconnected from the power grid, or their production curtailed, for short periods of time.

Changes in Laws

Applicable laws, including, without limitation, environmental laws, policies or government incentive programs may be changed in a manner that adversely affects ACI through the imposition of restrictions on its business activities or by the introduction of regulations that increase ACI's operating costs; thereby potentially reducing ACI's ability to pay dividends to Shareholders. There can be no assurance that applicable laws, policies or government incentive programs will not be changed in a manner which adversely affects ACI.

Income tax laws relating to ACI may be changed in a manner that adversely affects its Shareholders. This includes, without limitation, taxation and tax policy changes, tax rate changes, new tax laws, and revised tax law interpretations that may individually or collectively cause an increase in ACI's effective tax rate.

Capital Markets

ACI may have restricted access to capital and increased borrowing costs. As ACI's future capital expenditures will be financed out of cash generated from operations and borrowings. ACI's ability to finance such expenditures is dependent on, among other factors, the overall state of capital markets and investor demand for investments in the energy industry generally and ACI's securities in particular.

To the extent that external sources of capital become unavailable or available on onerous terms or otherwise limited, ACI's ability to make capital investments and maintain existing assets may be impaired, and its assets, liabilities, business, financial condition, results of operations and dividends may be materially and adversely affected as a result.

If cash flow from operations is lower than expected or capital costs for these projects exceed current estimates, or if ACI incurs major unanticipated expenses related to construction, development or maintenance of its existing assets, ACI may be required to seek additional capital to maintain its capital expenditures at planned levels. Failure to obtain financing necessary for ACI's capital expenditure plans may result in a delay in ACI's capital program or a decrease in dividends.

Market Value of Common Shares

The market price for Common Shares may be volatile and subject to wide fluctuations in response to numerous factors, many of which are beyond the Company's control, including the following: (a) actual or anticipated fluctuations in the Company's results of operations; (b) recommendations by securities research analysts; (c) changes in the economic performance or market valuations of other companies that investors deem comparable to the Company; (d) the loss or resignation of executive officers and other key personnel of the Company; (e) sales or perceived sales of additional Common Shares; (f) significant acquisitions or business combinations, strategic partnerships, joint ventures or capital commitments by or involving the Company or its competitors which prove to be ill considered; and (g) trends, concerns, technological or competitive developments, regulatory changes and other related issues in the industries in which the Company operates or the Company's target markets. Financial markets have experienced significant price and volume fluctuations in recent years that have particularly affected the market prices of equity securities of companies and that have, in many cases, been unrelated to the operating performance, underlying asset values or prospects of such companies. Accordingly, the market price of the Common Shares may decline even if the Company's operating results, underlying asset values or prospects have not changed. Additionally, these factors, as well as other related factors, may cause decreases in asset values which may result in impairment losses.

Variability of Dividends

The declaration and payment of dividends on Common Shares by ACI are at the discretion of the Board of Directors. The cash available for dividends to Shareholders is a function of numerous factors, including, without limitation, rates of return, customer base, demand for natural gas, the strength and consistency of the wind resources at the Bear Mountain Wind Park, profitability, changes in revenues, fluctuations in working capital, capital expenditure levels, applicable laws, compliance with contracts and contractual restrictions contained in the instruments governing any indebtedness. Dividends may be reduced or suspended entirely depending on the operations of ACI and the performance of its assets. The market value of ACI's Common Shares may deteriorate if ACI is unable to meet or otherwise chooses to modify its dividend targets, and that deterioration may be material.

Debt and Refinancing Risk

The Company plans to maintain debt arrangements on an ongoing basis as part of its capital structure. The Company's indebtedness could have significant effects on its business. For example, it could: (a) increase the Company's vulnerability to adverse changes in general economic, industry and competitive conditions; (b) require the Company to dedicate a substantial portion of its cash flow from operations to make payments on its indebtedness, thereby reducing the availability of its cash flow to fund the payment of dividends as well as to fund working capital, capital expenditures and other general corporate purposes; and (c) restrict the Company from exploiting new business opportunities. Furthermore, loans to ACI are subject to customary covenants and financial tests which may in certain circumstances restrict ACI's ability to make dividends to Shareholders.

The Company's business plan is subject to the availability of additional debt financing to refinance existing debt obligations and to finance expansion, which financing may not be available, or may not be available on favourable terms. The Company's ability to refinance debt obligations and access financing will be subject to conditions in credit markets which are beyond the Company's control, and will also be affected by credit ratings, if any, assigned to the Company and its debt. If the Company is not able to raise capital to replace existing debt on maturity or to pay required capital expenditures or finance acquisitions, this could impede its growth and could materially adversely affect the business, financial condition and results of operations of the Company.

External Stakeholder Relations

Negative public or community response to renewable power facilities could adversely affect the Company's ability to operate the Bear Mountain Wind Park. Successful challenges or appeals to permits issued could adversely affect the Company's operations and financial position. Legal requirements, changes in scientific knowledge and public complaints regarding issues such as noise generated by wind turbines could impact the operation of the Bear Mountain Wind Park in the future as well as the Company's reputation.

Health and Safety

The ownership and operation of the Company's regulated utilities and the Bear Mountain Wind Park carries an inherent risk of liability related to worker health and safety and the environment, including the risk of government imposed orders to remedy unsafe conditions and/or to remediate or otherwise address environmental contamination, potential penalties for contravention of health, safety and environmental laws, licenses, permits and other approvals, and potential civil liability. Compliance with health, safety and environmental laws (and any future changes) and the requirements of licenses, permits and other approvals will remain material to the Company's businesses. The occurrence of any of these events or any changes, additions to or more rigorous enforcement of, health, safety and environmental laws, licenses, permits or other approvals could have a significant impact on operations and/or result in additional material expenditures. As a consequence, no assurances can be given that additional environmental and workers' health and safety issues relating to presently known or unknown matters will not require unanticipated expenditures, or result in fines, penalties or other consequences (including changes to operations) material to its business and operations.

Underinsured and Uninsured Losses

The Company maintains insurance coverage with respect to potential liabilities and the accidental damage to or loss of certain of its assets, in amounts and with such insurers as is considered appropriate, taking into account all relevant factors, including the practices of owners of similar assets and operations. It is anticipated that such insurance coverage will be maintained. However, there can be no assurance that the Company will be able to obtain or maintain adequate insurance in the future at rates it considers reasonable. Further, there can be no assurance that available insurance will cover all losses or liabilities that might arise in the conduct of the Company's business. The occurrence of a significant uninsured claim or a claim in excess of the insurance coverage limits maintained by the Company or a claim that falls within a significant self-insured retention could have a material adverse effect on the Company's results of operations and financial position. In the event of an uninsured loss or liability in respect of its regulated assets, the Company would apply to the applicable utilities commissions to recover the loss (or liability) through an increased tariff. However, there can be no assurance that any applicable utilities commission would approve any such application, in whole or in part. Any major damage to the Company's facilities could result in repair costs, increased insurance premiums and customer claims that are substantial in amount and which could have a material adverse effect on the Company's results of operations and financial position.

Indigenous Peoples Land and Rights Claims

Indigenous peoples have claimed rights to a substantial portion of the lands in Canada. ACI operates in territories in which such claims have been advanced. Such claims, if successful, could have a significant adverse effect on the development of natural gas projects and power development and generation in the jurisdictions in which they operate, which could have a materially adverse effect on ACI's business and operations, including, without limitation, the renewable energy produced by ACI's facilities or on the operation or development of facilities for natural gas distribution and renewable power.

