



November 30, 2021

ATCO & CANADIAN UTILITIES ANNOUNCE REGULATORY SHORTFALLS AND PROPOSE CORRECTIVE ACTIONS

CALGARY, Alberta – ATCO Ltd. (TSX: ACO.X, ACO.Y) / Canadian Utilities Limited (TSX: CU, CU.X)

An internal investigation undertaken by ATCO showed that failures in the company's procedures and disclosure processes resulted in contraventions of the Inter-Affiliate Code of Conduct, a set of rules ATCO's regulated companies follow to ensure fair business practices and proper disclosure.

ATCO deeply regrets the situation and has already proposed a number of corrective actions to the Alberta Utilities Commission to improve its contracting and disclosure practices to ensure this type of issue never happens again.

The issue concerns a contract awarded by ATCO Electric to a contractor affiliated with a First Nation community.

Based on the findings of ATCO's internal investigation of these issues, which was unfortunately delayed by the untimely death of a senior ATCO executive, ATCO's leadership personally commits to learn from the process and disclosure failures and to improve policies and procedures. It does so with the full support of our Boards of Directors and our Audit Committee.

"This matter, which was part of an internal investigation that began this past summer, involves the critical issue of fairness and equity for our Indigenous neighbours," said Melanie Bayley, President, ATCO Electric. "It must be noted that the driver for the decisions that were made was about honouring local First Nation commitments and ATCO's overall commitment to Truth and Reconciliation, which includes promoting economic participation and capacity building in the communities in which we operate our utility systems."

In its effort to honour these commitments, ATCO executed the contract, however the rates were higher than market. ATCO failed to properly disclose these contracting issues to the Alberta Utilities Commission (AUC) and the Alberta Electric System Operator.

"Providing the customers and communities of Alberta with electricity is ATCO's privilege and honour and we regret the breakdown of our processes that led to this situation," added Bayley. "The reasons for our errors are complex, occurred over a five-year period and are not solely attributable to any one person or team. However, through this process we have identified ways in which we can improve and do better. ATCO fully acknowledges that we should have handled the disclosure of this situation to the Alberta Utilities Commission and the Alberta Electric System Operator differently than we did."



The issue has also been investigated by the AUC's enforcement arm, which is proposing the matter be dealt with through the Commission's public hearing process. ATCO is fully cooperating with the AUC's regulatory process and has shared with the AUC the results of ATCO's investigation and our proposed corrective measures, some of which are already underway. These include the amendment of our regulatory application that is currently before the AUC, which will ensure customers' rates don't include any costs above fair market value related to the issues in question. The measures also include enhanced procurement and contracting policies and new training and education programs.

With approximately 6,200 employees and assets of \$22 billion, ATCO is a diversified global corporation with investments in the essential services of Structures & Logistics (workforce and residential housing, innovative modular facilities, construction, site support services, workforce lodging services, facility operations and maintenance, defence operations services, and disaster and emergency management services); Utilities (electricity and natural gas transmission and distribution, and international electricity operations); Energy Infrastructure (electricity generation, energy storage and industrial water solutions); Retail Energy (electricity and natural gas retail sales); Transportation (ports and transportation logistics); and Commercial Real Estate. More information can be found at www.ATCO.com.

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Forward-looking information involves known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking information.

The Company's actual results could differ materially from those anticipated in this forward-looking information as a result of regulatory decisions, competitive factors in the industries in which the Company operates, prevailing economic conditions (including as may be affected by the COVID-19 pandemic), and other factors, many of which are beyond the control of the Company.

The Company believes that the expectations reflected in the forward-looking information are reasonable, but no assurance can be given that these expectations will prove to be correct and such forward-looking information should not be unduly relied upon.

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