ALTAGAS LTD.
Annual Information Form

For the year ended December 31, 2018

Dated: February 27, 2019

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GENERAL INFORMATION

Unless otherwise noted, the information contained in this AIF is stated as at December 31, 2018 and all dollar amounts in this AIF are in Canadian dollars. 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.

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 the Corporation or any affiliate of the Corporation, 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: the Corporation’s long-term strategy in regard to its Utilities, Midstream and Power segments; provision of certain administrative, corporate and operational services to ACI until June 2020; expected cost of commitments made by the Corporation in relation to the approval of the WGL Acquisition; potential effect of the Ring Fenced Entities being unavailable to the Corporation’s creditors in a bankruptcy; focus on integration activities following completion of the WGL Acquisition; expected operational date of RIPET; expected construction completion schedule, in-service date and date of returns for Marquette Connector Pipeline; additional asset sales of approximately $1.5 to $2.0 billion planned for 2019 and use of funds therefrom; term of WGL transportation and storage contracts; potential and anticipated impacts of the TCJA; filing, hearing and decision dates for pending and future rate cases and matters with PSC of MD, SCC of VA, PSC of DC, MPSC, RCA and D.C. Court of Appeals; timing for expensing and potential recovery of costs associated with regulatory commitments; potential remediation obligations; timing for additional North Pine capacity to be on-stream; timing for Townsend 2B to be on-stream and capacity of the facility; anticipated in-service date for Leidy South; timing of construction of and anticipated investment of WGL in Mountain Valley; estimated operations capacity of RIPET; expected impact of regulation on each of the Corporation’s segments; intention not to use preferred shares as a defensive tactic; and future payment and level of dividends.

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 AltaGas' 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 rating; regulatory approvals and policies; future operating and capital costs; project completion dates; capacity expectations; implications of recent U.S. tax legislation changes; and the outcomes of significant commercial contract negotiation;.

AltaGas’ forward-looking statements are subject to certain risks and uncertainties which could cause results or events to differ from current expectations, including, without limitation: access to capital and increased borrowing costs; condition and overall strength of the global economy; changes in energy consumption by consumers; fluctuations in commodity prices and interest rates; changes in AltaGas’ credit ratings; foreign exchange risk; ability to service debt; market value of AltaGas’ securities; AltaGas’ ability to pay dividends; risks associated with the acquisition of WGL and the underlying business of WGL; risks in AltaGas’ growth strategy; issuance of additional shares; volume throughput and the impacts of commodity pricing, supply, composition and other market risks; counterparty credit risk; dependence on third parties; natural gas supply risk; changes in law; legislative and regulatory environment and decisions; AltaGas’ ability to economically and safely develop, contract and operate assets; potential litigation; cybersecurity risks; AltaGas’ relationships with external stakeholders, including Indigenous stakeholders; available electricity prices; interest rate risk; underinsured losses; weather, hydrology and climate changes; the potential for service interruptions; the Harmattan Rep agreements; availability of supply from Cook Inlet; health and safety risks; AltaGas’ ability to update infrastructure on a timely basis; effects of decommissioning, abandonment and reclamation costs; impact of labour relations and reliance on key personnel; availability of biomass fuel; and the other factors discussed under the heading "Risk Factors" in this AIF.

Many factors could cause AltaGas' 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 AltaGas' 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. AltaGas 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:

"**ACI**" means AltaGas Canada Inc.;

"**ACI IPO**" means initial public offering of common shares of ACI;

"**AESO**" means the Alberta Electric System Operator;

"**AIF**" means this Annual Information Form;

"AIJVLP" means AltaGas Idemitsu Joint Venture Limited Partnership;

"**AltaGas**" or the "**Corporation**" means AltaGas Ltd., including, where the context requires, the affiliates of AltaGas Ltd.;

"**Alton Natural Gas Storage Project**" means the underground gas storage facility and associated pipelines located near Truro, Nova Scotia that is currently under construction and owned by AltaGas' indirect wholly-owned subsidiary Alton Natural Gas Storage L.P.;

"**ASC**" means the Alberta Securities Commission;

"**Astomos**" means Astomos Energy Corporation;

"**AUI**" means AltaGas Utilities Inc.;

"**Bbls**" means stock tank barrels of ethane and NGLs, expressed in standard 42 U.S. gallon barrels or 34.972 imperial gallon barrels;

"**Bbls/d**" means Bbls per day;

"**Bcf**" means billion cubic feet or 1,000,000 Mcf of natural gas;

"**Bcf/d**" means Bcf per day;

"**BC Hydro**" means the British Columbia Hydro and Power Authority;

"**BCOGC**" means the British Columbia Oil and Gas Commission;

"**BCSC**" means the British Columbia Securities Commission;

"**Black Swan**" means Black Swan Energy Ltd.;

"**Blair Creek Facility**" means the Blair Creek Processing Facility located approximately 140 km northwest of Fort St. John, British Columbia, owned by AltaGas' indirect wholly-owned subsidiary AltaGas Northwest Processing Limited Partnership;

"**Blythe**" means Blythe Energy Inc.;

"**Blythe Energy Center**" means the 507 MW gas-fired generation facility located near Blythe, California, together with the related 67 miles transmission lines, owned by AltaGas' indirect wholly-owned subsidiary Blythe;

"**Board of Directors**" means the board of directors of AltaGas, as from time to time constituted;

"**Bridge Facility**" means the bridge facility of up to US$3.0 billion provided by a syndicate of lenders, including JPMorgan Chase Bank, N.A., The Toronto-Dominion Bank and Royal Bank of Canada;

"**Brush II**" means the 70 MW gas-fired generation facility in Colorado, owned by AltaGas' indirect wholly-owned subsidiary AltaGas Brush Energy Inc.;

"**C&I**" means commercial and industrial;

"**Cabot**" means Cabot Oil & Gas Corporation;

"**CAISO**" means the California Independent System Operator;

"**CBCA**" means the *Canada Business Corporations Act*, R.S.C. 1985, c. C 44, as amended from time to time, including the regulations from time to time promulgated thereunder;

"**CCAA**" means the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C 36, as amended from time to time, including the regulations from time to time promulgated thereunder;

"**CCEMA**" means the *Climate Change and Emissions Management Act*, S.A. 2003, C-16.7, as amended from time to time, including the regulations from time to time promulgated thereunder;

"**CCIR**" means the *Carbon Competitiveness Incentive Regulation*, A.R. 255/2017 under the CCEMA, as amended from time to time;

"**Central Penn**" means the Central Penn pipeline, a 185 mile pipeline originating in Susquehanna County, Pennsylvania and extending to Lancaster County, Pennsylvania;

"**CES**" means Commercial Energy Systems;

"**CINGSA**" means Cook Inlet Natural Gas Storage Alaska, LLC;

"**CINGSA Storage Facility**" means the in-field storage facility in the Cook Inlet area of Alaska owned and operated by CINGSA;

"**CN**" means Canadian National Railway Company;

"**Common Shares**" means common shares of AltaGas Ltd.;

"**Constitution**" means Constitution Pipeline Company, LLC;

"**Co-stream Facility**" means the connection of Harmattan to the west leg of the NGTL system, and the related NGL extraction equipment, to process up to 250 Mmcf/d of natural gas at Harmattan to recover ethane and NGLs;

"**CPI**" means the Consumer Price Index;

"**DBRS**" means DBRS Limited and its successors;

"**Dekatherm**" means 10 Therms;

"**Degree Day**" means the amount that the daily mean temperature deviates below 65 degrees Fahrenheit at SEMCO Gas, ENSTAR, and Washington Gas, such that a one degree difference equates to one Degree Day;

"**EEEP**" means the Edmonton ethane extraction plant and related facilities, AltaGas' interest being owned by its indirect wholly-owned subsidiary AltaGas Extraction and Transmission Limited Partnership;

"**EHS Management System**" means AltaGas' Environmental, Health & Safety Management System;

"**ENSTAR**" means the natural gas distribution business conducted by SEMCO Energy in Alaska under the name ENSTAR Natural Gas Company;

"**EH&S Committee**" means the Environment, Health and Safety Committee of the Board of Directors;

"**EPA**" means electricity purchase agreement;

"**EQM**" means EQM Gathering Opco, LLC;

"**EQT**" means EQT Midstream Partners, LP;

"**ESA**" means Energy Storage Resource Adequacy Purchase Agreement;

"**FERC**" means the United States Federal Energy Regulatory Commission;

"**Ferndale Terminal**" means the storage, distribution and export facility for bulk shipments of propane, butane and iso-butane located on the west coast near Ferndale, Washington, and owned by a subsidiary of Petrogas;

"**FID**" means final investment decision;

"**Fitch**" means Fitch Ratings Inc.;

"**Forrest Kerr**" means the 195 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;

"**GJ**" means gigajoule or 1,000,000,000 joules;

"**Gordondale Facility**" means the Gordondale Gas Processing Facility in the Gordondale area of the Montney reserve area approximately 100 km northwest of Grande Prairie, Alberta, owned by AltaGas' indirect wholly-owned subsidiary AltaGas Northwest Processing Limited Partnership;

"**GSAs**" means Groundwater Sustainability Agencies;

"**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;

"**Hampshire Gas**" means Hampshire Gas Company, a subsidiary of WGL that provides regulated interstate natural gas storage services to Washington Gas under a FERC approved interstate storage service tariff;

"**Harmattan**" means the combined Harmattan gas processing facility and extraction plant and associated facilities, owned by AltaGas' indirect wholly-owned subsidiary Harmattan Gas Processing Limited Partnership;

"**Heritage Gas**" means Heritage Gas Limited;

"**HHCs**" means heavy hydrocarbons;

"**Idemitsu**" means Idemitsu Kosan Co., Ltd.;

"**JEEP**" means the Joffre ethane extraction plant and related facilities;

"**Kelt"** means Kelt Exploration (LNG) Ltd;

"**km**" means kilometer;

"**Leidy South**" means the expansion of Central Penn, which WGL Midstream is participating in;

"**LNG**" means liquefied natural gas;

"**LPG**" means liquefied petroleum gas;

"**m^3**" means a cubic meter of natural gas at standard conditions of measurement;

"**Marquette Connector Pipeline**" means the proposed new pipeline to be constructed, owned and operated by SEMCO Gas that will connect the Great Lakes Gas Transmission pipeline to the Northern Natural Gas pipeline in Marquette, Michigan;

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

"**Mcf/d**" means Mcf per day;

"**McLymont Creek**" means the 66 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;

"**MDth**" means millions of Dekatherms;

"**Meade**" means Meade Pipeline Co LLC;

"**Merger Agreement**" means the agreement and plan of merger dated as of January 25, 2017 among AltaGas, Merger Sub and WGL;

"**Merger Sub**" means Wrangler Inc., a Virginia corporation and an indirect wholly-owned subsidiary of AltaGas;

"**MGP**" means manufactured gas plant;

"**Mmcf**" means a million cubic feet of natural gas at standard conditions of measurement;

"**Mmcf/d**" means Mmcf per day;

"**Mountain Valley**" means Mountain Valley pipeline, an equity investment of WGL Midstream;

"**MPSC**" means the Michigan Public Service Commission;

"**MTN**" means medium term notes issued from time to time under either the amended and restated trust indenture dated July 1, 2010 between AltaGas and Computershare Trust Company of Canada, as further amended, restated, supplemented or otherwise modified from time to time or the trust indenture dated September 26, 2017 between AltaGas and Computershare Trust Company of Canada, as amended, restated, supplemented or otherwise modified from time to time, as the case may be;

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

"**MWh**" means megawatt-hour or 1,000,000 watt-hours; the watt-hour is equal to one watt of power flowing steadily for one hour;

"**NFA**" means No Further Action;

"**NGL**" or "**NGLs**" means natural gas liquids, which includes primarily propane, butane and condensate;

"**NGTL**" means NOVA Gas Transmission Ltd.;

"**Non-Ring Fenced Entities**" means AltaGas and its affiliates other than Washington Gas and the SPE;

"**North Pine Facility**" means the NGL separation facility, located approximately 40 km northwest of Fort St. John, British Columbia.

"**North Pine Pipelines**" means two eight inch diameter NGL supply pipelines, each approximately 40 km in length, which runs from the existing Alaska Highway truck terminal to the North Pine Facility;

"**Northwest Hydro Facilities**" means the three run-of-river hydroelectric facilities in northwest British Columbia, being Forrest Kerr, McLymont Creek and Volcano Creek;

"**Nova Chemicals**" means NOVA Chemicals Corporation;

"**NYSDEC**" means the New York State Department of Environmental Conservation;

"**Painted Pony**" means Painted Pony Energy Ltd.;

"**PG&E**" means Pacific Gas & Electric Company;

"**Pembina**" means Pembina Infrastructure and Logistics LP;

"**Petrogas**" means Petrogas Energy Corp., a privately-held leading North American integrated midstream company in which AltaGas Idemitsu Joint Venture Limited Partnership has a two-third ownership interest;

"**Plan**" means the Premium Dividend™, Dividend Reinvestment and Optional Cash Purchase Plan of the Corporation;

"**PNG**" means Pacific Northern Gas Ltd.;

"**Pool**" means the scheme operated by the AESO for (i) exchanges of electric energy, and (ii) financial settlement for the exchange of electric energy;

"**Pomona**" means the 44.5 MW gas-fired generation facility located in Pomona, California, owned by AltaGas' indirect wholly-owned subsidiary AltaGas Pomona Energy Inc.;

"**Pomona Energy Storage Facility**" means the 20 MW lithium ion battery storage facility in Pomona, California, owned by AltaGas' indirect wholly-owned subsidiary AltaGas Pomona Energy Storage Inc.;

"**PPA**" means power purchase agreement;

"**Preferred Shares**" means the preferred shares of AltaGas Ltd. as a class, including, without limitation, the Series A Shares, Series B Shares, Series C Shares, Series D Shares, Series E Shares, Series F Shares, Series G Shares, Series H Shares, Series I Shares, Series J Shares, Series K Shares, and Series L Shares;

"**PRPA**" means Prince Rupert Port Authority;

"**PSC of DC**" means the Public Service Commission of the District of Columbia;

"**PSC of MD**" means the Maryland Public Service Commission;

"**RCA**" means the Regulatory Commission of Alaska;

"**RECs**" means Renewable Energy Credits;

"**Rep Agreements**" mean the Representation, Management and Processing Agreements at Harmattan;

"**RILE LP**" means Ridley Island LPG Export Limited Partnership, a limited partnership of which AltaGas' subsidiaries hold a 70 percent interest and Vopak holds a 30 percent interest;

"**Ring Fenced Entities**" means Washington Gas and the SPE;

"**RIPET**" means the Ridley Island Propane Export Terminal, the propane export terminal being constructed by AltaGas' subsidiary, Ridley Island LPG Export Limited Partnership, to ship up to 1.2 million tonnes of propane per annum and to be located on a portion of land leased by Ridley Terminals Inc. from the PRPA, located on Ridley Island, near Prince Rupert, British Columbia;