ACI has concluded agreements with many indigenous communities. These agreements support an approach of active engagement with indigenous communities that serves to ensure the identification of issues and facilitates constructive problem-solving. Further, ACI has taken a proactive approach to enhance the economic participation of indigenous groups in its operations where feasible and reasonable. The agreements and the measures taken by ACI strengthen relationships between the parties while respecting the ever evolving regulatory and judicial relationship between Canada's governments and indigenous peoples. However, ACI cannot predict whether future indigenous land claims and the assertion of other rights will affect its ability to conduct its business and operations as currently undertaken or as may be undertaken in the future in such regions. Furthermore, any failure to reach an agreement, or a conflict or disagreement, with an indigenous group could have a material adverse effect on ACI's business, financial condition and results of operations.

Crown Duty to Consult with Indigenous Peoples

The federal and provincial governments in Canada have a duty to consult and, where appropriate, accommodate indigenous peoples where the interests of the indigenous peoples may be affected by a Crown action or decision. Accordingly, the Crown's duty may result in regulatory approvals being delayed or not being obtained, which could have a material adverse effect on ACI's business.

Transfer of ownership of Inuvik Gas

On December 7, 2016, Inuvik Gas notified the Town of Inuvik of its intention to terminate the gas distribution franchise agreement effective December 2018. That franchise agreement was terminated on December 8, 2018. Inuvik Gas agreed to continue to provide service to its customers in accordance with the previous franchise agreement and the NWTPUB approved terms and conditions of service as Inuvik Gas and the Town of Inuvik continue negotiations to transition ownership to the Town of Inuvik. However, if the Town of Inuvik does not accept ownership, the Company will continue to own its interest in Inuvik Gas and provide natural gas service to its customers indefinitely, which could impact the Company's ability to pursue other opportunities.

Cybersecurity, Information, and Control Systems

ACI's business processes are increasingly reliant upon information systems, data and communications. A failure within ACI's information systems could lead to the impairment of business processes. There is a risk that multiple business processes could be simultaneously impaired should certain critical systems, data or communications become unavailable. Cyber-attacks are occurring with increasing regularity and threat actors have targeted the industry in the past.

A breach of ACI's information technology infrastructure, including, without limitation, cyber-attacks, cyber-terrorism, malware/ransomware or other failures of ACI's information technology infrastructure could result in operational outages, an inability to operate safely, delays, damage to assets, the environment or to ACI's reputation, diminished customer confidence, lost profits, lost data (including confidential information), increased regulation and other adverse outcomes, including, without limitation material legal claims and liability or fines or penalties under applicable laws and adversely affect its business operations and financial results.

ACI's cybersecurity strategy focuses on information technology security risk management which includes, without limitation, perimeter security, threat detection, continuous monitoring, timely updating of security patches, ongoing cybersecurity awareness training for staff, conducting third-party vulnerability and security tests, along with subsequent action on findings, security-focused solution and system design and an incident response protocol. However, there is no assurance that ACI will not suffer a cyber-attack or an information technology failure notwithstanding the implementation of this strategy and the measures taken pursuant to that strategy, including, without limitation, as set forth above and the occurrence of any of these cyber events could adversely affect ACI's financial condition and results of operations. In order to reduce the impact of such an event, ACI has purchased cybersecurity insurance coverage.

Technical Systems

The ability of the Company to operate effectively is dependent upon managing and maintaining information systems and infrastructure that support the operation of distribution, transmission storage facilities and power generation; provide customers with billing and consumption information; and support the financial and general operating aspects of the business. The reliability of the communication infrastructure and supporting systems are also necessary to provide important safety information. System failures could have a material adverse effect on the Company.

Transition Risks

The Company may be subject to both transition and growth-related risks, including capacity constraints and pressure on its internal systems and controls. The Company believes that it has adequate staff and resources (including services provided by AltaGas pursuant to the Transition Services Agreement), it may lack sufficient resources to operate as a stand-alone company. The historical financial and operating results of the Company and the Acquired Assets while they were under the management of AltaGas may not be indicative of future results. The ability of the Company to manage both its transition to a stand-alone company and future growth effectively requires it to continue to implement and improve financial and operational systems and to expand, train and manage its employee base. The inability of the Company to deal with this transition and growth may have a material adverse effect on the Company's business and financial condition.

Defined benefit pension plans and supplemental pension agreements

ACI is subject to obligations under defined benefit pension plans and supplemental pension arrangements. Future payments under the plans are intended to be fixed. Market driven changes impacting the performance of the plan assets may result in material variations in actual return on plan assets from the assumed return on the assets causing material changes in net benefit costs. Net benefit cost is impacted by, among other things, the discount rate, changes in the expected mortality rates of plan members, the amortization of experience and actuarial gains or losses, and expected return on plan assets. Market driven changes impacting other assumptions, including the assumed discount rate, may also result in future contributions to pension plans that differ significantly from current estimates as well as causing material changes in net benefit cost.

There is also measurement uncertainty associated with net benefit cost, future funding requirements, the net accrued benefit asset and projected benefit obligation due to measurement uncertainty inherent in the actuarial valuation process.

Net benefit cost variances from forecasts for rate-setting purposes are recovered through future rates using regulatory deferral accounts approved by the applicable utilities commissions. There can be no assurance that such deferral mechanisms will exist in the future as they are dependent on future regulatory decisions and orders. An inability to flow through these costs could have a material adverse effect on the Company's results of operations and financial position.

Key Personnel

ACI's success depends in large measure on the skills and expertise of its key personnel. The loss of their services could disrupt the Company's operations. Access to a sustained labour market from which to attract the required expertise, knowledge and experience is a critical factor to ACI's success. Costs associated with attracting and retaining key personnel could adversely affect ACI's business operations and financial results.

Labour Relations

ACI employs members of labour unions within AUI and PNG. The Company has entered into collective bargaining agreements with these labour unions. There can be no assurance that current relations will continue in future negotiations or that the terms under the present collective bargaining agreements will be renewed. The inability to maintain, or to renew, the collective bargaining agreements on acceptable terms could result in increased labour costs or service interruptions arising from labour disputes, that are not provided for in approved rates and that could have a material adverse effect on the Company's results of operations and financial position.

Interest Rates

ACI is exposed to interest rate fluctuations on its variable rate debt. Interest rates are influenced by Canadian, U.S. and global economic conditions beyond ACI's control and, accordingly, could have a material adverse effect on ACI's business, financial condition and cash flow.

Regulated interest expense variances from forecast for rate-setting purposes are recovered through future rates using a regulatory deferral account approved by the applicable utilities commissions. There can be no assurance that such deferral mechanisms will exist in the future as they are dependent on future regulatory decisions and orders. An inability to flow through these costs could have a material adverse effect on the Company's results of operations and financial position.

Foreign Exchange Risk

ACI is exposed to changes in the Canadian dollar. Substantially all of ACI's revenues are paid in Canadian dollars, while a portion of its purchases of supplies and service are obtained from foreign suppliers. A sustained decrease in the value of the Canadian dollar relative to the currencies of ACI's foreign suppliers may have a material negative impact on the results of operations and financial position of ACI.

Counterparty and Credit Risk

ACI is exposed to credit-related losses in the event that counterparties to contracts fail to fulfill their present or future obligations to ACI. Financial instruments which are subject ACI to credit risk consist primarily of accounts receivable. Accounts receivable credit risk is reduced due to a large and diversified customer base, customer deposits for at-risk customers and the ability to recover the majority of uncollectible accounts through approved rates. In addition, for non-wholly-owned subsidiaries, ACI relies on other investors to fulfill their commitments and obligations in respect of the project or facility. In the event such entities fail to meet their contractual obligations to ACI, such failures may have a material adverse effect on ACI's business, financial condition, results of operations and prospects. ACI mitigates these increased risks through diversification and a review process of the creditworthiness of their counterparties.

Litigation

In the normal course of its business, ACI is subject to legal proceedings and other claims. The outcome with respect to outstanding, pending or future proceedings cannot be predicted with certainty and may be determined adversely to the Company, which could have a material adverse effect on the Company. Even if the Company prevails in any such legal proceeding, the proceedings could be costly and time-consuming and would divert the attention of management and key personnel from the Company's business operations, which could adversely affect the Company.