"**Ripon**" means the 49.5 MW gas-fired generation facility in Ripon, California, owned by AltaGas' indirect wholly-owned subsidiary AltaGas Ripon Energy Inc.;

"**ROE**" means return on equity;

"**Royal Vopak**" means Koninklijke Vopak N.V., a public company incorporated under the laws of the Netherlands;

"**RTI**" means Ridley Terminals Inc.;

"**S&P**" means Standard & Poor's Ratings Services and its successors;

"**Sarbanes-Oxley**" means the Sarbanes-Oxley Act of 2002;

"**SCC of VA**" means the Commonwealth of Virginia State Corporation Commission;

™ Denotes trademark of Canaccord Genuity Corp

"**SCE**" means Southern California Edison Company;

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

"**SEMCO Energy**" means SEMCO Energy, Inc.;

"**SEMCO Gas**" means the Michigan natural gas distribution business conducted by SEMCO Energy in Michigan under the name SEMCO Energy Gas Company;

"**Series A Shares**" means the cumulative redeemable 5-year fixed rate reset preferred shares, Series A, of AltaGas;

"**Series B Shares**" means the cumulative redeemable floating rate preferred shares, Series B, of AltaGas

"**Series C Shares**" means the cumulative redeemable 5-year fixed rate reset preferred shares, Series C, of AltaGas (US dollar);

"**Series D Shares**" means the cumulative redeemable floating rate preferred shares, Series D, of AltaGas (US dollar);

"**Series E Shares**" means the cumulative redeemable 5-year fixed rate reset preferred shares, Series E, of AltaGas;

"**Series F Shares**" means the cumulative redeemable floating rate preferred shares, Series F, of AltaGas;

"**Series G Shares**" means the cumulative redeemable 5-year fixed rate reset preferred shares, Series G, of AltaGas;

"**Series H Shares**" means the cumulative redeemable floating rate preferred shares, Series H, of AltaGas;

"**Series I Shares**" means the cumulative redeemable 5-year minimum fixed rate reset preferred shares, Series I, of AltaGas;

"**Series J Shares**" means the cumulative redeemable floating rate preferred shares, Series J, of AltaGas;

"**Series K Shares**" means the cumulative redeemable 5-year minimum fixed rate reset preferred shares, Series K, of AltaGas;

"**Series L Shares**" means the cumulative redeemable floating rate preferred shares, Series L of AltaGas;

"**SGER**" means the *Specified Gas Emitters Regulation* under the CCEMA*,* which was replaced with the CCIR on January 1, 2018;

"**SGMA**" means the Sustainable Groundwater Management Act;

"**Share Options**" means options to acquire Common Shares granted pursuant to AltaGas' share option plan;

"**Shareholders**" mean the holders of Common Shares;

"**Shell Energy**" means Shell Energy North America (US), LP;

"**SPE**" means Wrangler SPE LLC, a wholly-owned special purpose entity subsidiary of WGL incorporated as a bankruptcy remote entity;

"**Stonewall System**" means the Stonewall Gas Gathering System;

"**Subscription Receipts**" means the subscription receipts of AltaGas that were issued in 2017, and automatically exchanged for Common Shares following the closing of the WGL Acquisition in accordance with the terms of the Subscription Receipt Agreement, and subsequently delisted from the TSX;

"**Subscription Receipt Agreement**" means the subscription receipt agreement dated February 3, 2017 among AltaGas, TD Securities Inc., RBC Dominion Securities Inc. and J.P. Morgan Securities Canada Inc. and Computershare Trust Company of Canada, as subscription receipt agent, governing the terms of the Subscription Receipts;

"**Sundance B PPAs**" means the former power purchase arrangements of ASTC Power Partnership with respect to unit 3 and unit 4 of the coal-fired Sundance plant owned by TransAlta Generation Partnership located approximately 70 km west of Edmonton, Alberta;

"**TCJA**" means the Tax Cuts and Jobs Act of 2017.

"**Therm**" is a natural gas unit of measurement that includes a standard measure for heating value. A Therm of gas contains 100,000 British thermal units of heat, or the energy equivalent of burning approximately 100 cubic feet of natural gas under normal conditions. Ten million Therms equal approximately one billion cubic feet of natural gas. One Mcf equals approximately 10.32 Therms;

"Tidewater" means Tidewater Midstream and Infrastructure Inc.;

"**Townsend 2A**" means the first 99 Mmcf/d train of Townsend Phase 2, a 198 Mmcf/d shallow-cut gas processing facility located on the existing Townsend Facility site, adjacent to the currently operating Townsend Facility;

"**Townsend 2B**" means the proposed 198 Mmcf/d C3+ deep cut gas processing facility to be located on the existing Townsend Facility site, adjacent to the currently operating Townsend Facility and anticipated to be on-stream in the fourth quarter of 2019;

"**Townsend Complex**" means, collectively, the Townsend Facility, Townsend 2A and Townsend 2B;

"**Townsend Facility**" means the 198 Mmcf/d Townsend shallow-cut processing facility in northeast British Columbia owned by AltaGas Northwest Processing Limited Partnership;

"**Townsend Phase 2**" means the initial expansion of the Townsend Facility in two gas processing trains;

"**Transco**" means Transcontinental Gas Pipeline Company LLC;

"**TSX**" means the Toronto Stock Exchange;

"**United States**" or "**U.S.**" means the United States of America;

"**US dollar**" or "**US$**" means currency in the form of United States dollars;

"**Volcano Creek**" means the 16 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;

"**Vopak**" means Vopak Development Canada Inc., a wholly-owned subsidiary of Royal Vopak;

"**Washington Gas**" means Washington Gas Light Company, a subsidiary of WGL that sells and delivers natural gas primarily to retail customers in the District of Columbia, Maryland and Virginia in accordance with tariffs approved by the Public Service Commission of the District of Columbia, the Maryland Public Service Commission and the Commonwealth of Virginia State Corporation Commission;

"**Washington Gas $4.25 Shares**" means the US$4.25 series cumulative preferred shares of Washington Gas;

"**Washington Gas $4.80 Shares**" means the US$4.80 series cumulative preferred shares of Washington Gas;

"**Washington Gas $5.00 Shares**" means the US$5.00 series cumulative preferred shares of Washington Gas;

"**Washington Gas Preferred Shares**" means the preferred shares of Washington Gas as a class, including, without limitation, the Washington Gas $4.25 Shares, Washington Gas $4.80 Shares and Washington Gas $5.00 Shares;

"**Washington Gas Resources**" means Washington Gas Resources Corporation, a subsidiary of WGL that owns the majority of the non-utility subsidiaries;

"**WCSB**" means Western Canada Sedimentary Basin;

"**WGL**" means WGL Holdings, Inc., an indirect subsidiary of AltaGas;

"**WGL Acquisition**" means the acquisition by AltaGas, indirectly through Merger Sub, of WGL through a merger of Merger Sub with and into WGL pursuant to the Merger Agreement, which closed on July 6, 2018;

"**WGL Energy Services**" means WGL Energy Services, Inc. (formerly Washington Gas Energy Services, Inc.), a subsidiary of Washington Gas Resources that sells natural gas and electricity to retail customers on an unregulated basis;

"**WGL Energy Systems**" means WGL Energy Systems, Inc. (formerly Washington Gas Energy Systems, Inc.), a subsidiary of Washington Gas Resources which provides commercial energy efficient and sustainable solutions to government and commercial clients;

"**WGL Midstream**" means WGL Midstream, Inc., a subsidiary of Washington Gas Resources that engages in acquiring and optimizing natural gas storage and transportation assets;

"**WGSW**" means WGSW, Inc., a subsidiary of Washington Gas Resources that was formed to invest in certain renewable energy projects; and

"**Younger**" means the Younger extraction plant and related facilities, AltaGas' interest being owned by its indirect wholly-owned subsidiary AltaGas Extraction and Transmission Limited Partnership.

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
Bbls	cubic meters	0.159
cubic meters	Bbls	6.29
tonnes	long tons	0.984
feet	meters	0.305

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
gigajoule	Mcf	0.9482

CORPORATE STRUCTURE

INCORPORATION

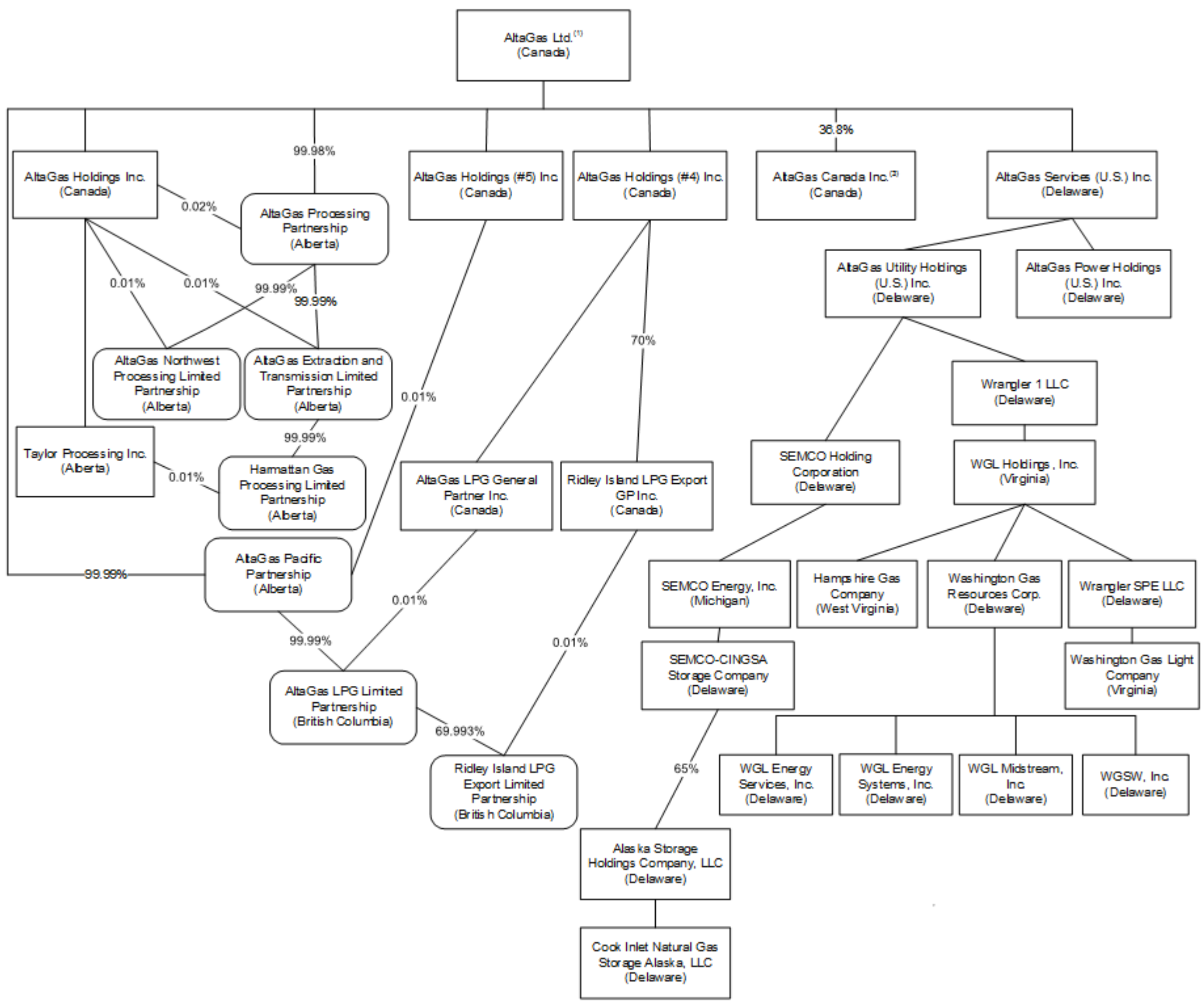
AltaGas is a Canadian corporation amalgamated pursuant to the CBCA on July 1, 2010. AltaGas and/or its predecessors began operations in Calgary, Alberta on April 1, 1994 and AltaGas continues to maintain its head, principal and registered office in Calgary, Alberta currently located at 1700, 355 – 4th Avenue SW, Calgary, Alberta T2P 0J1. AltaGas is a public company, the Common Shares of which trade on the TSX under the symbol "ALA".

AMENDED ARTICLES

On July 1, 2010, AltaGas filed articles of arrangement under the CBCA to effect a corporate arrangement and the amalgamation of AltaGas Ltd., AltaGas Conversion Inc. and AltaGas Conversion #2 Inc. to form AltaGas. Subsequent to the filing of the articles of arrangement, AltaGas has filed articles of amendment on the following dates in connection with the creation of each series of Preferred Shares: (i) August 13, 2010 to create the first series of Preferred Shares, Series A Shares and the second series of Preferred Shares, Series B Shares; (ii) June 1, 2012 to create the third series of Preferred Shares, Series C Shares and the fourth series of Preferred Shares, Series D Shares; (iii) December 9, 2013 to create the fifth series of Preferred Shares, Series E Shares and the sixth series of Preferred Shares, Series F Shares; (iv) June 27, 2014 to create the seventh series of Preferred Shares, Series G Shares and the eighth series of Preferred Shares, Series H Shares; (v) November 17, 2015 to create the ninth series of Preferred Shares, Series I Shares and the tenth series of Preferred Shares, Series J Shares; and (vi) February 15, 2017 to create the eleventh series of Preferred Shares, Series K Shares and the twelfth series of Preferred Shares, Series L Shares.

INTERCORPORATE RELATIONSHIPS

The following organization diagram presents the name and the jurisdiction of incorporation of certain of AltaGas' subsidiaries as at the date of this Annual Information Form. The diagram does not include all of the subsidiaries of AltaGas. The assets and revenues of those subsidiaries omitted from the diagram individually did not exceed 10 percent, and in the aggregate did not exceed 20 percent, of the total consolidated assets or total consolidated revenues of AltaGas as at and for the year ended December 31, 2018.



Notes:

(1) Updated as of the date of this Annual Information Form.
(2) Unless otherwise stated, ownership is 100%
(3) AltaGas owns a direct interest of 36.8% of ACI. The remaining 63.2% interest in ACI is publicly owned.

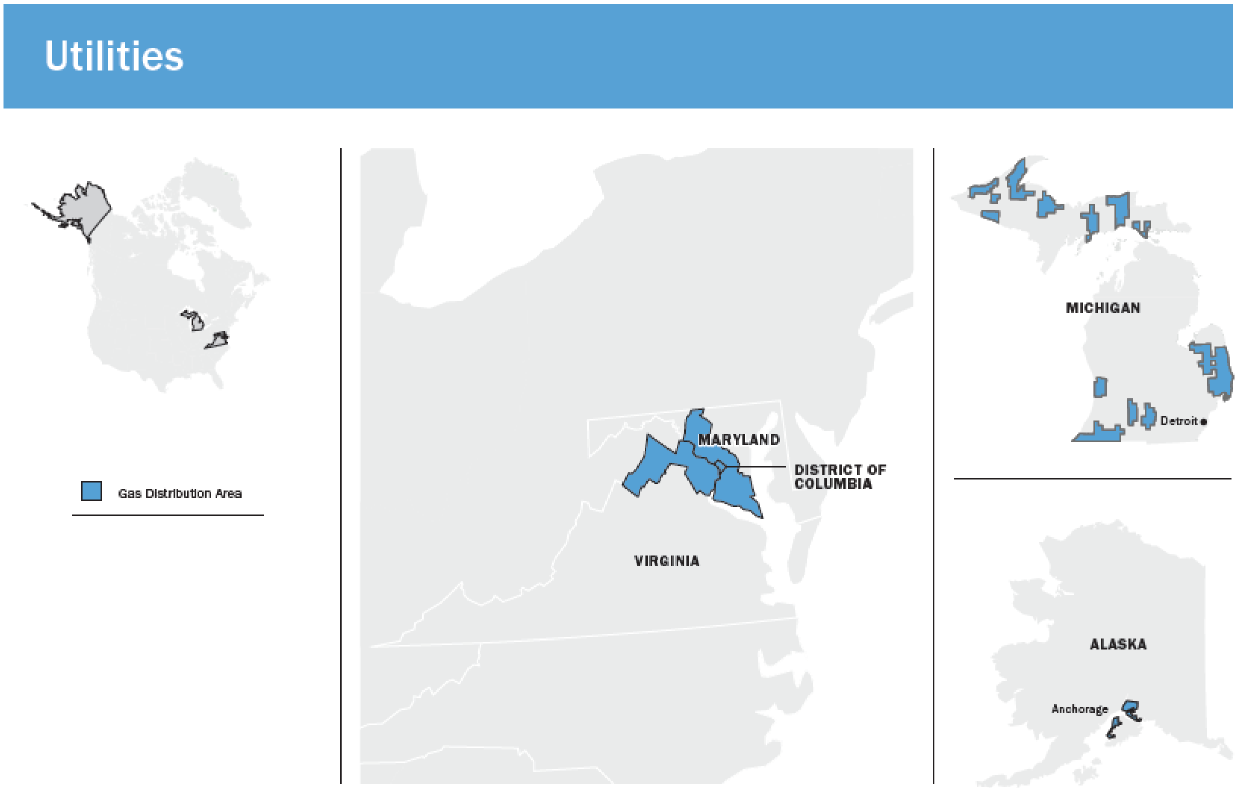
OVERVIEW OF THE BUSINESS

AltaGas, a Canadian corporation, is a leading North American clean energy infrastructure company with strong growth opportunities and a focus on owning and operating assets to provide clean and affordable energy to its customers. The Corporation's long-term strategy is to grow in attractive areas across its Utility, Midstream, and Power business segments seeking optimal capital deployment. In the Midstream business, the Corporation is focused on optimizing the full value chain of energy exports by providing producers with solutions, including global market access off both coasts of North America via the Corporation's footprint in two of the most prolific gas plays – the Montney and Marcellus. To optimize capital deployment, the Corporation seeks to invest in U.S utilities located in strong growth markets with increasing construction to support customer additions, system improvement and accelerated replacement programs. In the Power business, AltaGas seeks to create innovative solutions with light capital investment utilizing the Corporation's clean energy expertise. AltaGas has three business segments:

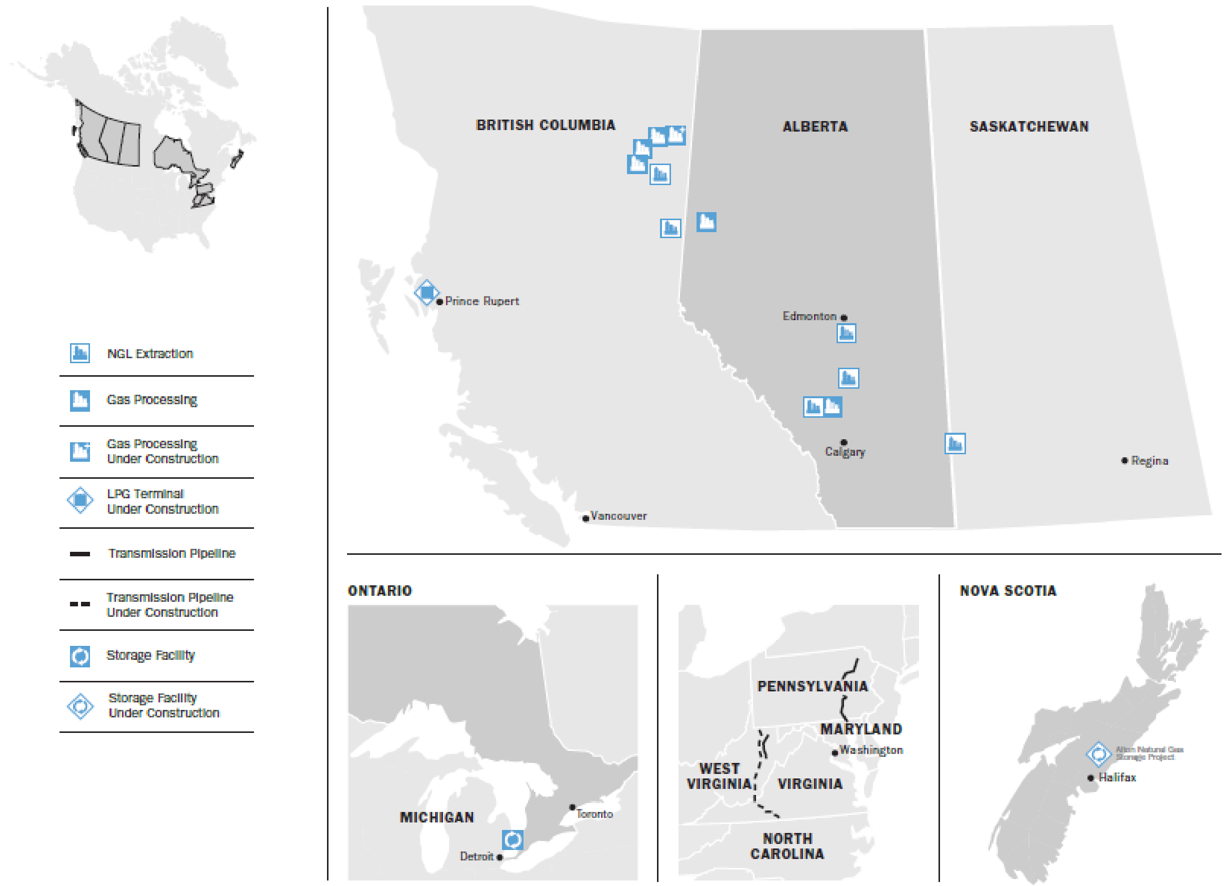
- Utilities, which serves approximately 1.6 million customers with a rate base of approximately US$3.7 billion through ownership of regulated natural gas distribution utilities across 5 jurisdictions in the United States and two regulated natural gas storage utilities in the United States, delivering clean and affordable natural gas to homes and businesses. The Utilities business also includes storage facilities and contracts for interstate natural gas transportation and storage services;
- Midstream, which, subsequent to the sale of non-core midstream assets in Canada which closed in February 2019 (See "Recent Noteworthy Transactions – Sale of Non-Core Assets"), transacts more than 1.5 Bcf/d of natural gas and includes natural gas gathering and processing, natural gas liquids (NGL) extraction and fractionation, transmission, storage, natural gas and NGL marketing, the Corporation's 50 percent interest in AltaGas Idemitsu Joint Venture Limited Partnership (AIJVLP), an indirectly held one-third ownership investment in Petrogas Energy Corp. (Petrogas), through which AltaGas' interest in the Ferndale Terminal is held, an interest in four regulated pipelines in the Marcellus/Utica gas formation in the northeastern United States and WGL's retail gas marketing business; and
- Power, which, subsequent to the sale of non-core power assets in Canada which closed in February 2019 (See "Recent Noteworthy Transactions – Sale of Non-Core Assets"), and the sale of the remaining 55 percent interest in the Northwest Hydro Facilities which closed in January 2019 (See "Recent Noteworthy Transactions – Sale of Northwest Hydro"), includes 1,105 MW of operational gross capacity from natural gas-fired, biomass, solar, other distributed generation and energy storage assets located in Alberta, Canada and 20 states and the District of Columbia in the United States. The Power business also includes energy efficiency contracting and WGL's retail power marketing business.

The Corporation's long-term strategy is to leverage and enhance the strength of its asset footprint to provide customers with integrated energy solutions including global market access. Moving forward, AltaGas is targeting opportunities to develop high-quality energy assets that complement its existing integrated infrastructure footprint within these segments, and to grow its position in key markets to deliver optimal growth over the long term. In the Power segment, AltaGas will continue to seek to create innovative solutions with light capital investment utilizing the Corporation's clean energy expertise.

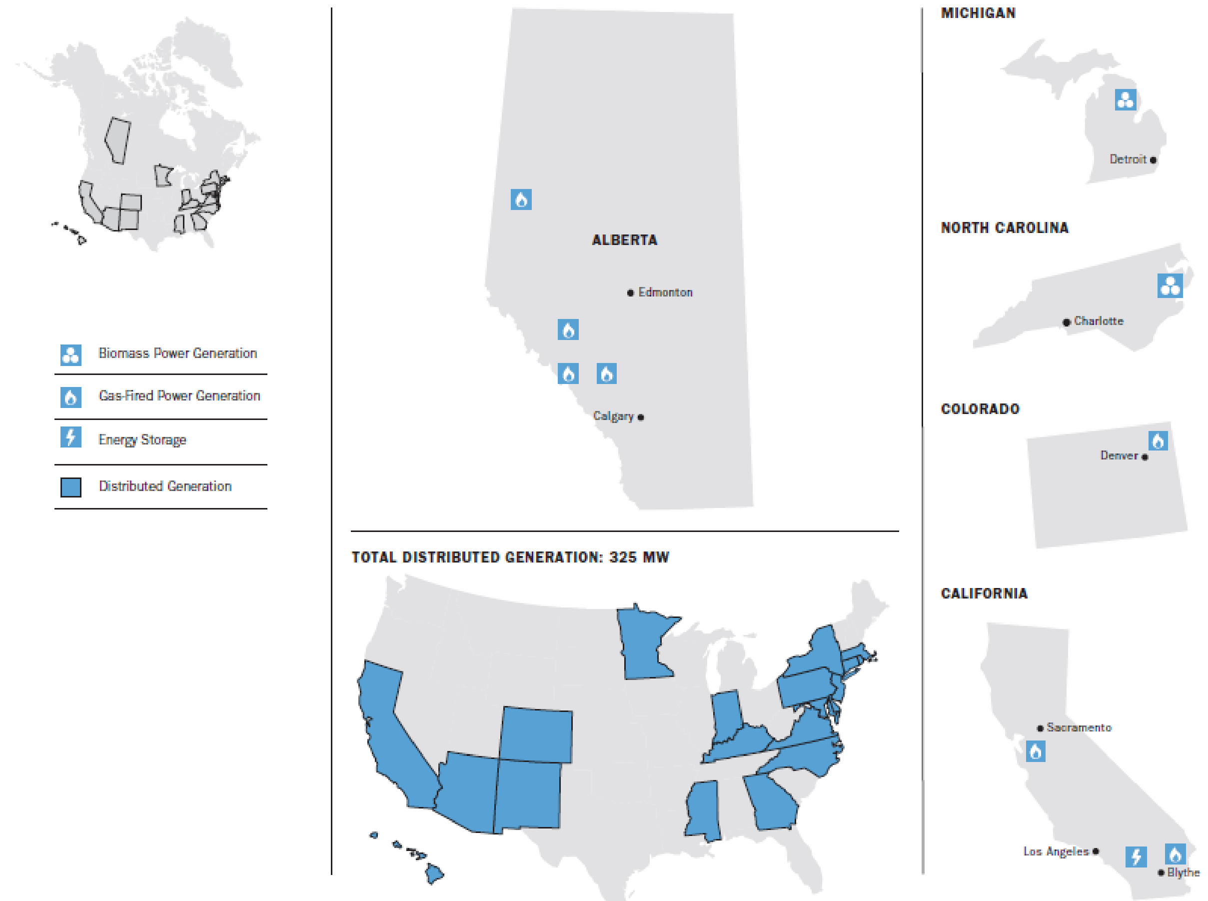
ALTAGAS' GEOGRAPHIC FOOTPRINT



Midstream


NGL Extraction
Gas Processing
Gas Processing Under Construction
LPG Terminal Under Construction
Transmission Pipeline
Transmission Pipeline Under Construction
Storage Facility
Storage Facility Under Construction
BRITISH COLUMBIA
ALBERTA
SASKATCHEWAN
Prince Rupert
Edmonton
Calgary
Regina
Vancouver
ONTARIO
MICHIGAN
Toronto
Detroit
PENNSYLVANIA
MARYLAND
Washington
WEST VIRGINIA
VIRGINIA
NORTH CAROLINA
NOVA SCOTIA
Halifax

Power



RECENT NOTEWORTHY TRANSACTIONS

PUBLIC OFFERING OF ALTAGAS CANADA INC.

On September 12, 2018, ACI, then a wholly owned subsidiary of AltaGas, together with AltaGas as a promoter, filed a preliminary prospectus in relation to the ACI IPO. Prior to the completion of the ACI IPO, AltaGas and AltaGas Holdings Inc. sold certain assets, including Canadian rate-regulated natural gas distribution utility assets (including PNG, AUI and Heritage Gas) and contracted wind power in Canada, as well as an approximate 10 percent indirect equity interest in the Northwest Hydro Facilities to ACI. On October 25, 2018, the ACI IPO was successfully completed, reflecting a final price of $14.50 per common share of ACI. The over-allotment option was exercised in full, and as a result, AltaGas holds approximately 37 percent of ACI's common shares at December 31, 2018. Net proceeds (consisting of cash and debt) to AltaGas after the deduction of underwriting fees and expenses were approximately $892 million. See "Investment in AltaGas Canada Inc."

AltaGas has agreed to provide certain administrative, corporate and operational services to ACI pursuant to a transition services agreement for a transition period expiring June 30, 2020, unless earlier terminated.

See "Utilities Business - Investment in AltaGas Canada Inc."