Decommissioning, Abandonment and Reclamation Costs

ACI is responsible for compliance with all applicable laws and regulations regarding the decommissioning, abandonment and reclamation of its infrastructures at the end of their economic life, the costs of which may be substantial. It is not possible to predict these costs with certainty since they will be a function of regulatory requirements at the time of decommissioning, abandonment and reclamation and the actual costs may exceed current estimates which are the basis of the asset retirement obligation shown in ACI's financial statements.

ACI's Minority Interest in Northwest Hydro Facilities

The unanimous shareholder agreement governing Coast LP, and the limited partnership agreement governing Coast LP provide governance rights to the shareholders and partners thereto. As an approximate indirect 10 percent security holder, ACI has very limited rights outside the right to receive regular distributions and does not have the ability to influence decision making and accordingly any decisions made by the majority security holder may negatively impact ACI.

The revenue and cash flow generated by ACI's investment in the Northwest Hydro Facilities are dependent on the ability of the facilities to generate the amount of power expected. A number of different factors, including: water flows, equipment failure, latent defect, design error, operator error, slow response to outages due to underperforming monitoring systems, could adversely affect the amount of power produced, and thus the revenues and cash available for distribution. ACI as a minority interest holder in the Northwest Hydro Facilities is indirectly subject to these as well as additional risk factors, including but not limited to, regulatory risks, counterparty risks, litigation risks, health and safety risks, debt and refinancing risks, labour relations risks and risks in relation to the expiry of the EPAs.

Business Acquisitions

The Company may consider acquisitions and dispositions of assets in the ordinary course of business. Achieving the benefits of acquisitions depends on successfully consolidating functions and integrating operations and procedures in a timely and efficient manner and the Company's ability to realize the anticipated growth opportunities and synergies from combining the acquired businesses and operations with those of the Company. The integration of acquired businesses may require substantial management effort, time and resources diverting management's focus from other strategic opportunities and operational matters. The Company may also enter into other industry related activities or new geographical areas or acquire different utility-related assets that may result in unexpected or significantly increased risk to the Company, which could materially adversely affect the Company's business and financial condition. Additionally, management will continually assess the value and contribution of the various properties and assets within its portfolio. Depending on the state of the market for such assets, certain assets of the Company, if disposed of, may realize less than what the market may expect for such disposition or their carrying value on the financial statements of the Company.

Risks Relating to the Arrangement

Completion of the Arrangement is subject to several conditions that must be satisfied or waived

The completion of the Arrangement is subject to a number of conditions precedent, some of which are outside of the control of the Company and the Purchaser, including receipt of regulatory approval from the BCUC. There can be no certainty, nor can any assurance be provided, that these conditions will be satisfied or, if satisfied, when they will be satisfied. Moreover, a substantial delay in obtaining satisfactory approvals could result in the Arrangement not being completed. If the Arrangement is not completed for any reason, there are risks that the announcement of the Arrangement and the dedication of substantial resources of the Company to the completion thereof could have a negative impact on the Company’s current business relationships (including with future and prospective employees, customers, distributors, suppliers and partners) and could have a material adverse effect on the current and future operations, financial condition and prospects of the Company. In addition, failure to complete the Arrangement for any reason could materially negatively impact the trading price of the Common Shares.

The Arrangement Agreement may be terminated by the Purchaser, in which case an alternative transaction may not be available

The Purchaser has the right to terminate the Arrangement Agreement in certain circumstances. Accordingly, there is no certainty that the Arrangement Agreement will not be terminated by the Purchaser before the completion of the Arrangement. If the Arrangement Agreement is terminated, there is no guarantee that an equivalent or greater purchase price for the Common Shares will be available from an alternative party.

While the Arrangement is pending, the Company is restricted from taking certain actions

The Arrangement Agreement restricts the Company from taking specified actions without the consent of the Purchaser, including, among other things, limitations on dispositions, acquisitions and capital expenditures in excess of prescribed levels. These restrictions may prevent the Company from pursuing attractive business opportunities that may arise prior to completion of the Arrangement.

Rights of the Shareholders after the Arrangement

Following the completion of the Arrangement, the Shareholders will no longer have an interest in the Company, its assets, revenues or profits. In the event that the value of the Company’s assets or business, prior, at or after the Arrangement has been completed, exceeds the implied value of the Company under the Arrangement, the Shareholders will not be entitled to additional consideration for their Common Shares.

ENVIRONMENTAL AND SAFETY POLICIES AND SOCIAL RESPONSIBILITY

Values

ACI operates in a safe, reliable manner and maintains positive relationships with its customers and in the communities that we live, work and operate, which includes, without limitation, building mutually beneficial working relationships with Indigenous peoples and working closely with governments and regulatory agencies to help meet long term project success. ACI strives for clear, transparent, communication to customers, employees, regulators, Shareholders and all stakeholders.

Safety and environmental stewardship are core values at ACI and integral to how ACI operates. All aspects of ACI's business operates with the highest regard for the safety of its customers, communities, employees, and contractors. ACI employees and contractors are responsible for acting safely, continually improving practices and procedures to enhance safety and reliability, and for encouraging the same behaviors in others. ACI provides low carbon energy solutions to its customers and looks for ways to mitigate the Company's environmental footprint.

Board of Directors

The Board of Directors has established the EHS Committee to oversee the development of the environment, health and safety programs for ACI and the EHS Committee shall be responsible for a continuing assessment of environment, health and safety matters and for making recommendations to the Board of Directors regarding ACI's approach to environment, health and safety.

Corporate Social Responsibility

ACI is committed to operating in an environmentally and socially responsible manner. ACI has a number of social and environmental policies, procedures and practices in place. Notably, ACI's Code of Business Ethics, which applies to directors, officers, employees, contractors, consultants, representatives and agents of ACI, sets out fundamental principles for the ethical conduct of its business. The Board of Directors has adopted a whistleblower policy. The Board of Directors believes that providing a forum for employees, clients, contractors, officers and directors to raise concerns about ethical conduct and treating all complaints with the appropriate level of seriousness fosters a culture of ethical conduct.

Environmental Protection

Protecting the environment and minimizing impact are critical for ACI to maintain a sustainable business. To help ensure the responsibility and accountability for environmental protection, ACI educates all such individuals in environmental safeguarding to ensure those working on ACI's behalf are made aware of their responsibilities. By maintaining an emergency response system and regularly conducting emergency response exercises, ACI is prepared to respond and minimize environmental impact if an incident were to occur. Best management practices are employed across all ACI businesses to assure compliance with regulatory requirements.

ACI's Health and Safety Management and Environmental Management Codes of Conduct provide the standard for performance across the enterprise. EHS Management Systems within ACI's companies are effectively monitored and continually improved to ensure minimum standards and components are met, and various actions and accountabilities are assigned. A Plan-Do-Check-Act cycle, forms the basis for continual improvement.

ENVIRONMENTAL REGULATION

ACI faces uncertainties related to future environmental laws and regulations affecting its business and operations. Existing environmental laws and regulations may be revised or interpreted more strictly, and new laws or regulations may be adopted or become applicable to ACI, which may result in increased compliance costs or additional operating restrictions, each of which could reduce ACI's earnings and adversely affect ACI's business.

ACI is subject to extensive federal, provincial and municipal regulation relating to the protection of the environment that governs, among other things, environmental assessments, discharges to water, land and air, and the generation, storage, transportation, disposal and release of various hazardous substances. Estimated environmental liabilities will be reviewed annually or more frequently if significant changes in regulation or other relevant factors occur. Estimated changes are accounted for prospectively. ACI is also subject to environmental regulation governing the construction and operation of ACI's assets, which requires ACI to obtain operating licences and permits. To ensure compliance, ACI works closely with local and regional authorities to address all environmental matters and to comply with licensing and permitting requirements. In addition to the license and permit requirements, legislation may require that end of life assets be abandoned, remediated, and reclaimed to the satisfaction of federal, provincial, or municipal authorities. Failure to comply with applicable environmental legislation can result in civil or criminal penalties, environmental contamination clean-up, and government orders affecting future operations. ACI may also be subject to opposition from special interest groups resulting in regulatory process delays, which can impact schedules and increase cost.