ACQUISITION OF WGL

Following the receipt of all required federal, state, and local regulatory approvals, on July 6, 2018 the Corporation acquired WGL, creating a North American leader in the clean energy economy and enhancing AltaGas' position as a leading North American clean energy infrastructure company. The aggregate purchase price was approximately $9.3 billion (US$7.1 billion), including the assumption of approximately $3.3 billion (US$2.5 billion) of debt and $41 million (US$31 million) of preferred shares. A business acquisition report on Form 51-102F4 was filed on SEDAR on August 8, 2018 in respect of the WGL Acquisition.

The net cash consideration was approximately $6.0 billion (US$4.6 billion), which was funded through net proceeds of approximately $2.3 billion from the sale of Subscription Receipts, gross proceeds of approximately $922 million from the sale of 35 percent of AltaGas' interest in the Northwest Hydro Facilities, draws on the Bridge Facility and existing cash on hand. The total funding included additional amounts for the payment of fees and regulatory commitments related to the WGL Acquisition. The sale of the Subscription Receipts was completed in the first quarter of 2017 and upon closing of the WGL Acquisition, the Subscription Receipts were exchanged into approximately 84.5 million Common Shares.

In connection with the WGL Acquisition, AltaGas and WGL have made commitments pursuant to the terms of the PSC of DC settlement agreement and the conditions of approval from the PSC of MD and the SCC of VA. Among other things, these commitments include rate credits distributable to both residential and non-residential customers, gas expansion and other programs, various public interest commitments, and safety programs. The total amount expensed in 2018 was approximately US$140 million, of which US$111 million has been paid as of December 31, 2018. In addition, there are certain additional regulatory commitments which will be expensed when the costs are incurred in the future, including the hiring of damage prevention trainers, investment of US$70 million over a 10 year period to further extend natural gas service, and US$8 million for leak mitigation.

The Ring Fenced Entities made certain ring fencing commitments to the PSC of DC, the PSC of MD and the SCC of VA. In order to satisfy these ring fencing commitments, the SPE was formed as a bankruptcy remote special purpose entity established for the purposes of owning the common stock of Washington Gas and of ring fencing Washington Gas, with the intention of removing Washington Gas from the bankruptcy estate of AltaGas and its affiliates other than Washington Gas and the SPE (collectively, the "**Non-Ring Fenced Entities**") in the event that any Non-Ring Fenced Entity becomes the subject of bankruptcy or insolvency proceedings. The SPE is a wholly-owned subsidiary of WGL. Because of these ring fencing measures, none of the assets of the Ring Fenced Entities would be available to satisfy the debt or contractual obligations of any Non-Ring Fenced Entity, including any indebtedness or other contractual obligations of AltaGas, and the Ring Fenced Entities do not bear any liability for indebtedness or other contractual obligations of the Non-Ring Fenced Entities, and vice versa.

SALE OF NORTHWEST HYDRO

On June 13, 2018, AltaGas announced that it had entered into a definitive agreement to indirectly sell 35 percent of its interest in the Northwest Hydro Facilities for gross proceeds of $922 million. The transaction closed on June 22, 2018. On December 13, 2018, AltaGas announced that it had reached an agreement for the sale of its remaining interest of approximately 55 percent in the Northwest Hydro Facilities for gross proceeds of approximately $1.37 billion. The second closing occurred in January 2019.

SALE OF NON-CORE ASSETS

On September 10, 2018, AltaGas entered into definitive agreements for the sale of non-core midstream and power assets in Canada and power assets in the United States for total gross proceeds of approximately $560 million. The sale of the power assets in the United States was completed in the fourth quarter of 2018 and the sale of non-core midstream and power assets in Canada was completed in February 2019. AltaGas also sold 43.7 million shares of Tidewater. The sale of Tidewater shares was completed in September 2018.

IMPLEMENTATION OF BALANCED FUNDING PLAN

As part of the balanced funding plan, approximately US$2.2 billion of the Bridge Facility used to finance the WGL Acquisition was repaid in December 2018, approximately US$1.2 billion of which being refinanced with a new revolving credit facility. As of December 31, 2018, the remaining balance on the Bridge Facility was approximately US$83 million. The remaining balance was fully repaid in February 2019. In addition, the Board of Directors approved a reset of the dividend to improve the financial strength of AltaGas and ensure greater funding flexibility. The Board declared a January 2019 dividend of $0.08 per Common Share, representing a 56 percent reduction from 2018.

OUTLOOK

AltaGas made several steps in 2018 to enhance the strength of its balance sheet, create financial flexibility and focus its portfolio on the Midstream and Utilities segments. In 2019, the Corporation has identified several near-term strategic priorities.

With the acquisition of WGL completed in July 2018, AltaGas has been and remains focused on integration activities. AltaGas has identified near- and long-term integration priorities, including strategy, organizational effectiveness, growth, financial strength and people and culture, while remaining compliant with regulatory commitments. Significant progress has been made integrating the WGL leadership team, its operations, and core processes, and this will remain a priority for AltaGas in 2019.

AltaGas' strategy is largely focused on two core and complementary business segments: Midstream and Utilities. Moving forward, AltaGas is targeting opportunities to develop high-quality energy assets that complement its existing integrated infrastructure footprint within these segments, and to grow its position in key markets to deliver optimal growth over the long term. In the Power segment, AltaGas will continue to seek to create innovative solutions with light capital investment utilizing the Corporation's clean energy expertise.

EXPANDING MARKET ACCESS WITH INTEGRATED MIDSTREAM FOOTPRINT

RIPET is located near Prince Rupert, British Columbia, and is expected to be the first propane export facility off the west coast of Canada. After comprehensive commissioning activities, the facility is scheduled to begin its operational phase in the first quarter of 2019 with the introduction of feedstock propane and filling the refrigerated storage tank with liquefied product. First cargo is expected early in the second quarter of 2019 which aligns with the propane contract year. Once operational, the facility will provide access to new global markets for producers, while also leveraging our natural gas gathering, processing and fractionation assets in B.C. and Alberta.

ENHANCING RETURNS IN U.S. UTILITIES

Within its Utilities segment, AltaGas will continue to focus on strengthening operational excellence, improving the customer experience and achieving timely recovery on invested capital. For example, the Corporation's Marquette Connector Pipeline in Michigan, which is expected to be in-service in the fourth quarter of 2019, will simultaneously provide clean and reliable natural gas delivery to thousands of homes in SEMCO Gas' service territory while earning anticipated returns early in 2020. It will also provide additional natural gas capacity to Michigan's Upper Peninsula to allow for growth.

2019 PLANNED ASSET SALES AND BALANCED FUNDING PLAN

Including the sale of its remaining interest of approximately 55 percent in the Northwest Hydro Facilities in British Columbia, AltaGas has successfully monetized approximately $3.8 billion of non-core assets since mid-2018, providing an efficient source of capital, reshaping its asset portfolio and prioritizing core focus areas. Additional asset sales of approximately $1.5 to $2.0 billion are planned for 2019, which are expected to further de-lever the Corporation, fund future growth, and minimize the need for any near-term common equity requirements.

GENERAL DEVELOPMENT OF ALTAGAS' BUSINESS

Below is a summary by business segment of certain acquisitions and dispositions, key development and construction projects and other commercial arrangements not already discussed above, which have influenced the general development of the business segments of the Corporation over the last three completed financial years.

DEVELOPMENT OF THE UTILITIES BUSINESS OF ALTAGAS

In August 2017, the MPSC approved SEMCO's application to construct, own and operate the Marquette Connector Pipeline. The Marquette Connector Pipeline is a proposed new pipeline that will connect the Great Lakes Gas Transmission pipeline to the Northern Natural Gas pipeline in Marquette, Michigan where it will provide system redundancy and increase deliverability, reliability and diversity of supply to SEMCO Gas' approximately 35,000 customers in Michigan's Western Upper Peninsula. The Marquette Connector Pipeline is estimated to cost between US$135 and US$140 million. Construction is expected to begin in 2019, with clearing and mobilization scheduled to begin in the first quarter of 2019 and an anticipated in-service date near the end of the fourth quarter of 2019.

On July 6, 2018, the WGL Acquisition closed and the operations of Washington Gas and Hampshire Gas were added to AltaGas' Utilities business. For further details, see above under the heading "Recent Noteworthy Transactions".

With the close of the ACI IPO on October 25, 2018, the Canadian rate regulated utility assets including PNG, AUI, and Heritage Gas are no longer subsidiaries of AltaGas. AltaGas' remaining exposure to such Canadian rate regulated utility assets is through its approximate 37 percent interest in ACI.

DEVELOPMENT OF THE MIDSTREAM BUSINESS OF ALTAGAS

In July 2016, AltaGas completed construction of the Townsend Facility, together with a 25 km gas gathering pipeline, two liquids egress pipelines totaling 30 km and a truck terminal. For further details, see below under the heading "Business of the Corporation - Midstream Business – Field Gathering and Processing and Transmission – Significant Operating Areas and Customers".

In October 2016, AltaGas reached a positive FID for the construction, ownership and operation of the North Pine Facility and the North Pine Pipelines. Commercial operations commenced at the first 10,000 Bbls/d NGL separation train of the North Pine Facility on December 1, 2017. For further details, see below under the heading "Business of the Corporation - Midstream Business – Extraction and Fractionation – Fractionation - North Pine Facility".

In December 2016, AltaGas received approval from the BCOGC for Townsend Phase 2 and to retrofit the existing shallow-cut Townsend Facility to a deep-cut facility at a future date if AltaGas elects to do so. Commissioning of the Townsend 2A phase of Townsend Phase 2 and the field compression equipment was completed on October 1, 2017. For further details, see below under the heading "Business of the Corporation - Midstream Business – Field Gathering and Processing and Transmission - Townsend 2A".

In January 2017, AltaGas reached a positive FID on RIPET. RIPET is expected to be the first propane export facility off the west coast of Canada. On May 5, 2017, AltaGas LPG Limited Partnership, a wholly-owned subsidiary of AltaGas, and Vopak, formed RILE LP for the development of RIPET. AltaGas' subsidiaries hold a 70 percent interest in RILE LP, with Vopak holding the remaining 30 percent interest. Construction of RIPET began in April 2017 and first cargo is expected early in the second quarter of 2019. RIPET is expected to ship 1.2 million tonnes of propane per annum (which is equivalent to approximately 40,000 Bbls/d of export capacity). For further details on this project see below under the heading "Business of the Corporation – Midstream Business – Energy Export".

In March 2017, AltaGas sold the Ethylene Delivery System and the Joffre Feedstock Pipeline to Nova Chemicals for net proceeds of approximately $67 million.

In June 2017, AltaGas modified its existing take-or-pay agreement with Birchcliff Energy Ltd. to incent increased utilization of the Gordondale Facility until late 2020. The modifications made apply solely to volumes above the existing take-or-pay volume commitments.

On April 3, 2018, AltaGas entered into a long-term natural gas processing arrangement with Birchcliff Energy Ltd. at AltaGas' deep-cut sour gas processing facility located in Gordondale, Alberta.

As a result of the closing of the WGL Acquisition on July 6, 2018, an interest in four pipelines in the United States as well as the retail gas marketing business of WGL were added to AltaGas' Midstream Business. For further details, see above under the heading "Recent Noteworthy Transactions" and below under "Midstream Business".

On August 27, 2018, AltaGas entered into definitive agreements with Kelt to provide Kelt with firm processing of 75 MMcf/d of raw gas under an initial 10 year take-or-pay agreement at the Townsend Complex.

On September 10, 2018, AltaGas entered into definitive agreements for the sale of non-core midstream and power assets in Canada. The sale was completed in February 2019. For further details see "Recent Noteworthy Transactions – Sale of Non-Core Assets".

In October 2018, AltaGas acquired 50 percent ownership in certain existing and future natural gas processing plants of Black Swan. The total capital investment by AltaGas is anticipated to be approximately $230 million. AltaGas and Black Swan also entered into long term processing, transportation and marketing agreements that include new AltaGas liquids handling infrastructure.

On October 4, 2018, the FERC issued its authorization to place Central Penn into service. The pipeline began operations on October 6, 2018.

DEVELOPMENT OF THE POWER BUSINESS OF ALTAGAS

Pursuant to the change in law provision of the Sundance B PPAs, ASTC Power Partnership, a joint venture partnership between TransCanada Energy Ltd. and AltaGas' wholly-owned subsidiary, AltaGas Pipeline Partnership, exercised its right to terminate the Sundance B PPAs effective March 8, 2016. In December 2016, a definitive settlement agreement was reached with the Government of Alberta accepting termination of the Sundance B PPAs effective March 8, 2016. Under the settlement agreement, AltaGas agreed to contribute 391,879 self-generated carbon offsets and to make total cash payments in the aggregate amount of $6 million, payable in equal installments over three years starting in 2018 and the Government of Alberta granted AltaGas a full release from all obligations with respect to the Sundance B PPAs.

On December 31, 2016, AltaGas successfully commissioned the Pomona Energy Storage Facility. For further details see below under the heading "Business of the Corporation – Power Business".

On June 13, 2018, AltaGas announced that it had entered into a definitive agreement to indirectly sell 35 percent of its interest in the Northwest Hydro Facilities for gross proceeds of $922 million. The transaction closed on June 22, 2018.

On July 6, 2018, as part of the WGL Acquisition, WGL Energy Systems and WGL Energy Services were added to AltaGas' Power business. For further details, see above under the heading "Recent Noteworthy Transactions".

On September 10, 2018, AltaGas entered into definitive agreements for the sale of non-core midstream and power assets in Canada. The sale was completed in February 2019. For further details see "Recent Noteworthy Transactions – Sale of Non-Core Assets".

On October 19, 2018, the Bear Mountain wind facility in British Columbia was sold to ACI. In addition, a 10 percent minority interest in the Northwest Hydro Facilities was sold to ACI. See "Recent Noteworthy Transactions".

On November 13, 2018, the Tracy, Hanford and Henrietta gas-fired facilities in California were sold to Middle River Power for a gross purchase price of US$299 million.

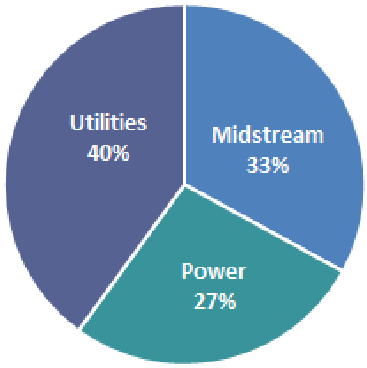
On December 11, 2018, the Busch Ranch wind asset in the United States was sold for a purchase price of approximately US$16 million.

On December 13, 2018, AltaGas announced that it had reached an agreement for the sale of its remaining interest of approximately 55 percent in the Northwest Hydro Facilities. The sale closed in January 2019.