CLIMATE CHANGE

Changes in laws and regulations relating to GHG emissions could require ACI, in addition to complying with monitoring and reporting requirements applicable to its operations, to do one or more of the following: (a) comply with stricter emissions standards for internal combustion engines; (b) take additional steps to control transmission and distribution system leaks; (c) retrofit existing ACI equipment with pollution controls or replace such equipment; or (d) reduce ACI's GHG emissions or, depending on the requirements enacted, acquire emissions offsets, credits or allowances or pay taxes on the emissions emitted in connection with its operations. ACI's business could also be indirectly impacted by laws and regulations that affect its customers or suppliers to the extent such changes result in reductions in the use of natural gas by its customers or limit the operations of, or increase the costs of goods and services acquired from ACI suppliers.

AUI was subject to the *Climate Leadership Act* (Alberta) which enacted an economy-wide carbon levy of $30 per tonne in January 2018. All fuel consumption, including gasoline and natural gas, was subject to the levy. This legislation was repealed on June 4, 2019.

The Federal Government also enacted the *Greenhouse Gas Pollution Pricing Act* on June 21, 2018 to implement a two-pronged carbon pricing system beginning in 2019, to be applied in provinces and territories whose carbon pricing system does not align with the respective federal benchmarks. The federal carbon pricing program is composed of two elements, (a) a carbon levy applied to fossil fuels set at $20 per tonne of carbon emitted, increasing to $50 per tonne in 2022; and (b) an output based pricing system for industrial facilities that emit 50,000 tonnes of carbon dioxide equivalent ("CO2e") per year or more, with an opt-in capability for smaller facilities with emissions below the threshold.

Currently, provinces and territories subject to the federal backstop pricing scheme are listed in Schedule 1 of the *Greenhouse Gas Pollution Pricing Act* (Canada). Ontario, New Brunswick, Manitoba, Saskatchewan, Yukon and Nunavut are listed as being subject to both federal backstop mechanisms, whereas Prince Edward Island is subject only to the federal output-based backstop mechanism. As Alberta has repealed its provincial carbon pricing program, the Federal Government has announced that the federal carbon levy under Part 1 of the *Greenhouse Gas Pollution Pricing Act* (Canada) will be imposed on Alberta. This change came into effect starting January 1, 2020. The federal government has also enacted regulations setting out requirements for facilities to report and verify emissions information under the *Greenhouse Gas Pollution Pricing Act* (Canada) on an annual basis.

AUI is also subject to the GHGRP under the *Canadian Environmental Protection Act* (Federal) and Specified Gas Reporting Regulation ("SGRR") under the *Specified Gas Reporting Regulation* (Alberta). The GHGRP collects information on greenhouse gas emissions from facilities across Canada while the SGRR collects information for emission from facilities in Alberta. Both are mandatory programs for facilities that emit 10,000 tonnes or more of GHG's of Carbon Dioxide Equivalent per year. The information collected by both programs helps the Federal Government and Provincial Government of Alberta assess its overall environmental performance and contributes to policy and strategy development related to climate change. The reporting thresholds for the both programs were reduced from 50,000 tonnes to 10,000 tonnes for the 2017 operating year (reporting in 2018) which resulted in an increase in regulatory reporting obligations.

PNG is subject to the *Carbon Tax Act* (British Columbia), which introduced pricing of emissions from the combustion of fossil fuels beginning in 2008. The tax is currently set at $40 per tonne of CO2e emissions generated primarily through the combustion of fossil fuels consumed in the course of PNG's operations. The British Columbia government announced in its budget that starting on April 1, 2018 that carbon tax rates will increase annually by $5 per tonne of CO2e emissions until rates equal $50 per tonne in 2021. With these increases, British Columbia will exceed the carbon pricing requirements expected in the Pan Canadian Framework on Clean Growth and Climate Change.

Effective Date	BC Carbon Tax Rate ($/tonne CO2e)
Prior to 2018	$30
April 1, 2018	$35
April 1, 2019	$40
April 1, 2020	$45
April 1, 2021	$50

PNG operates under and complies with the requirements set forth by the *Carbon Tax Act* (British Columbia). The carbon tax is recovered from customers through regular customer billings.

On February 15, 2018, the *Quantification, Reporting and Verification of Greenhouse Gas Emissions Regulations* made under the *Environment Act* (Nova Scotia) came into effect. Among the companies subject to the reporting requirements are those which own facilities that generate 50,000 tonnes or more of CO2e per year from the distribution of natural gas, as well as natural gas distributors and fuel suppliers that deliver natural gas for consumption in Nova Scotia that, when combusted, produces 10,000 tonnes or more of CO2e per year.

HGL is a mandatory participant in the cap and trade program for greenhouse gas emissions that began on January 1, 2019. The program sets annual limits on the amount of GHG emissions allowed from certain activities in the province each year. The province will allocate free emission allowances to fuel suppliers like HGL equal to 80 percent of the suppliers' verified GHG emissions each year. Remaining allowances must be obtained through auctions of emission allowances that occurs twice each calendar year. The first auction of emission allowances is scheduled to occur on June 10, 2020.

DIVIDENDS

Dividends are declared at the discretion of the Board of Directors and dividend levels are reviewed periodically by the Board of Directors, giving consideration to the ongoing sustainable net income and cash flow of the business, its maintenance and growth capital programs and any debt repayment requirements of ACI. The Company targets to pay a portion of its ongoing net income through regular quarterly dividends made to Shareholders.

ACI's payment of dividends may be limited by covenants under its credit agreements, including, without limitation, in circumstances when a default or event of default exists or would be reasonably expected to exist upon or as a result of making such dividend payment. In the event of liquidation, dissolution or winding-up of ACI, the preferred shareholders have priority in the payment of dividends over the common shareholders.

The table below shows the cash dividends paid by ACI on Common Shares:

$ per common share		2019	2018
Total	**$**	**0.9950**	0.1744

MARKET FOR SECURITIES

The following chart provides the reported high and low trading prices and volume of Common Shares, traded on the TSX under the symbol ACI, traded by month from January to December 2019 as reported by the TSX:

Month	High	Low	Volume Traded
January	17.05	15.79	1,655,313
February	17.40	16.35	754,648
March	17.84	16.50	675,852
April	19.93	17.51	1,676,653
May	21.88	17.68	999,757
June	24.31	21.09	1,389,045
July	27.36	23.45	1,131,826
August	27.60	24.36	1,033,443
September	26.45	24.50	1,399,155
October	33.69	23.67	5,077,800
November	34.42	33.32	3,039,438
December	33.50	33.23	1,918,766

CREDIT RATINGS

Credit ratings are intended to provide investors with an independent measure of credit quality of an issue of securities and are indicators of the likelihood of payment and of the capacity and willingness of a company to meet its financial commitment on an obligation in accordance with the terms of an obligation.

This information concerning ACI's credit ratings relates to ACI's financing costs, liquidity and operations. The availability of ACI's funding options may be affected by certain factors, including the global capital markets environment and outlook as well as ACI's financial performance. ACI's access to capital markets at competitive rates is influenced by ACI's credit rating and rating outlook, as determined by credit rating agencies such as DBRS, and if ACI's ratings were downgraded, ACI's financing costs and future debt issuances could be unfavorably impacted.

DBRS is one of several rating agencies that provide credit ratings. The ratings for debt instruments range from a high of AAA to a low of D.