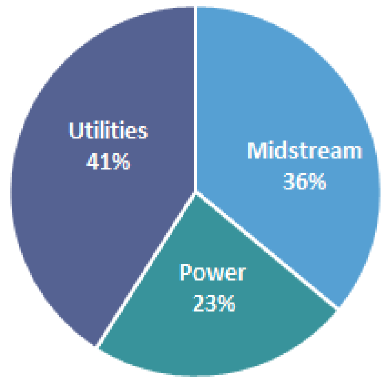
BUSINESS OF THE CORPORATION

AltaGas' revenue for the year ended December 31, 2018 was approximately $4.3 billion compared to $2.6 billion for the year ended December 31, 2017.

Revenue by Business for 2018 (1)



Revenue by Business for 2017 (1)



Note:
(1) Excluding Corporate segment and intersegment eliminations

AltaGas operates its business through three business segments: Utilities, Midstream, and Power, each of which is more particularly described in the respective sections which follow. AltaGas' business also includes the Corporate segment, which consists primarily of opportunistic investments, certain risk management contract results and revenues and expenses not directly identifiable with the operating businesses.

UTILITIES BUSINESS

The Utilities business contributed revenue of $1.7 billion for the year ended December 31, 2018 (2017 - $1.1 billion), representing approximately 40 percent (2017 – 41 percent) of AltaGas' total revenue before Corporate segment and intersegment eliminations.

Investment in AltaGas Canada Inc.

In the fourth quarter of 2018, the IPO of ACI, a previously wholly owned subsidiary of AltaGas, was completed. As of December 31, 2018, AltaGas had an approximate 37 percent equity interest in ACI. Subsequent to the IPO close, AltaGas' interest in ACI is accounted for as an equity investment.

On October 18, 2018, ACI acquired the following assets from AltaGas: (i) rate-regulated natural gas distribution utility assets in Alberta (AUI, serving approximately 80,400 customers), British Columbia (PNG, serving approximately 41,900 customers) and Nova Scotia (Heritage Gas, serving approximately 7,300 customers); (ii) minority interests in entities (Inuvik Gas Ltd. and Ikhil Joint Venture) providing natural gas to the Town of Inuvik, Northwest Territories; (iii) fully contracted 102 MW wind power assets (Bear Mountain) located near Dawson Creek, British Columbia; and (iv) an approximate 10 percent indirect equity interest in the Northwest Hydro Facilities. With the ACI IPO closed, the Utilities segment no longer controls any Canadian utilities.

U.S. Utilities Business

The Utilities segment owns utility assets that deliver natural gas to end-users in the United States. The Utilities segment in the United States is comprised of Washington Gas (in the District of Columbia, Maryland and Virginia), Hampshire Gas in West Virginia, SEMCO Gas in Michigan, ENSTAR in Alaska and a 65 percent interest in CINGSA, a regulated natural gas storage utility in Alaska.

Regulatory Process

The Utilities business predominantly operates in regulated marketplaces where, as franchise or certificate holders, regulated utilities are allowed by the regulator to charge regulated rates that provide the utilities the opportunity to recover costs and earn a return on capital. The return on capital is to reflect a fair rate of return on approved utility investments (i.e. rate base) based on a regulatory deemed or targeted capital structure. The ability of a regulated utility to recover prudently incurred costs of providing service and earn the regulator-approved rate of return on equity depends on the utility achieving the forecasts established in the rate-setting processes.

SEMCO Gas and Washington Gas have accelerated pipe and infrastructure replacement programs in place in Michigan and the District of Columbia, Maryland and Virginia, respectively. These are long-term programs subject to both changing conditions and regulatory review and approval in five year increments. SEMCO Gas and Washington Gas are accelerating pipe and infrastructure replacement to further enhance the safety and reliability of the natural gas delivery system. SEMCO Gas and Washington Gas are allowed to begin recovering the cost, including a return, for these investments immediately through approved surcharges for each accelerated pipe or infrastructure replacement program. Once new base rates are put into effect in a given jurisdiction, expenditures previously being recovered through the surcharge will be collected through the new base rates.

The Utilities business is subject to regulation over, among other things, rates, accounting procedures and standards of service.

The MPSC has jurisdiction over the regulatory matters related, directly or indirectly, to the services that SEMCO Gas provides to its Michigan customers. The RCA has jurisdiction over the regulatory matters related, directly or indirectly, to ENSTAR's and CINGSA's services provided to its Alaska customers. Washington Gas is regulated by the PSC of DC, the PSC of MD and the SCC of VA, which approve its terms of service and the billing rates that it charges to its customers. In all jurisdictions, the regulators approve distribution rates based on a cost-of-service regulatory model. In Alaska, the District of Columbia, Maryland and Virginia, rates are set using the results from a historical test year plus known and measurable changes. In Michigan, rates are set using a projected test year. In all jurisdictions, the rates charged to utility customers are designed to provide the distribution utility with an opportunity to recover all prudently incurred operating, depreciation, income tax, and financing costs, and to earn a reasonable return on its investment in the net assets used in its firm gas sales and delivery service. The regulators attempt to ensure that tariffs are just and reasonable, provide incentives for investments, and are not unduly preferential, arbitrary, or unjustly discriminatory.

Utilities Business Key Utility Metrics

The following table summarizes the average rate base for the Utilities business for the years ended December 31, 2018 and 2017:

	2018	2017
Rate base *($ millions)* [1]		
Utilities Canada [2]	**-**	833
Utilities U.S. [3] [4]	**3,684**	847

Notes:

(1) Rate base is indicative of the earning potential of each utility over time. Approved revenue requirement for each utility is typically based on the rate base as approved by the regulator for the respective rate application, but may differ from the rate base indicated above.

(2) The Canadian utilities were sold to ACI in 2018.

(3) In U.S. dollars.

(4) Reflects SEMCO Energy's 65 percent interest in CINGSA.

The following table summarizes the capital expenditures for the years ended December 31, 2018 and 2017.

	2018	2017
($ millions)		
Utilities Canada [1]		
New business	**15**	14
System betterment and gas supply	**34**	40
General plant	**7**	8
Total	**56**	62
Utilities U.S. [2]		
New business	**63**	9
System betterment and gas supply	**234**	37
General plant	**64**	4
Total	**361**	50

Notes:

(1) For the period prior to the close of the ACI IPO in October 2018.

(2) In U.S. dollars.

The following table summarizes the nature of regulation applicable to each utility:

Regulated Utility	Regulated Authority	% of AltaGas' Consolidated Rate Base as at December 31, 2018	Allowed Common Equity (%)	Allowed ROE (%) 2017	Allowed ROE (%) 2018	Significant Features/ Material Regulatory Development
Washington Gas	PSC of MD PSC of DC SCC of VA	77	51.7 – 55.7	9.46	9.25 - 9.7	- Distribution rates approved under cost of service model. - Rate cases filed in 2018 with the PSC of MD for increase in rates and accelerated pipeline replacement programs with decisions rendered in December 2018. - Rate case filed in 2018 with the SCC of VA for increase in rates. Rate case hearing and decision expected in 2019.
SEMCO Gas	MPSC	13	49.04	10.35	10.35	- Distribution rates approved under cost of service model. - Use of projected test year for rate cases with 10 month limit to issue a rate order. - Rate rider provides recovery relating to the Main Replacement Program which allows the company to accelerate the replacement of older portions of its system. - Last rate case settled in 2011. Next rate case expected to be filed in 2019.
ENSTAR	RCA	8	51.81	11.875	11.875	- Distribution rates approved under cost of service model using historical test year and allows for known and measurable changes. - Rate order approving rate increase issued on September 22, 2017. Final rates effective November 1, 2017. - Required to file another rate case no later than June 1, 2021 based upon 2020 test year.
CINGSA	RCA	2	50	12.55	11.875(1)	- Distribution rates approved under cost of service model using historical test year and allows for known and measurable changes. - Rate case filed in 2018 based on 2017 historical test year. - Rate case hearing scheduled for April 2019 with a decision expected in the third quarter of 2019.
Hampshire Gas	FERC	n/a	n/a	n/a	n/a	- Pass through cost of service tariff approved by FERC.

Note:
(1) CINGSA implemented interim rates reflecting an assumed ROE of 11.875% based on a rate case filed in April 2018.

WASHINGTON GAS

Washington Gas has been engaged in the natural gas distribution business since 1848, and provides regulated gas distribution services to end users in District of Columbia, Virginia, and Maryland. The utility has approximately 1.2 million customers across these three jurisdictions: District of Columbia (~165,000; 14 percent), Maryland (~489,000; 41 percent), and Virginia (~531,000; 45 percent). Washington Gas operations are such that the loss of any one customer or group of customers would not have a significant adverse effect on its business.

Operations

Washington Gas obtains natural gas supplies that originate from multiple regions throughout the U.S. As at December 31, 2018, it had service agreements with four pipeline companies that provided firm transportation and storage services, with contract expiration dates ranging from 2019 to 2044. Washington Gas has also contracted with various interstate pipeline and storage companies to add to its storage and transportation capacity starting in 2019.

The following table sets out, by customer category, Washington Gas' deliveries for the period since close of the WGL Acquisition to December 31, 2018:

	2018
Deliveries: (MDth)	
Residential	**27,567**
Commercial	**8,623**
Transport	**39,368**
Total deliveries	**75,558**

	2018
Customers at Year End:	
Residential	**962,003**
Commercial	**47,772**
Transport	**175,055**
Total customers	**1,184,830**

Seasonality

The natural gas distribution business in the District of Columbia, Virginia, and Maryland is seasonal, as the majority of natural gas demand occurs during the winter heating season that extends from November to March. Accordingly, annualized individual quarterly revenues and earnings are not indicative of annual results.

Forecasted volumes for Washington Gas are set based on the 30-year rolling average Degree Days expected for the period. In certain of Washington Gas' jurisdictions (Virginia and Maryland) there are billing mechanisms in place which are designed to eliminate the effects of variance in customer usage caused by weather and other factors such as conservation. In the District of Columbia, there is no weather normalization billing mechanism nor does it hedge to offset the effects of weather. As a result, colder or warmer weather will result in variances to financial results.

Material Regulatory Developments and Approvals

In early 2018, Washington Gas filed applications in all three of its jurisdictions for approval of a reduction of distribution rates to reflect the impact of the TCJA. For the period from close of the WGL Acquisition to December 31, 2018, the impact of these filings and subsequent responses from the regulatory commissions was a reduction in base rates of approximately US$6 million in Maryland, US$3 million in the District of Columbia, and US$6 million in Virginia.

On May 15, 2018, Washington Gas filed an application with the PSC of MD to increase its base rates for natural gas service for approximately US$56 million including approximately US$15 million in annual surcharges currently paid by customers for system upgrades. On December 11, 2018, the PSC of MD approved Washington Gas' US$29 million in new revenues and increased the return on equity to 9.7 percent. On January 10, 2019, Washington Gas requested rehearing, alleging two errors in the agency's final order. A PSC of MD decision on the application for rehearing is expected late in the first or second quarter of 2019.

On June 15, 2018, Washington Gas filed an application with the PSC of MD for approval of the second phase of its accelerated natural gas pipeline initiative in Maryland, known as the STRIDE Plan (Strategic Infrastructure Development and Enhancement Plan). The application requested approval of approximately US$394 million in accelerated infrastructure replacements for the 2019 to 2023 period. On December 11, 2018, the PSC of MD approved a US$350 million five-year program. On January 9, 2019, Washington Gas applied to supplement its 2019 project list with an additional annual spend of approximately US$65 million. On January 25, 2019, the PSC of MD approved the 2019 revised project list and affirmed the annual spend of approximately US$65 million.

On July 31, 2018, Washington Gas filed an application with the SCC of VA to increase its base rates for natural gas service. This base rate increase, if granted, would be approximately US$38 million, of which approximately US$15 million relates to costs being collected through the monthly SAVE (Steps to Advance Virginia's Energy Plan) surcharges for accelerated pipeline replacement. The new interim rates are effective, subject to refund, in January 2019. Hearings are scheduled for April 2019 with a decision expected in the second half of 2019.

On August 31, 2018, Washington Gas filed the 2019 SAVE capital expenditure application with the SCC of VA seeking approval for approximately US$70 million of SAVE capital expenditures in 2019. The SAVE application for 2019 was approved and implemented beginning January 2019.

On December 7, 2018, Washington Gas filed an application with the PSC of DC for the phase 2 Project*pipes* program requesting approval of approximately US$305 million in accelerated infrastructure replacement in the District of Columbia during the 2019 to 2024 period.

In connection with the WGL Acquisition, AltaGas and WGL have made commitments related to the terms of the PSC of DC settlement agreement and the conditions of approval from the PSC of MD and the SCC of VA. Among other things, these commitments include rate credits distributable to both residential and non-residential customers, gas expansion and other programs, various public interest commitments, and safety programs. The total amount expensed in 2018 was approximately US$140 million, of which US$111 million has been paid as of December 31, 2018. In addition, there are certain additional regulatory commitments which will be expensed when the costs are incurred in the future, including the hiring of damage prevention trainers, the investment of US$70 million over a 10 year period to further extend natural gas service, and the investment of US$8 million for leak mitigation.

HAMPSHIRE GAS

Hampshire Gas owns underground natural gas storage facilities, including pipeline delivery facilities located in and around Hampshire County, West Virginia, and operates these facilities to serve Washington Gas. Hampshire Gas is regulated by FERC. Washington Gas purchases all of the storage services of Hampshire Gas, and includes the cost of the services in its regulated energy bills to customers. Hampshire Gas operates under a "pass-through" cost of service based tariff approved by FERC.

SEMCO ENERGY

SEMCO Energy's head office is located in Port Huron, Michigan. SEMCO Energy's primary business is a gas utility business. It operates regulated natural gas transmission and distribution divisions in Michigan, doing business as SEMCO Gas, and in Alaska, doing business as ENSTAR. SEMCO Energy's gas utility business also includes a 65 percent ownership interest in CINGSA, a regulated natural gas storage utility in Alaska. The gas utility business accounts for approximately 99 percent of SEMCO Energy's 2018 consolidated revenues. The gas utility business purchases, transports, distributes and sells natural gas and related gas distribution services to residential and C&I customers and is SEMCO Energy's largest business segment.

SEMCO GAS

In Michigan, SEMCO Gas distributes natural gas to approximately 303,000 regulated customers located in both southern Michigan and Michigan's Upper Peninsula, approximately 84 percent of which are residential. The remaining customers include power plants, food production facilities, furniture manufacturers and other industrial customers.

The average number of customers at SEMCO Gas has increased by an average of approximately 1.0 percent annually during the past three years (with an increase of 1.1 percent in 2018). While there may occasionally be variations in this pattern, average per customer annual gas consumption in Michigan over the longer-term has been decreasing because of, among other things, the availability of and incentive to invest in more energy efficient homes and appliances.

SEMCO Gas pursues opportunities to develop service areas that are not currently served with natural gas. Expansion opportunities that currently exist represent relatively minor asset growth, but SEMCO Gas remains committed to its strategy of pursuing expansion projects that meet management's target return on investment.