On December 5, 2019, DBRS affirmed ACI's Issuer Rating and Unsecured MTNs rating of BBB(high) with a Stable trend.

According to the DBRS rating system, debt securities rated BBB are the in the fourth highest of ten rating categories and are of adequate credit quality. The capacity for the payment of financial obligations is considered acceptable, but may be vulnerable to future events. “High” or “Low” designations are used to indicate the relative standing of the security being rated within a particular rating category.

The credit ratings assigned by DBRS are not recommendations to purchase, hold or sell the securities in as much as such ratings do not comment as to market price or suitability for a particular investor. There can be no assurance that any rating will remain in effect for any given period of time or that any rating will not be revised or withdrawn entirely by DBRS at any time in the future if, in their judgment, circumstances so warrant. The credit ratings on a security may not reflect the potential impact of all risks related to the value of the security.

Except as set forth above, DBRS have not announced that it is reviewing or intends to revise or withdraw the ratings on ACI.

ACI provides an annual fee to DBRS for credit rating services. ACI has paid DBRS its respective fees in connection with the provision of the above ratings. In addition to the aforementioned fees, ACI has made payments in respect of certain other services provided to the Company by DBRS.

MATERIAL CONTRACTS

Except for contracts entered into in the ordinary course of business, the only material contracts entered into by ACI within the most recently completed financial year, or before the most recently completed financial year but which are still material and are still in effect, are the following:

- Arrangement Agreement
- Investor Liquidity Agreement
- Governance Agreement
- Transition Services Agreement
- Revolving Credit Facility
- Term Loan
- MTN Trust Indenture

The full text of each material contract is available on SEDAR at *www.sedar.com.*

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Except as has already been disclosed herein with regard to AltaGas in connection with the Acquisition and IPO, ACI is not aware of any material interest, direct or indirect, of any director or officer of ACI, any director or officer of a corporation that is an insider or subsidiary of ACI, or any other insider of ACI, or any associate or affiliate of any such person, in any transaction since the commencement of ACI's last three completed financial years, or in any proposed transaction, that has materially affected or would materially affect ACI or any of its subsidiaries. See "*Material Contracts*".

CONFLICTS OF INTEREST

Certain directors of the Company are engaged in, and may continue to be engaged in, other activities in the industries in which the Company operates from time to time. The Governance Agreement does not prohibit AltaGas from competing with the Company and its affiliates. Certain directors of the Company are also directors and/or officers of AltaGas.

The CBCA provides that in the event that a director or an officer is a party to, or is a director or an officer of, or has a material interest in any Person who is a party to, a material contract or material transaction or proposed material contract or proposed material transaction, such director or officer shall disclose the nature and extent of his or her interest and shall refrain from voting to approve such contract or transaction, unless otherwise provided under the CBCA. To the extent that conflicts of interest arise, such conflicts will be resolved in accordance with the provisions of the CBCA.

The Transition Services Agreement, the Governance Agreement, the Investor Liquidity Agreement and the Company's other arrangements with AltaGas do not impose any duty on AltaGas to act in the best interest of the Company, and AltaGas is not prohibited from engaging in other business activities that may compete with those of the Company. The Company's ownership may give rise to conflicts of interest between the Company and the Shareholders, on the one hand, and AltaGas, on the other hand. In certain instances, the interests of AltaGas may differ from the interests of the Company and its Shareholders, including with respect to future acquisitions or strategic decisions. It is possible that conflicts of interest may arise between the Company and AltaGas and that such conflicts may not be resolved in a manner that is in the best interests of the Company or its Shareholders.

As of March 4, 2020, the Company is not aware of any existing or potential material conflicts of interest between the ACI and any director or officer of ACI.

PROMOTER

AltaGas may have been considered a promoter of the Company within the meaning of Canadian securities laws during the year ended December 31, 2018. As of March 4, 2020, AltaGas holds 11,025,000 Common Shares, representing 36.75 percent of the issued and outstanding Common Shares. A portion of these Common Shares were acquired pursuant to the Purchase and Sale Agreement pursuant to which the Company acquired the Acquired Assets and the Acquired Indebtedness.

AltaGas and the Company have entered into certain contracts as noted under the heading "*Material Contracts*" and are parties to certain gas services agreements and various operational agreements providing for, among other things, the short term sale and purchase of natural gas, the supply of natural gas, natural gas management services, natural gas supply management services, natural gas transportation services, retailer distribution services, electricity supply for various facilities, natural gas storage services, and other contracts whereby certain value will be received by AltaGas either directly or indirectly from the Company and, in return for such value, the Company will pay consideration to AltaGas.

LEGAL PROCEEDINGS

ACI is not aware of any material legal proceedings to which ACI or its affiliates was a party or to which their property was subject during ACI's most recently completed financial year and ACI is not aware of any such material legal proceedings being contemplated.

REGULATORY ACTIONS

ACI is not aware of any (i) penalties or sanctions imposed against it by a court relating to securities legislation or by a securities regulatory authority during its most recently completed financial year, or (ii) other penalties or sanctions imposed by a court or regulatory body against it that would likely be considered important to a reasonable investor in making an investment decision. There were no settlement agreements entered into by ACI before a court relating to securities legislation or with a securities regulatory authority during ACI's most recently completed financial year.

INTERESTS OF EXPERTS

The auditors of ACI are Ernst & Young LLP, Chartered Accountants, 2200 – 215 2nd Street SW, Calgary, Alberta T2P 1M4 and were appointed auditors of ACI in 2018. E&Y is independent within the meaning of the Rules of Professional Conduct of the Institute of Chartered Professional Accountants of Alberta.

ADDITIONAL INFORMATION

Additional financial information is contained in ACI's audited consolidated financial statements as at and for the year ended December 31, 2019 and management's discussion and analysis as at and for the year ended December 31, 2019.

The Company routinely files all required documents through the SEDAR system and on its own website. Internet users may retrieve such material through the SEDAR website at *www.sedar.com*. ACI's website is located at *www.altagascanada.ca*, but ACI's website is not incorporated by reference into this AIF.

TRANSFER AGENTS AND REGISTRARS

The registrar and transfer agent for the Common Shares is Computershare Trust Company of Canada, 600, 530 - 8th Avenue SW, Calgary, Alberta T2P 3S8, Tel: 1-800-564-6253.

The registrar and trustee for MTNs is Computershare Trust Company of Canada, 600, 530 - 8th Avenue SW, Calgary, Alberta T2P 3S8, Tel: 1-800-564-6253.

SCHEDULE A: MID- AND LONG-TERM INCENTIVE PLAN DETAILS

Mid- and Long-Term Incentive Plans

Key provisions in common of the Option Plan and MTIP relating to issuance of Shares from treasury:

- the maximum number of authorized but unissued Shares that may be issued on the exercise, vesting or redemption of any Options, RSUs or PSUs under the Option Plan and the MTIP, together with Shares that may be issuable pursuant to other security based compensation arrangements, at any time shall not exceed 10% of the issued and outstanding Shares, or such greater number of Shares as may be determined by the Board (and approved by the Shareholders and the TSX, if required) provided such number does not exceed the maximum number of Shares permitted under the rules of the TSX;
- the grant of Options, RSUs and PSUs under the Option Plan and the MTIP, together with Shares that may be issuable pursuant to other security based compensation arrangements, will not result at any time in:
    - the number of Shares issuable to insiders of ACI exceeding 10% of the issued and outstanding Shares;
    - the issuance to insiders of ACI within a one year period, of a number of Shares exceeding 10% of the issued and outstanding Shares; or
    - the issuance to any individual insider of ACI and such insider's associates, within a one year period, of a number of Shares exceeding 5% of the issued and outstanding Shares;
- in addition to the foregoing restrictions:
    - no Options, RSUs or PSUs may be granted under the Option Plan and the MTIP to non-employee directors of ACI if the granting of such Options, RSUs or PSUs could result, at any time, in the issuance to such individuals (as a group) of a number of Shares exceeding 1% of the issued and outstanding Shares immediately prior to such issuance; and
    - within any one fiscal year, the total value of Options, RSUs or PSUs granted under the Option Plan and the MTIP, together with grants pursuant to other security based compensation arrangements, to a non-employee director, as determined by the Board on the grant date, shall not exceed a grant value of $100,000 in Share Options, RSUs or PSUs, as the case may be, and $150,000 in total equity; and
- no Options, RSUs, PSUs or DSUs of any participant in or under these plans is assignable or transferable, in whole or in part, either directly or by operation of law or otherwise in any manner except by bequeath or the laws of descent and distribution.

Mid-Term Incentive Plan (MTIP)

Key provisions of the MTIP are as follows:

- the incentive compensation granted under the MTIP are RSUs and PSUs, which are notional share based awards linked to Share price performance;
- the Board, as recommended by the C&G Committee, approves the grants under the MTIP;
- the C&G Committee recommends to the Board the participants to whom RSUs or PSUs will be granted, the number to be granted to each, the terms of the RSUs or PSUs and the vesting criteria;
- participation in the MTIP is voluntary;
- the maximum number of authorized but unissued Shares that may be issued on the vesting of RSUs and PSUs granted under the MTIP at any time shall not exceed 5% of the issued and outstanding Shares;
- the vesting schedule is determined at the date of grant:
- the RSUs granted to participants will generally vest at the end of a three year period, contingent upon ACI achieving a threshold level of performance during the three year vesting period;

- the PSUs granted to participants will generally vest at the end of a three year period, contingent upon ACI achieving a threshold level of performance during the three year vesting period;
- the RSUs and PSUs are tracked during the vesting period and dividend equivalents will be awarded in respect of RSUs and PSUs in such participant's account on the same basis as dividends declared and paid on Shares as if the participant was a Shareholder and dividends were reinvested to acquire more RSUs or PSUs, as applicable, which continue to accrue to the benefit of that participant;
- upon the vesting of RSUs or PSUs, and contingent upon the applicable performance criteria being achieved, ACI has the option to pay out the value of the RSUs or PSUs (including the additional units accumulated on reinvestment of the accrued dividends in respect thereof), as the case may be, in cash or in Shares issued from treasury or purchased in the market;
- in the event of a change of control in which the surviving or resulting entity remains a publicly traded entity and the surviving or resulting entity agrees to assume the obligations of ACI under the MTIP in all material respects, the MTIP will continue in force and if the service of a participant is terminated without cause upon or within 12 months following such change of control, all RSUs and PSUs held by such participant will automatically vest (for purposes of such transaction, the multiplier applicable to any PSUs will be 1.0);
- in the event of a change of control in which the surviving or resulting entity is to be a private entity or the Board determines that the surviving or resulting entity will not assume the obligations of ACI under the MTIP, all RSUs and PSUs will automatically vest upon (or immediately prior to) the closing of such change of control, conditional upon completion of the change of control (for purposes of such transaction, the multiplier applicable to any PSUs will be 1.0);
- the MTIP contains standard anti-dilution provisions;
- subject to the provisions specifically requiring shareholder approval below, the Board may amend, suspend or terminate the MTIP, or any portion thereof, or any RSUs and PSUs, at any time, and may do so without Shareholder approval; and
- Shareholder approval will be required for the following types of amendments:
    - any increase in (a) the number of Shares that may be issued on the exercise of RSUs or PSUs granted pursuant to the MTIP, if the MTIP provides for a fixed number of RSUs or PSUs reserved for issuance, and (b) the percentage amount of Shares that may be issued on the exercise of RSUs and PSUs granted pursuant to the MTIP, if the MTIP provides for a percentage amount of hares reserved for issuance;
    - any cancellation and reissuance of an RSU or PSU;
    - any amendment extending the term of an RSU or PSU beyond its original vesting date;
    - any amendment that increases limits imposed on non-employee director participation in the MTIP;
    - any amendment which would permit RSUs or PSUs to be transferable or assignable, other than for normal estate settlement purposes;
    - amendments to the amendment and termination provisions of the MTIP; and
    - amendments required to be approved by Shareholders under applicable law (including, without limitation, the rules, regulations and policies of the TSX).

Share Option Plan

Key provisions of the Option Plan are as follows:

- the incentive compensation granted under the Option Plan are Options;
- the Board, as recommended by the C&G Committee, approves the grants under the Option Plan;
- the C&G Committee recommends to the Board the optionees to whom Options will be granted, the number to be granted to each and the terms of the Options;
- participation in the Option Plan is voluntary;

- the exercise period during which an optionee may exercise a Option (subject to applicable vesting limitations which may be imposed by the Board) commences on the date that the Option is granted and ends no later than the date six years thereafter;
- the exercise period will generally be six years from the date of grant; if the normal expiry of an Option falls within a blackout period, the expiry date shall be extended to a date that is seven business days following the end of the blackout;
- the exercise price for an Option shall be as determined by the Board, subject to any limitations imposed by the TSX, and in any event shall be an amount at least equal to Market Price (as defined in the plan);
- Options will generally vest over three to four years;
- in the event of a change of control in which the surviving or resulting entity remains a publicly traded entity and the surviving or resulting entity agrees to assume the obligations of ACI under the Option Plan in all material respects, the Option Plan will continue in force and if the service of an optionee is terminated without cause upon or within 12 months following such change of control, all Options held by such optionee will automatically vest;
- in the event of a change of control in which the surviving or resulting entity is to be a private entity or the Board determines that the surviving or resulting entity will not assume the obligations of ACI under the Option Plan, all Options will automatically vest upon (or immediately prior to) the closing of such change of control, conditional upon completion of the change of control;
- the Option Plan contains standard anti-dilution provisions;
- subject to the provisions specifically requiring shareholder approval below, the Board may amend, suspend or terminate the Share Option Plan, or any portion thereof, or any Share Option, at any time, and may do so without Shareholder approval; and
- Shareholder approval will be required for the following types of amendments:
    - any increase in (a) the number of Shares that may be issued on the exercise of Options granted pursuant to the Option Plan, if the Option Plan provides for a fixed number of Options reserved for issuance, and (b) the percentage amount of Shares that may be issued on the exercise of Options granted pursuant to the Option Plan, if the Option Plan provides for a percentage amount of Shares reserved for issuance;
    - any amendment which reduces the exercise price of an Option;
    - any cancellation and reissuance of an Option;
    - any amendment extending the term of an Option beyond its original expiry date;
    - any amendment that increases limits imposed on non-employee director participation in the Option Plan;
    - any amendment which would permit Options to be transferable or assignable, other than for normal estate settlement purposes;
    - amendments to the amendment and termination provisions of the Option Plan; and
    - amendments required to be approved by Shareholders under applicable law (including, without limitation, the rules, regulations and policies of the TSX).

Deferred Share Unit Plan (DSUP)

Key provisions of the DSUP are as follows:

- the incentive compensation granted under the DSUP are DSUs, which are bookkeeping entries equivalent in value to a Share credited to a participant’s account;
- the Board, as recommended by the C&G Committee, approves grants to directors under the DSUP;
- the C&G Committee recommends to the Board the participants to whom DSUs will be granted and the number to be granted;
- participation in the DSUP is voluntary;

- each director may elect, once per calendar year, to be paid a percentage of his or her annual retainer in the form of DSUs, subject to any minimum percentage set by the Board (the Board currently requires that any director that is subject to the non-executive director equity ownership requirements that has not met the minimum ownership requirement thereunder take a minimum of 50% of their annual retainer in DSUs);
- the number of DSUs that a director is entitled to receive in any quarter is equal to one quarter of the amount of the annual retainer that he or she elected to take in DSUs, divided by the price of the Shares on the quarterly grant date, where the Share price will be the average closing price of the Shares for a period immediately preceding the date of grant;
- DSUs are fully vested upon grant and are immediately credited to the plan participant's account. Payment of the value of DSUs granted occurs on or following the participant's termination date at which time the participant is eligible to redeem their DSUs. Such payment may be satisfied in cash or in Shares purchased in the market. Payment is not subject to satisfaction of any requirements regarding minimum period of membership or employment or other conditions; and
- subject to the provisions of applicable law, if any, that require the approval of Shareholders or any governmental or regulatory body (including, without limitation, the TSX), the Board may amend, suspend or terminate the DSUP, or any portion thereof or any DSU, at any time, and may do so without Shareholder approval.