Operations

The SEMCO Gas natural gas transmission and delivery system in Michigan includes approximately 151 miles of gas transmission pipelines and 6,175 miles of gas distribution mains. The pipelines and mains are located throughout the southern half of Michigan's Lower Peninsula (including in and around the cities of Albion, Battle Creek, Holland, Niles, Port Huron and Three Rivers) and also in the central, eastern and western areas of Michigan's Upper Peninsula.

SEMCO Gas has access to natural gas supplies throughout the United States and Canada via interstate and intrastate pipelines in and near Michigan. To provide gas to SEMCO Gas sales customers, SEMCO Gas has negotiated standard terms and conditions for the purchase of natural gas under the North American Energy Standards Board (NAESB) form of agreement with a variety of suppliers.

The following table sets out, by customer category, SEMCO Gas' deliveries:

	2018	2017
Deliveries: (MDth)		
Residential	**27,278**	23,713
Commercial	**13,595**	13,595
Transport	**22,248**	21,225
Gas Customer Choice(1)	**3,394**	3,394
Total deliveries	**66,515**	61,927

	2018	2017
Customers at Year End (2):		
Residential	**258,300**	256,670
Commercial	**23,523**	23,487
Transport	**253**	252
Gas Customer Choice(1)	**21,102**	23,171
Total customers	**303,178**	303,580

Notes:

(1) In Michigan, the MPSC has a program known as the Gas Customer Choice Program, under which gas sales customers may choose to purchase natural gas from third-party suppliers, while SEMCO Gas continues to charge these customers applicable distribution charges and customer fees, plus a balancing fee.

(2) Excludes customers from SEMCO Gas' non-regulated business.

Seasonality

The natural gas distribution business in Michigan is seasonal, as the majority of natural gas demand occurs during the winter heating season that extends from November to March. Accordingly, annualized individual quarterly revenues and earnings are not indicative of annual results.

Forecasted volumes for SEMCO Gas are set based on the 15-year rolling average Degree Days expected for the period. Temperature fluctuations impact the operating results of SEMCO Gas.

Material Regulatory Developments and Approvals

As required by an order issued by the MPSC in September 2012, SEMCO Gas filed a depreciation study with the MPSC in September 2017, using 2016 data. On April 9, 2018, the MPSC issued an order approving the settlement agreement and new depreciation rates. The new rates reflect a US$1.9 million upward adjustment to depreciation expense when compared to the current rates and are effective on January 1, 2019. SEMCO Gas is required to file a new depreciation case and updated depreciation study with the MPSC no later than September 30, 2022, using 2021 data.

On December 27, 2017, the MPSC issued an order instructing all regulated utilities in Michigan to track the impact of the TCJA effective January 1, 2018. On February 22, 2018, the MPSC issued an order requiring utilities in Michigan to follow a 3-step approach for computing and implementing bill credits to reflect the reduction in revenue requirements as a result of the TCJA. The first step was to establish a credit (Credit A) through a contested case. Credit A is a forward-looking tax credit that will refund the annual tax savings relating to the reduction of the corporate tax rate from 35 percent to 21 percent on a prospective basis. SEMCO Gas submitted its Credit A filing on March 29, 2018, reflecting a revenue reduction of approximately US$5.9 million on an annual basis. On April 20, 2018, SEMCO Gas supplemented its Credit A filing with a proposal to reduce its Main Replacement Program (MRP) surcharges to reflect the impact of the TCJA on its MRP annual revenue requirement. On May 30, 2018, the MPSC issued an order approving a settlement in SEMCO Gas' Credit A filing reflecting a reduction in revenues of approximately US$5.9 million and a reduction to the annual MRP revenue requirement of approximately US$0.6 million, effective July 1, 2018. Credit A will remain in place until new rates are set in the next general rate case. The second step was to establish another credit (Credit B) through a contested case. Credit B is a backward-looking tax credit to reflect the reduction of the corporate tax rate of 35 percent to 21 percent, for the period January 1, 2018 through the date Credit A is established. On July 27, 2018, SEMCO Gas filed its proposal for Credit B to address the impacts of federal corporate tax reduction arising from the TCJA on its natural gas rates from January 1, 2018 until June 30, 2018. On September 28, 2018, the MPSC issued an order approving the settlement in SEMCO Gas' Credit B filing. SEMCO Gas will refund approximately US$4.7 million to customers volumetrically via bill credits for three months beginning with the first billing cycle in October 2018. The third and final step was to file an application to establish the calculation for all of the remaining impacts of the TCJA (Calculation C), which is primarily the remeasurement of deferred taxes and how the amounts deferred as regulatory liabilities will flow back to ratepayers. On October 1, 2018, SEMCO Gas filed its application to address the Calculation C effects of the TCJA, which is currently ongoing.

ENSTAR

In Alaska, ENSTAR distributes natural gas to approximately 145,000 customers in the metropolitan Anchorage area and surrounding Cook Inlet area, approximately 91 percent of which are residential. The remaining gas sales customers include hospitals, universities and government buildings. ENSTAR also provides gas transportation service to power plants and a LNG plant. ENSTAR's service area encompasses over 58 percent of the population of Alaska.

The average number of customers at ENSTAR has increased by an average of approximately 1.3 percent annually during the past three years (with an increase of 1.2 percent in 2018). While there may occasionally be variations in this pattern, average per customer annual gas consumption in Alaska over the longer term has been decreasing due to the availability of and incentive to invest in more energy efficient homes and appliances.

Operations

ENSTAR's natural gas delivery system (including SEMCO Energy's Alaska Pipeline Company) includes approximately 446 miles of gas transmission pipelines and 3,125 miles of gas distribution mains. ENSTAR's pipelines and mains are located in Anchorage and the Cook Inlet area of Alaska.

Historically, ENSTAR has had access to significant natural gas supplies in Cook Inlet, which are within or adjacent to its service territory. ENSTAR's distribution system, including the Alaska Pipeline Company transmission-level pipeline system, is not linked to major interstate and intrastate pipelines and thus does not have access to natural gas supplies elsewhere in Alaska, Canada, or the lower 48 states. As a result, ENSTAR must procure its natural gas supplies under gas supply agreements from producers in and near the Cook Inlet area. Natural gas production in Cook Inlet has decreased significantly in recent years as has the amount of deliverability available from Cook Inlet producers. The majority of ENSTAR's gas supply and deliverability needs are provided by long term contracts with Cook Inlet producers into 2023.

In order to better address the seasonal deliverability demands of ENSTAR's customers, SEMCO Energy developed the CINGSA Storage Facility.

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

	2018	2017
Deliveries: (Mmcf)		
Residential	**18,322**	19,984
Commercial	**12,415**	13,464
Transport	**25,041**	27,344
Total deliveries	**55,778**	60,792

	2018	2017
Customers at Year End:		
Residential	**132,270**	131,615
Commercial	**12,829**	12,765
Transport	**22**	22
Total customers	**145,121**	144,402

Seasonality

The natural gas distribution business in Alaska is seasonal, as the majority of natural gas demand occurs during the winter heating season that extends from November to March. Accordingly, annualized individual quarterly revenues and earnings are not indicative of annual results.

Forecasted volumes for ENSTAR are set based on the 10-year rolling average Degree Days expected for the period. Temperature fluctuations impact the operating results of ENSTAR.

Material Regulatory Developments and Approvals

On March 23, 2018, the RCA sent a letter to several investor-owned utilities in Alaska, asking for the utilities' proposed response to the TCJA. On April 26, 2018, ENSTAR filed its proposed reduction in rates with the RCA, reflecting a US$5.1 million decrease from the annual revenue requirement that was determined in October 2017. On May 29, 2018, the RCA approved ENSTAR's proposed rate decrease and the reduced rates went into effect on June 1, 2018. ENSTAR anticipates addressing excess deferred income taxes in its next rate case, which is required to be filed no later than June 1, 2021, with a test year of 2020.

CINGSA

SEMCO Energy, through a subsidiary, holds a 65 percent interest in CINGSA. CINGSA was formed to construct, own and operate the CINGSA Storage Facility. Natural gas is injected into the CINGSA Storage Facility during each summer and withdrawn as needed for use each winter.

CINGSA provides firm gas storage service to ENSTAR and to three Cook Inlet area electric utilities and provides interruptible gas storage service to ENSTAR and five other customers. ENSTAR has subscribed for approximately 78 percent of CINGSA's initial capacity and approximately 66 percent of the associated initial gas injection and withdrawal capability, with the remainder of the capacity and injection and withdrawal capability split among the other customers.

Material Regulatory Developments and Approvals

In 2013, CINGSA detected higher than expected pressure during its biannual shut-in. CINGSA determined that it had encountered a pocket of gas that was at or near the initial reservoir pressure. Following extensive analysis, CINGSA determined that the pocket of found gas it discovered totalled approximately 14.5 Bcf. In August 2015, CINGSA entered into a stipulation with most of its customers regarding the disposition of the found gas. Hearings before the RCA were held in September 2015. On December 4, 2015, the RCA issued an order that denied the stipulation, allowed CINGSA to sell up to 2 Bcf of the gas and required that approximately 87 percent of the net proceeds of any such sale be allocated to CINGSA's firm customers. On January 4, 2016, CINGSA appealed the RCA decision to the Superior Court of Alaska. On

August 17, 2017, the superior court issued a decision upholding each facet of the RCA's decision. CINGSA did not exercise its right to appeal the superior court's decision to the Alaska Supreme Court; the RCA's decision and allocation of proceeds stands.

In April 2018, CINGSA filed a request for an advanced ruling on a redundancy project for approximately US$41 million of capital expenditures and an annual revenue requirement of approximately US$6 million. Reply testimony was filed in September 2018 and a hearing occurred in October 2018, with a decision expected in the second quarter of 2019.

As provided in the certificate of public convenience and necessity stipulations accepted by the RCA for the CINGSA Storage Facility, the RCA ordered CINGSA to file a revenue requirement study. The rate case was filed in April 2018, with a hearing scheduled for April 2019. A decision is expected in the third quarter of 2019.

Environmental Considerations Impacting the Utilities Business

<u>SEMCO Gas</u>

As of December 31, 2018, SEMCO Gas has completed the investigation and remediation at the two MGP sites it was responsible for and has received NFA letters from the Michigan Department of Environmental Quality for both sites. SEMCO Gas will continue to monitor these sites in the future as required by the NFA letters.

Given the nature of the past operations conducted by SEMCO Gas and others at SEMCO Gas' properties, particularly those involving former MGP sites, there can be no assurance that all potential instances of soil or groundwater contamination have been identified, even for those properties where environmental site assessments or other investigations have been conducted. Changes in existing laws or policies or their enforcement, future spills or accidents or the discovery of currently unknown contamination also may give rise to environmental liabilities which may be material.

In accordance with an MPSC accounting order, SEMCO Gas' environmental investigation and remediation costs associated with these MGP sites are deferred and amortized over ten years. Rate recognition of the related amortization expense does not begin until the costs are subject to review by the MPSC in a base rate case. To the extent that any costs are not fully recoverable from customers through regulatory proceedings or from insurance or other potentially responsible persons, these costs would reduce SEMCO Gas' earnings and results of operations.

As a result of the NFA letters received to date, SEMCO Gas believes that the likelihood of any further liability at either of these sites is remote. However, if applicable environmental laws change that require further investigation and remediation to be performed at the sites in the future, SEMCO Gas could incur a material liability. This liability would be offset by a corresponding regulatory asset.

Environmental, health and safety regulations may also require SEMCO Gas to install pollution control equipment, modify its operations or perform other corrective actions at its facilities.

<u>Washington Gas</u>

Washington Gas is subject to federal, state and local laws and regulations related to environmental matters. These laws and regulations may require expenditures over a long time frame to control environmental effects. Almost all of the environmental liabilities associated with Washington Gas operations are costs expected to be incurred to remediate sites where Washington Gas or a predecessor affiliate operated MGPs. Estimates of liabilities for environmental response costs are difficult to determine with precision because of the various factors that can affect their ultimate level. These factors include, but are not limited to, the following:

- the complexity of the site;
- changes in environmental laws and regulations at the federal, state and local levels;
- the number of regulatory agencies or other parties involved;

- new technology that renders previous technology obsolete or experience with existing technology that proves ineffective;
- the level of remediation required; and
- variations between the estimated and actual period of time that must be dedicated to respond to an environmentally-contaminated site.

Washington Gas has identified up to ten sites where it or its predecessors may have operated MGPs. Washington Gas last used any such plant in 1984. In connection with these operations, Washington Gas is aware that coal tar and certain other by-products of the gas manufacturing process are present at or near some former sites and may be present at others.

Washington Gas is currently remediating its East Station property, which is adjacent to the Anacostia River, including ground water pump and treat, tar recovery, soil encapsulation and other treatment. Washington Gas is conducting a remedial investigation and feasibility study under a 2012 consent decree with the District of Columbia and the federal government and additional remediation may be required. In addition, manufactured gas waste was discovered at an adjoining property, a parcel of land adjacent to East Station. Washington Gas has agreed to work with the owners of the adjoining property to perform a site investigation, ground water sampling, and report on the contamination at the site pursuant to oversight by Department of Energy and Environment (DOEE).

Washington Gas received a letter in February 2016 from the District of Columbia and National Park Service regarding the Anacostia River Sediment Project, indicating that the District of Columbia is conducting a separate remedial investigation and feasibility study of the river to determine if and what cleanup measures may be required and to prepare a natural resource damage assessment. The sediment project draft remedial investigation report issued on March 30, 2018, identified East Station as one of seventeen potential environmental cleanup sites. During its fiscal year ended September 30, 2017, Washington Gas received a request for information related to three Washington Gas properties. Washington Gas is not able to estimate the total amount of potential damages or timing associated with the District of Columbia's environmental investigation on the Anacostia River at this time. While an allocation method has not been established, Washington Gas has accrued an amount based on a potential range of estimates.

Regulatory orders issued by the PSC of MD allow Washington Gas to recover the costs associated with the sites applicable to Maryland over the period ending in 2025. Rate orders issued by the PSC of DC allow Washington Gas a three-year recovery of prudently incurred environmental response costs and allow Washington Gas to defer additional costs incurred between rate cases. Regulatory orders from the SCC of VA have generally allowed the recovery of prudent environmental remediation costs to the extent they were included in the underlying financial data supporting an application for rate change.

MIDSTREAM BUSINESS

AltaGas' Midstream business contributed revenue of $1.4 billion for the year ended December 31, 2018 (2017 - $1.0 billion), representing approximately 33 percent (2017 – 36 percent) of AltaGas' total revenue before Corporate segment and intersegment eliminations. The Midstream business is primarily comprised of AltaGas' extraction and fractionation, field gathering and processing business, distribution of natural gas to retail customers, contracted underground natural gas storage facilities and pipeline investments as described below. AltaGas also owns certain non-material transmission assets and transmission pipelines. To support its Midstream business, AltaGas conducts an energy service business mainly focused on natural gas and NGL marketing initiatives. AltaGas is also pursuing energy export initiatives via RIPET and constructing the Alton Natural Gas Storage Project.