SCHEDULE B: BOARD MANDATE

I. Constitution

The Board of Directors (the "Board") of AltaGas Canada Inc. (the "Corporation") is constituted and will act in accordance with the Articles and By-laws of the Corporation as amended from time to time and in accordance with the *Canada Business Corporations Act* (the "Act") as amended from time to time.

The Board is responsible for the stewardship of the Corporation by providing effective, independent oversight of the management of the Corporation's business and affairs.

This mandate shall not be taken to create a higher duty or increase the liability of the Corporation, its Board, or any of its Directors or management, beyond that otherwise provided by applicable law. The identification, management and delegation of the business and affairs of the Corporation contained in this mandate, committee mandates and any other delegation of authority are intended to improve the process of corporate governance.

II. Membership

The Articles of the Corporation provide for a minimum and a maximum number of Directors. In addition, the Articles provide for the ability of the Directors to appoint one or more Directors between annual meetings of Shareholders.

Nominations for the position of Director are in accordance with the Articles and By-laws of the Corporation and the Act. Nominees for Directors are initially considered and recommended by the Compensation and Governance Committee of the Board, approved by the Board and elected annually by the Shareholders.

The Board must be composed of a majority of members who have been determined by the Board to be independent (in accordance with National Instrument 52-110 – *Audit Committees* of the Canadian Securities Administrators).

The Board may delegate certain of their responsibilities to committees of the Board. The responsibilities of the committees will be set forth in a mandate for each committee, as determined by the Board from time to time.

III. Meetings

The Board shall convene at such times and places as determined by the Board, or as required by the By-laws or the Act, or whenever a meeting is requested by a Director, the Chairman, the Lead Director (if any), any officer of the Corporation or as otherwise set forth in the Corporation's By-laws. Notice of the time, date and place of each meeting of the Board shall be given to each Director in accordance with the By-laws and the Act. A quorum of the Directors at any meeting necessary for the transaction of business shall be as set forth in the By-laws.

The Board will meet at least quarterly and, in addition, once annually to review long-term and strategic planning for the Corporation, and once annually to review the budget for the upcoming financial year.

The independent Directors will meet on a regular basis in the absence of management and non-independent Directors.

IV. Duties and Responsibilities

1. The Board has plenary power. Any responsibility not delegated to management or a committee of the Board remains with the Board.

2. The Board, in accordance with the Articles, the By-laws and the Act, affirms its mandate and general power to manage and oversee the management of the business and affairs of the Corporation and assumes responsibility for the overall stewardship of the Corporation, including oversight of the Corporation's strategic planning process.

3. In addition to its general powers and responsibilities, the Board's responsibilities include:

a. establishing a code of business ethics, encouraging a culture of ethical business conduct throughout the organization and monitoring compliance with the code of business ethics by the directors, officers and employees of the Corporation and its subsidiaries;

b. reviewing and approving the Corporation's strategic plan on an annual basis, including an examination of the opportunities and risks of the business of the Corporation and its subsidiaries;

c. monitoring and assessing overall performance in meeting corporate objectives;

d. identifying and understanding the principal risks associated with the Corporation's business and reviewing and approving the implementation of systems to manage such risks;

e. overseeing management development, succession planning and compensation through the Compensation and Governance Committee of the Board;

f. establishing policies for communicating with Shareholders and others and for receiving comment from Shareholders and others;

g. overseeing the assessment by management of the integrity and effectiveness of the Corporation's internal control and management information systems;

h. overseeing the Corporation's approach to governance and corporate social responsibility through the Compensation and Governance Committee of the Board;

i. overseeing finance, accounting, audit, financial risk and financial control matters through the Audit Committee of the Board;

j. recommending to the shareholders the external auditor to be appointed;

k. considering and, when appropriate, declaring dividends;

l. overseeing environment, health and safety matters through the Environment, Health and Safety Committee of the Board; and

m. reviewing the Corporation's results of operations, including the evaluation of the general and specific performance of the Chief Executive Officer and management.

4. The Board is responsible for establishing policies to ensure effective, timely and non-selective communications between the Corporation, its Shareholders, other stakeholders and the public. The Board, or the appropriate committee thereof, will review and approve the content of the Corporation's major communications to Shareholders and the investing public, including the quarterly and annual reports, the management information circular, the annual information form and any prospectuses that may be issued. The Board will establish policies for receiving communications from its Shareholders, other stakeholders and the public.

5. The Board is responsible for establishing the mandates, roles and responsibilities of the Committees of the Board and the Chairs of each Committee and for delineating the responsibilities of the Chairman, Lead Director (if any), Chief Executive Officer and management. The Board will review this mandate at least once annually.

V. Outside Experts and Advisors

The Board is authorized to retain and oversee independent counsel, outside experts and other advisors to advise the Board on any matter and to compensate such advisors

SCHEDULE C: AUDIT COMMITTEE MANDATE

I. Constitution

The Board of Directors (the ''Board'') of AltaGas Canada Inc. (the ''Company'') has established an Audit Committee (the ''Committee'') to serve as the Audit Committee of the Board. Such Committee shall be in compliance with the guidelines for corporate governance of the Toronto Stock Exchange (''TSX'') and any other regulatory or legal authority having jurisdiction over the Company.

The Committee shall assist the Board with its oversight of: the quality and integrity of the Company's financial statements, financial disclosure and internal controls over financial reporting; the Company's compliance with relevant legal and regulatory requirements; the qualifications, independence and performance of the external auditor and internal auditor; certain policies of the Company; and other matters set out herein or delegated by the Board from time to time.

II. Membership

The Board shall elect from its members not less than three Directors to serve on the Committee (the ''Members'') and shall appoint one such Member as Chair of the Committee.

Every Member must be:

- independent (in accordance with National Instrument 52-110 —*Audit Committees* of the Canadian Securities Administrators (''NI 52-110'')); and
- financially literate (in accordance with NI 52-110).

No Member shall be an officer or employee of the Company or any subsidiary or affiliate of the Company. Any Member may be removed or replaced at any time by the Board and shall cease to be a Member upon ceasing to be a Director of the Company.

Each Member shall hold office until the Member resigns or is replaced, whichever first occurs. Where a vacancy occurs at any time in the membership of the Audit Committee, it may be filled by the Board on the recommendation of the Compensation and Governance Committee, provided that the proposed Member meets the above criteria. Provided the Committee includes three Members, it may continue to act in the event of a vacancy. When appointing a Member to the Committee, the Board shall take into consideration the number of other audit committees upon which the proposed Member sits.

The Corporate Secretary of the Company shall be secretary to the Committee unless the Committee directs otherwise.

III. Meetings

The Committee shall convene no less than four times per year at such times and places designated by its Chair or whenever a meeting is requested by a Member, the Board, or an officer of the Company. A minimum of 24 hours' notice of each meeting, plus a copy of the proposed agenda, shall be given to each Member. Members of management of the Company or any subsidiary or affiliate of the Company shall attend whenever requested to do so by a Member.

A meeting of the Committee shall be duly convened if a majority of Members are present. Where the Members consent, and proper notice has been given or waived, Members may participate in a meeting of the Committee by means of such telephonic, electronic or other communication facilities as permits all persons participating in the meeting to communicate adequately with each other, and a Member participating in such a meeting by any such means is deemed to be present at that meeting. In the absence of the Chair of the Committee, the Members may choose one of the Members to be the chair of the meeting.

The external auditor will be given notice of and be provided the opportunity to attend every meeting of the Committee.

The Committee will hold in camera sessions without management present, including with internal and external auditors, as may be deemed appropriate by the Members.

Minutes shall be kept of all meetings of the Committee by the Corporate Secretary or designate of the Corporate Secretary.

IV. Duties and responsibilities of the chair

The Chair of the Committee is responsible for:

1. providing leadership to the Committee and assisting the Committee in reviewing and monitoring its responsibilities;
2. duly convening Committee meetings and designating the times and places of those meetings;
3. working with management, the Chair of the Board and the Lead Director on the development of agendas;
4. reviewing material for Committee meetings prior to it being made available to Members;
5. ensuring Committee meetings are conducted in an efficient, effective and focused manner;
6. ensuring the Committee has sufficient information to permit it to properly make decisions when decisions are required;
7. advising the Committee of any finance, accounting or misappropriation matters brought to the Chair's attention;
8. advising other committee Chairs or the Chair of the Board of any matters which may affect the organization and influence the Board or Committee's responsibilities; and
9. reporting to the Board on the activities, decisions and recommendations of the Committee after each meeting.

V. Duties and responsibilities of the committee

The Committee shall, as permitted by and in accordance with the requirements of the *Canada Business Corporations Act*, the Articles and By-laws of the Company and any legal or regulatory authority having jurisdiction, periodically assess the adequacy of procedures for the public disclosure of financial information and review on behalf of the Board and report to the Board the results of its review and its recommendation regarding all material matters of a financial reporting and audit nature including, but not limited to, the following main subject areas:

1. oversight of external auditors, including:
    a. appointment, compensation, retention and termination of external auditors, who shall report directly to the Committee, provided that the appointment of the auditor shall be subject to shareholder approval;
    b. review and approval of the terms of the external auditors' annual engagement letter, including the proposed audit fee;
    c. regular discussions with external auditors in the absence of management on matters of interest, including matters that the external auditors recommend bringing to the attention of the Board;
    d. at least annually, obtain and review reports of external auditors delineating all relationships between the external auditors and the Company required by applicable audit professional regulatory standards, discuss with the external auditors any relationships or services that may impact the objectivity and independence of the external auditors and determine external auditor independence;
    e. review and pre-approve the audit plans (and any changes) of the external audit firm and all non-audit work undertaken by the external audit firm, ensuring that except in exceptional circumstances non-audit related fees represent less than half of the total fees billed by the external audit firm and ensuring that non-audit fees do not include charges for services that are either likely to impair the independence of the auditor or relate to tax services for senior executives of the Company;
    f. resolution of any disagreements between management and the auditor regarding financial reporting;
    g. assessment of the effectiveness and performance of the external audit firm;
    h. review and approval of the Company's hiring policies re: current and former partners and employees of the external audit firm; and
    i. ensure management provides adequate funding to the Committee so that it may independently engage and remunerate the external auditor and any advisors;

2. oversight of internal auditors, including:
    a. at least annually, review the internal audit plan, including the degree of coordination between such plan and the audit plans of the external auditor;
    b. obtain and review reports periodically from the head of the internal audit function regarding the activities of the internal audit function, including any significant disagreements between internal auditors and management; and
    c. discuss the responsibilities, budget and staffing of the Company's internal audit function and review the performance of the internal audit function;

3. oversight of financial reporting, including
    a. financial statements, including management's discussion and analysis;
    b. annual and interim press releases regarding financial results;
    c. reports to shareholders and others;
    d. filings to securities regulators;
    e. public disclosure documents containing audited or unaudited financial information (for example, but not limited to, press releases, prospectuses, annual information form, management information circular);
    f. review of the financial aspects of any transactions of the Company that involve related parties (other than wholly-owned subsidiaries); and
    g. review of litigation, claims and contingencies in consultation with management and legal counsel as appropriate;

4. oversight of financial reporting processes and internal control over financial reporting and disclosure controls, including:
    a. review of the adequacy and effectiveness of the accounting and internal control policies, including internal controls over financial reporting, of the Company and procedures through inquiry and discussions with the external auditors, management and the internal auditor, including about the extent to which the scope of the internal and external audit plans can be relied upon to detect weakness in internal control policies, fraud or other illegal acts;
    b. review of the adequacy and effectiveness of the disclosure control policies and procedures of the Company;
    c. review of the effectiveness of procedures for the receipt, retention and resolution of complaints regarding accounting, internal accounting controls or auditing matters, and the confidential, anonymous submission by employees of concerns regarding questionable accounting, internal accounting controls, financial reporting or auditing matters and review and, as necessary,
    d. investigate any reports alleging material violations of federal, provincial or state securities or any similar other law or a material breach of fiduciary duties by directors, officers, employees or agents of the Company arising under such laws; and
    e. review and discuss with management and the independent auditor the certification and reports of management and the independent auditor required in the Company's periodic reports concerning the Company's internal control over financial reporting and disclosure controls and procedures, the adequacy of such controls and any remedial steps being undertaken to address any material weaknesses or significant deficiencies in internal control over financial reporting;

5. oversight of finance matters, including:
    a. review of analyses by management and the external auditor regarding significant financial reporting issues and judgments made in connection with the preparation of the Company's consolidated financial statements;
    b. review of Company's policy on dividends;
    c. review the issuance of equity or debt securities by the Company;
    d. review and recommend for approval to the Board the management information circular with respect to matters related to the auditor or affecting the capital of the Company; and
    e. review and recommend to the Compensation and Governance Committee, for further recommendation or approval, the calculations of financial metrics used in the determination of employee incentive compensation plans; monitor finance integration and financial risk management programs associated with major acquisitions;

6. oversight of risk management, including:
    a. review of the Company's major risks, a review of the method of risk analysis by the Company, review of the strategies, policies and practices in place for risk management; and
    b. review of the Company's cyber risk and data security, and insurance program; and

7. oversight of policies applicable to the Committee's mandate, and compliance therewith, including:
    - Code of Business Ethics as it relates to the matters covered by this Mandate;
    - Whistleblower Policy;
    - Disclosure Policy; and
    - Other policies that may be established from time to time relating to accounting, financial reporting, disclosure controls and procedures, internal controls over financial reporting and audits.

VI. Other duties

The Committee shall have the following other duties:

1. meet regularly with management to discuss areas of concern and coordinate its activities with the Chief Financial Officer;
2. review at least annually the succession planning in the accounting and finance groups;
3. meet separately with senior management, the internal auditors, the external auditors and, as is appropriate, internal and external legal counsel and independent advisors in respect of matters not elsewhere listed concerning any other audit, finance and risk matter;
4. review at least annually the relevance and adequacy of this Mandate and provide recommendations to the Compensation and Governance Committee of the Board; and
5. such other duties not mentioned herein but otherwise required pursuant to any applicable legal or regulatory authority.

VII. Outside experts and advisors

The Committee is authorized, when deemed necessary or desirable, to engage independent counsel, outside experts and other advisors, at the Company's expense, to advise the Committee on any matter.

VIII. Reliance

Absent actual knowledge to the contrary (which shall be promptly reported to the Board), each member of the Committee shall be entitled to rely on (i) the integrity of those persons or organizations within and outside the Company from which it receives information, (ii) the accuracy of the financial and other information provided to the Committee by such persons or organizations, and (iii) representations made by management and the external auditor, as to any information technology, internal audit and other non-audit services provided by the external auditor to the Company and its subsidiaries.

IX. Committee timetable

The major activities of the Committee will be outlined in an annual schedule.

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