Midstream Business – Extraction and Fractionation

Extraction and Fractionation – Plants

Extraction production is a function of natural gas volume processed, natural gas composition, recovery efficiency of the extraction plant and plant on-line time. The following tables are a summary as at December 31, 2018 of AltaGas' operatorship, capacity and total production associated with extraction and fractionation plants in which AltaGas holds an interest:

Extraction or Fractionation Plant	Location	Interest (%)	AltaGas' Inlet Processing Capacity (Mmcf/d)	AltaGas' Inlet Fractionation Capacity (Bbls/d)	Operated or Non-Operated
Harmattan	Central Alberta	100	490	35,000	Operated
Younger[1]	Taylor, British Columbia	28.33	213	9,750	Non-Operated
JEEP	Joffre, Alberta	100	250	N/A	Operated
EEEP	Edmonton, Alberta	100	390	N/A	Operated
Empress Pembina	Empress, Alberta	11.25	135	N/A	Non-Operated
North Pine	Fort St. John, British Columbia	100	N/A	10,000	Operated
Total			**1,478**	**54,750**	

Note:
(1) Pembina assumed operatorship of Younger effective April 1, 2018. At that time, AltaGas' ownership interest was reduced to 28.33 percent of the extraction assets and 50 percent of the fractionation assets, resulting in AltaGas' inlet processing capacity being reduced to 213 Mmcf/d.

Total Liquids Production (Bbls/d)[1]

	2018	2017
NGLs [2]	**25,737**	28,316
Ethane	**25,448**	26,125

Notes:
(1) Average volumes for the fourth quarter.
(2) Excludes field NGLs.

Natural gas supply to Younger is dependent on the amount of raw natural gas processed at the McMahon gas plant, which is based on the robust natural gas producing region of northeastern British Columbia. Harmattan's raw natural gas supply is based on producer activity in the west-central region of Alberta. Harmattan is the only deep-cut and full fractionation plant in the area.

Extraction and Fractionation – Contractual Arrangements

Extraction facility owners have the right to extract liquids from the natural gas stream, either directly as the owner of the natural gas, or through NGL extraction agreements. The typical commercial arrangement involves the ethane and NGL extraction plant owner contracting with the gas shipper on a natural gas transmission system for the right to extract NGLs from the transporter's natural gas. Ethane and NGLs are extracted from the energy content of the shipper's natural gas. Fractionation facilities charge a fee to separate NGL mix into specification propane, butane and condensate.

The value of ethane and NGL extraction is a function of the difference between the value of the ethane, propane, butane and condensate as separate marketable commodities and their heating value as constituents of the natural gas stream. If the components are not extracted and sold at prices that reflect the value for each of the individual commodities, they are sold as part of natural gas and generate revenue for their heating value at the prevailing natural gas price.

Harmattan

AltaGas owns a 100 percent interest in Harmattan located 100 km north of Calgary, Alberta. Harmattan has natural gas processing capacity of 490 Mmcf/d consisting of sour gas treating, co-stream processing, NGL extraction, and 35,000 Bbls/d of NGL fractionation and terminalling. Harmattan also has a 450 Bbls/d capacity frac oil processing facility, a 200 tonnes/d capacity industrial grade carbon dioxide (CO_2) facility and a 10,000 Bbls/d capacity NGL truck offload facility. In addition to extraction and fractionation, Harmattan also provides storage and terminalling services.

At Harmattan, natural gas processing services are provided to approximately 70 producers under contracts with a variety of commercial arrangements and terms. Fee-for-service revenues are generated from the raw natural gas processing, NGL extraction, fractionation and terminalling, and custom NGL processing.

Approximately 30 percent of the natural gas volume processed at Harmattan is done under the terms of the Rep Agreements which have life-of-reserves dedications. The balance of the raw natural gas processed at Harmattan is processed under contracts with terms varying from one month to life-of-reserves. The majority of the contracts provide for fee escalation based on CPI.

The Co-stream Facility allows the extraction of NGLs from gas in the west leg of the NGTL system using unused capacity in the NGL recovery units at Harmattan. AltaGas entered into a 250 Mmcf/d cost of service co-stream processing agreement with Nova Chemicals related to ethane and NGL extraction at Harmattan in 2012 for an initial term of 20 years. AltaGas will deliver all NGLs or co-stream gas products on a full cost-of-service basis to Nova Chemicals.

Management has identified environmental issues associated with the prior activities of Harmattan. An environmental allocation agreement is in place with the former operator which allocates the liability. This agreement significantly reduces soil and groundwater contamination liability to AltaGas. See "Risk Factors - Decommissioning, Abandonment and Reclamation Costs" in this AIF.

Younger

Effective April 1, 2018, AltaGas' ownership was reduced to a 28.33 percent interest in Younger extraction assets and 50 percent related to the fractionation, storage, loading, treating and terminalling of NGL's. Younger has a licence capacity to process up to 750 Mmcf/d of natural gas and AltaGas' share of such capacity is 213 Mmcf/d. The remaining interest is held by Pembina and Pembina has assumed operatorship. Younger processes natural gas transported on the Spectra Energy transmission system and Canadian Natural Resources Limited's Stoddart transmission system to recover NGLs.

Pembina is responsible for sourcing AltaGas' gas supply and AltaGas markets its share of NGLs produced.

JEEP

AltaGas owns 100 percent of JEEP which has processing capacity of 250 Mmcf/d of natural gas and is capable of producing up to 10,400 Bbls/d of ethane and NGLs.

The plant is adjacent to Nova Chemicals' Joffre petrochemical complex and recovers ethane and NGLs from the fuel gas used at the complex. All ethane production from JEEP is sold under a long-term, cost-of-service type contract with Nova Chemicals. AltaGas delivers its NGL production to area fractionators under short to medium term fractionation agreements. AltaGas takes the resulting spec products in kind and sells into markets throughout North America to maximize plant gate netbacks.

EEEP

AltaGas owns 100 percent of EEEP. EEEP is directly connected to the Alberta Ethane Gathering System and to Plains Midstream Canada's Co-Ed NGL pipeline.

The plant has a licenced gross inlet capacity of 390 Mmcf/d of natural gas and gross production capacity of specification ethane of 23,000 Bbls/d and NGLs of 7,500 Bbls/d.

The processed gas from the facility supplies end-use markets in the city of Edmonton, Alberta. Approximately half of EEEP ethane production capacity is sold to Nova Chemicals under a long-term fee-for-service contract. The remainder is currently used for spot sales. AltaGas delivers its NGL production to area fractionators under medium to long-term fractionation agreements. AltaGas takes the resulting spec products in kind and sells into markets throughout North America to maximize plant gate netbacks.

Gas is supplied to EEEP under a gas supply agreement with NGTL which includes the right for AltaGas to extract liquids from all gas processed at EEEP.

North Pine Facility

Commissioning of the first train of the North Pine Facility was completed on December 1, 2017. The first train of the North Pine Facility is capable of processing up to 10,000 Bbls/d of propane plus NGL mix and has 6,000 Bbls/d of condensate terminalling capacity. Permitting is in place for the second NGL separation train capable of processing up to an additional 10,000 Bbls/d of propane plus NGL mix following execution of agreements with Black Swan and Kelt in the second half of 2018. The additional North Pine capacity is expected to be on-stream in the fourth quarter of 2019.

The North Pine Facility is connected via the North Pine Pipelines to the truck terminal for the Townsend Facility and is contracted through long-term supply agreements with Black Swan, Kelt and Painted Pony. The North Pine Facility also has access to the CN rail network, allowing for the transportation of propane, butane and condensate to North American markets and propane to RIPET.

Competition

AltaGas' extraction and fractionation assets are well positioned to operate in a competitive environment and take advantage of their strategic locations and contract terms in order to compete in the NGL industry.

AltaGas' JEEP and EEEP facilities are strategically located and take advantage of the gas consumption by the petrochemical industry and the City of Edmonton, respectively.

Younger processes natural gas produced in the Montney shale gas formation in British Columbia. This facility is strategically located as the only straddle plant in this area of British Columbia. While Younger is the only straddle plant in the area, the Alliance pipeline competes for local natural gas supply.

Harmattan is well-positioned as the high-volume, low-cost processing facility in its service area. Harmattan is a significant service provider with a large capture area in west central Alberta. Many other facilities in the Harmattan area are currently underutilized, providing AltaGas with opportunities to consolidate and increase asset utilization and profitability. The Co-stream Facility has resulted in increased utilization at the plant, with the added benefit that the equipment installed for the Co-stream Facility increases reliability and efficiency for both gas processing and Co-stream Facility customers.

The North Pine Facility is the only custom fractionation plant in British Columbia, providing area producers with a lower cost, higher netback alternative for their NGLs than fractionating in Edmonton.

Midstream Business – Field Gathering and Processing and Transmission

Subsequent to the closing of the previously discussed non-core midstream asset sales in February 2019 (See "Recent Noteworthy Transactions – Sale of Non-Core Assets"), AltaGas' Field Gathering and Processing business consists of gathering and processing facilities, all located in the Montney area in Western Canada, and gathering and sales lines upstream of processing facilities that deliver natural gas into downstream pipeline systems that feed North American natural gas markets. AltaGas has a total gross licenced processing capacity of approximately 0.7 Bcf/d, of which 23 percent was capable of processing sour gas. AltaGas operates all but one of its facilities.

The gathering systems move natural gas on behalf of producers from the wellhead to AltaGas processing facilities where impurities and certain hydrocarbon components are removed and the gas is compressed to meet the operating specifications of downstream pipeline systems that deliver gas to domestic and export energy markets.

The main drivers of the field gathering and processing business are throughput, gathering and processing fees and operating costs, with several facilities having the benefit of take-or-pay contracts. Throughput is impacted by new well tie-ins, reactivations, recompletions, well optimizations performed by producers and natural production declines in areas served by AltaGas' processing facilities.

AltaGas has NGL extraction capability at 5 of its natural gas field processing facilities. See above under the heading "Midstream Business – Extraction and Fractionation".

Field Gathering and Processing - Utilization

AltaGas strives for continued improvement, operational excellence, and maximum utilization of all facilities over which it has operational control and to consistently exceed WCSB average utilization rates. Volume additions at facilities, which come from new well tie-ins and from reactivations, re-completions and well optimizations performed by producers, are offset by natural production declines.

Field Gathering and Processing Facility Capacity and Throughput

	2018	2017
Facility		
Townsend	**396**	297
Gordondale	**150**	150
Blair Creek	**120**	120
Aitken Creek North	**55**	-
Other	**489**	554
Total Licensed capacity (gross Mmcf/d)(1)(2)	**1,209**	1,121
Throughput (gross fourth quarter Mmcf/d)(2)	**466**	441
Capacity utilization (%)	**41**	39
Capacity utilization for core assets (%)	**64**	46

Notes:
(1) As at December 31, 2018 and 2017.
(2) Gross numbers are not adjusted to reflect AltaGas' working interest for the operated facilities. Non-operated facilities such as Aitken Creek are reported on a net basis.

Average facility utilization increased to 41 percent in 2018 from 39 percent in 2017 primarily due to the acquisition of the Aitken Creek North (Plant 1) facility in October 2018, partially offset by the disposition of certain non-core assets in the first quarter of 2018. Capacity utilization for core assets increased from 46 percent in 2017 to 64 percent in 2018 mainly due to higher throughput at Townsend.

Field Gathering and Processing - Significant Operating Areas and Customers

Approximately 90 percent of AltaGas' field gathering and processing volumes are processed through the Townsend Facilities, Blair Creek Facility, Gordondale Facility, and Aitken Creek North Facility located in the liquids rich Montney resource play.

Townsend Complex

Townsend Facility

The Townsend Facility, which is wholly owned by AltaGas, is a 198 Mmcf/d shallow cut gas processing facility located approximately 100 km north of Fort St. John and 20 km southeast of AltaGas' Blair Creek Facility. Painted Pony has reserved all of the firm capacity at the Townsend Facility under a 20-year take-or-pay agreement which expires in 2036.

A 25 km gas gathering line connects the Blair Creek field gathering area to the Townsend Facility and Painted Pony has reserved all of the firm service on that line under a 20-year take-or-pay agreement. In addition, two liquids egress lines totaling approximately 30 km connect the Townsend Facility to a truck terminal on the Alaska Highway. Painted Pony has reserved all firm liquids capacity on these egress lines under a 20-year take-or-pay agreement which expires in 2036.

Townsend 2A

Townsend 2A, a 99 Mmcf/d shallow cut processing facility, entered service on October 1, 2017 and is wholly owned by AltaGas. Townsend 2A and the field compression equipment are fully contracted with Painted Pony under a 20-year take-or-pay agreement. NGL produced will be transported approximately 70 km to AltaGas' North Pine Facility via existing NGL pipelines owned by AltaGas.

Townsend 2B

In August 2018, AltaGas entered into definitive agreements with Kelt to provide an energy infrastructure solution for the liquids-rich Inga Montney development located in British Columbia. Townsend 2B will be a 198 Mmcf/d C3+ deep cut gas processing facility consisting of 99 Mmcf/d of new deep cut gas processing capacity and repurposing 99 Mmcf/d of the Townsend Facility's existing shallow cut capacity with deep cut gas processing capabilities. The facility will provide Kelt with firm processing of 75 MMcf per day of raw gas under an initial 10 year take-or-pay agreement. The estimated project cost is approximately $180 million. Long lead equipment has been ordered and the project is on track to be on-stream in the fourth quarter of 2019.

Blair Creek

AltaGas owns 100 percent of the Blair Creek Facility which has licensed capacity of 120 Mmcf/d of natural gas. AltaGas operates the facility which is located approximately 140 km northwest of Fort St. John, British Columbia. The facility processes gas gathered from Painted Pony and Tourmaline Oil Corp. The plant is equipped with liquids extraction facilities to capture the NGLs value for the producer.

Gordondale

AltaGas owns 100 percent of the Gordondale Facility which has licensed capacity of 150 Mmcf/d of natural gas. AltaGas operates the facility which is located in the Gordondale area of the Montney reserve area approximately 100 km northwest of Grande Prairie, Alberta. The Gordondale Facility processes gas gathered from Birchcliff Energy Ltd.'s Gordondale Montney development under a long-term take-or-pay contract. The plant is equipped with liquids extraction facilities to capture the NGLs value for the producer.

Aitken Creek

In October 2018, AltaGas acquired a 50 percent ownership in Black Swan's Aitken Creek Processing Facilities, including Aitken Creek North (Plant 1) and Nig Creek (Plant 2). Plant 1 is an operating shallow gas plant with current capacity of 110 Mmcf/d (55 Mmcf/d net). Plant 2 is a shallow gas plant with a planned operational capacity of 100Mmcf/d (50Mmcf/d net), and is currently under construction and expected to be on-stream in the fourth quarter of 2019. AltaGas and Black Swan have also entered into long term processing, transportation and marketing agreements that will include new AltaGas liquids handling infrastructure. The Aitken Creek Processing Facilities are located in the liquids rich Montney resource play in northeast British Columbia and are operated by Black Swan.

Field Gathering and Processing - Contracts

AltaGas gathers and processes natural gas under contracts with natural gas producers. Subsequent to the sale of certain non-core midstream assets in February 2019 (See "Recent Noteworthy Transactions – Sale of Non-Core Assets"), there are approximately 90 active gathering and processing contracts. These contracts, in general:

- Establish fees for the gathering and processing services offered by AltaGas;
- Define the producers' access rights to gathering and processing services;
- Establish minimum throughput commitments with producers and use appropriate fee structures to recover invested capital early in the life of the contract where capital investment is required by AltaGas;
- Define the terms and conditions under which future production is processed at an AltaGas facility; and
- Seek to recover operating costs to mitigate the impact of volume declines.

AltaGas' Field Gathering and Processing business generates revenue from fees for volumes of natural gas processed at a processing facility or gathered through a gathering system and, at several facilities, such fees are on a take-or-pay basis. The majority of contracts in place at December 31, 2018 were subject to annual price escalation related to changes in CPI.

Where natural gas reserves have been dedicated under contract, the contract normally extends beyond one year and up to the life of the reserves, depending on the amount of capital AltaGas has invested in the facility. Where reserves have not been dedicated under contract or AltaGas has not made a significant capital investment, the contracts are normally subject to termination by either party upon one to three months' notice. Producing wells typically remain connected to a gathering and processing system for their entire productive lives.

Field Gathering and Processing - Competition

AltaGas competes with other midstream entities operating in the WCSB. In 2018, AltaGas processed an average of 466 Mmcf/d, which was approximately 3 percent of volumes produced in the WCSB. The majority of processing capacity generally continues to be provided by the upstream natural gas exploration and production companies.

Midstream Business - WGL Midstream

WGL Midstream specializes in the investment, management, development and optimization of natural gas storage and transportation assets. WGL Midstream provides natural gas related solutions to its customers and counterparties, including producers, utilities, local distribution companies, power generators, wholesale energy suppliers, LNG exporters, pipelines and storage facilities. Moreover, WGL Midstream contracts for storage and pipeline capacity in its asset optimization activities through both long term contracts and short term transportation releases. WGL Midstream also contracts for physical natural gas sales and purchases on both a long term and short term basis and has ownership interests in four pipelines.

Stonewall System

WGL Midstream has a 30 percent equity interest in an entity that owns and operates the Stonewall System. The Stonewall System has the capacity to gather up to 1.4 Bcf/d of natural gas from the Marcellus production region in West Virginia, and connects with an interstate pipeline system that serves markets in the mid-Atlantic region.

Central Penn

Central Penn is a new 185 mile pipeline originating in Susquehanna County, Pennsylvania and extending to Lancaster County, Pennsylvania, and is an integral part of the larger Atlantic Sunrise project operated by The Williams Companies through Transco. Central Penn was placed into service early in October 2018 and is regulated by the FERC. The Atlantic Sunrise project is designed to supply enough natural gas to meet the daily needs of more than 7 million American homes in the region. WGL Midstream owns an indirect 21 percent interest in Central Penn, which has the capacity to transport and deliver up to approximately 1.7 Bcf/d of natural gas from the northeastern Marcellus producing area to markets in the mid-Atlantic and Southeastern regions of the United States.

In February 2014, WGL Midstream and certain partners formed Meade. Meade (39 percent) and Transco (61 percent) have joint ownership of Central Penn. WGL Midstream owns a 55 percent interest in Meade (21 percent indirect interest in Central Penn) and on a cash basis, as of December 31, 2018, WGL Midstream’ has spent approximately US$446 million on its share of the construction costs.

In addition to the investment in Meade, WGL Midstream entered into an agreement with Cabot whereby WGL Midstream will purchase 0.5 Bcf/d of natural gas from Cabot over a 15 year term. As part of this agreement, Cabot has acquired 0.5 Bcf/d of firm gas transportation capacity on Transco’s Atlantic Sunrise project. This capacity has been released to WGL Midstream.

In August 2018, Meade executed an agreement with Transco to participate in an expansion of Central Penn with an estimated capital investment of up to US$50 million by WGL Midstream. Leidy South is expected to add an estimated 0.6 Bcf/d of natural gas capacity to Central Penn through the addition of compression at new and existing stations. Meade will own 40 percent of the expanded capacity and WGL Midstream will indirectly own 22 percent of the expanded capacity through its 55 percent ownership interest in Meade. Leidy South is anticipated to be in-service as early as the fourth quarter of 2021 assuming all necessary regulatory approvals are received in a timely manner.

Mountain Valley

WGL Midstream owns a 10 percent equity interest in Mountain Valley. The proposed pipeline, which will be operated by EQM and developed, constructed, and owned by Mountain Valley (a venture of EQT and other entities), will transport approximately 2.0 Bcf/d and will extend from Equitrans LP’s system in Wetzel County, West Virginia to Transco’s Station 165 in Pittsylvania County, Virginia. The pipeline is estimated to span approximately 300 miles and provide access to the growing Southeast demand markets.

On October 13, 2017, the FERC issued the Certificate of Public Convenience and Necessity for the pipeline. In early 2018, the FERC granted several notices to proceed with certain construction activities on the pipeline. Mountain Valley has submitted additional requests to the FERC for notices to proceed. There are several pending challenges to certain aspects of the Mountain Valley project that must be resolved before the project can be completed. Mountain Valley is working to respond to the court and agency decisions and restore all permits. The pipeline is targeted to be placed in service during the fourth quarter of 2019, subject to litigation and regulatory-related delay. As of December 31, 2018, approximately 70 percent of the project is complete, which includes the welding of approximately 60 percent of the pipeline and ongoing construction work of all compressor stations and interconnects that are expected to be complete by February 2019. Most recently, the Mountain Valley construction team has been focused on stabilizing the right-of-way for the winter season.

WGL Midstream expects to invest approximately US$350 million through the in-service date of the pipeline based on scheduled capital contributions and its contracted share of project costs. On a cash basis, as of December 31, 2018, WGL Midstream has invested approximately US$271 million in the pipeline. In addition, WGL Midstream has gas purchase commitments to buy approximately 0.5 Bcf/d of natural gas, at index-based prices, for a 20-year term, and will also be a shipper on the proposed pipeline.

In April 2018, WGL Midstream entered into a separate agreement with EQM to acquire a 5 percent equity interest in a project to build an interstate natural gas pipeline (the MVP Southgate project). The proposed pipeline will receive gas from the Mountain Valley mainline in Pittsylvania County, Virginia and extend approximately 73 miles south to new delivery points in Rockingham and Alamance counties, North Carolina. The total commitment by WGL Midstream is expected to be approximately US$20 million and the lateral pipeline is expected to be placed into service in late 2020.

Constitution

WGL Midstream owns a 10 percent interest in Constitution. The pipeline project is designed to transport natural gas from the Marcellus region in northern Pennsylvania to major northeastern markets.

In December 2014, Constitution received approval from the FERC to construct and operate the proposed pipeline. However, on April 22, 2016, the NYSDEC denied Constitution’s application for a Section 401 Certification for the pipeline, which is necessary for the construction and operation of the pipeline. In October 2017, Constitution filed a petition for declaratory order requesting the FERC to find that the Section 401 Certification requirement for the New York state portion of Constitution’s pipeline product was waived. On January 11, 2018, the FERC denied the petition. On January 16, 2018, Constitution petitioned the U.S. Supreme Court to review the judgment of the Second Circuit Court, asserting that the Second Circuit Court’s decision conflicts with the decisions of the U.S. Supreme Court and federal Courts of Appeals on an important question of federal law. On February 12, 2018, Constitution filed a request for rehearing with FERC, which was denied on July 19, 2018. On April 30, 2018, the U.S. Supreme Court denied Constitution’s petition for *writ of certiorari*.

The project’s sponsors remain committed to the project, and as such, on June 25, 2018, Constitution requested the FERC grant a 24-month extension of the completion date on construction of the pipeline until the fourth quarter of 2020. On September 14, 2018, Constitution filed a petition for review of prior FERC rulings with the DC Court of Appeals. On November 6, 2018, Constitution was granted a two year extension to put the pipeline into service.

WGL Midstream - Competition

WGL Midstream competes with other midstream infrastructure and energy services companies, wholesale energy suppliers, producers and other non-utility affiliates of regulated utilities for the acquisition of natural gas storage and transportation assets. WGL Midstream can be positively or negatively affected by significant volatility in the wholesale price of natural gas. WGL Midstream risk management policies and procedures are designed to minimize the risk that purchase commitments and the related sale commitments do not closely match. In general, profit opportunities for trading activities are increased for WGL Midstream with increased volatility in natural gas prices. These opportunities are primarily in short term transportation and storage spreads, seasonal storage spreads and long term supply or basis transactions.

Midstream Business – Energy Services

AltaGas Energy Services

One of the key functions of the marketing business is to support AltaGas' infrastructure businesses. The marketing group, among other things, contracts supply and shrinkage gas for AltaGas' extraction facilities, manages storage capacity, contracts and resells capacity on AltaGas' transmission pipelines and provides natural gas control services to balance natural gas flow. The marketing group also markets natural gas and NGLs for certain field gathering and processing customers.

In addition to supporting the other operating segments within AltaGas, the marketing business identifies opportunities to buy and resell natural gas and NGLs, market natural gas and NGLs for producers and exchange, reallocate or resell pipeline capacity and storage to earn a profit. Net revenues from these activities are derived from low-risk opportunities based on transportation cost differentials between pipeline systems and differences in commodity prices from one period to another. Margins are earned by locking in buy and sell transactions in compliance with AltaGas' credit and commodity risk policies. AltaGas also provides energy procurement services for utility gas users and manages the third-party pipeline transportation requirements for many of its gas marketing customers.

Retail Energy Marketing - Gas

WGL's retail energy marketing consists of the operations of WGL Energy Services, a retail energy marketing business which sells natural gas directly to residential, commercial and industrial customers in Maryland, Virginia, Delaware, Pennsylvania and the District of Columbia. As at December 31, 2018, WGL Energy Services served approximately 106,400 residential, commercial and industrial natural gas customers located in Maryland, Virginia, Delaware, Pennsylvania and the District of Columbia. WGL Energy Services is subject to regulation by the public service regulatory commission of the states in which the company is authorized as a competitive service provider. WGL Energy Services contracts for storage and pipeline capacity to meet its customers' needs primarily through transportation releases and storage services allocated from the utility companies in the various service territories through several interstate natural gas pipelines. To supplement WGL Energy Services' natural gas supplies during periods of high customer demand, WGL Energy Services maintains gas storage inventory in storage facilities that are assigned by natural gas utilities such as Washington Gas. This storage inventory enables WGL Energy Services to meet daily and monthly fluctuations in demand and to minimize the effect of market price volatility. WGL Energy Services has a secured supply arrangement with Shell Energy. Under this arrangement, WGL Energy Services has the ability to purchase the majority of its power, natural gas and related products from Shell Energy in a structure that reduces WGL Energy Services' cash flow risk from collateral posting requirements. While Shell Energy is intended to be the majority provider of natural gas and electricity, WGL Energy Services retains the right to purchase supply from other providers. The supply arrangement with Shell Energy expires in 2020.

Midstream Business – Energy Export

RIPET

On October 16, 2015, AltaGas entered into a project agreement with RTI for RIPET. This was followed in December 2015, with a sublease and related agreements between RTI and AltaGas. RIPET is expected to ship up to 1.2 million tonnes of propane per annum. A positive FID was made on RIPET in January 2017. Construction began in April 2017. At December

31, 2018, the LPG tank construction and related infrastructure is advancing as planned and remains on schedule. Construction of rail and marine infrastructure, as well as the balance of plant and operational buildings is also progressing. First cargo is expected early in the second quarter of 2019.

In May 2017, AltaGas entered into a joint venture agreement with Vopak pursuant to which Vopak acquired a 30 percent interest in RIPET. Based on production from its existing facilities and commercial contracts executed or currently under negotiation, AltaGas anticipates having physical volumes equal to the initial 40,000 Bbls/d target by the project in-service date. AltaGas plans to operate the facility such that a majority of annual capacity will be underpinned by tolling arrangements, and expects to reach this objective over the next several years.

AltaGas LPG Limited Partnership and Astomos have entered into a multi-year agreement for the purchase of at least 50 percent of the 1.2 million tonnes per annum of propane expected to be available to be shipped from RIPET each year. Commercial agreements to secure the remaining capacity commitments are currently under negotiation. Propane from British Columbia and Alberta natural gas producers will be transported to the facility using the existing CN rail network. It is estimated that the facility will offload approximately 50 to 60 rail cars per day and deliver by marine transport approximately 20 to 30 cargos of propane per year to market. With RIPET expected to be the closest North American LPG terminal to Asia, it will allow Western Canadian propane producers to diversify their market access to Asia, a premium market for propane.

Petrogas - Ferndale Terminal

AltaGas, through its ownership in AIJVLP and indirect ownership interest in Petrogas, exports LPG through the Ferndale Terminal, which is owned and operated by Petrogas. The Ferndale Terminal is capable of handling LPG exports in excess of 40,000 Bbls/d with 750,000 Bbls of on-site storage capacity. The Ferndale Terminal has rail, truck and pipeline capability and is connected to two local refineries. In addition, Petrogas has a logistics network consisting of over 2,500 rail cars and 27 rail, storage and truck terminals in Canada and the United States along with access to another nine LPG terminals in the United States and one in Canada. Petrogas' major terminal and owned and leased storage facilities are located in key energy hubs, including, without limitation, Fort Saskatchewan and Edmonton, Alberta, Sarnia, Ontario, Griffith, Indiana, Conway, Kansas and Mont Belvieu, Texas.

Environmental Considerations Impacting the Midstream Business

The Midstream business is subject to the following environmental regulations:

Alberta

<u>*CCIR*</u>

On January 1, 2018, the CCIR took effect, as a new regulation under the CCEMA, replacing the SGER in Alberta. The CCIR applies to any facility that has emitted 100,000 tonnes or more of carbon dioxide equivalent in 2003 or any subsequent year. Competitively impacted facilities which would otherwise not be subject to the CCIR may opt-in to the CCIR, in lieu of existing carbon levy obligations. The CCIR requires reductions in GHG emissions intensity from emissions intensity baselines established for a particular product. Where there is only one regulated facility or large emitter producing a specific product, the government will assign a facility-specific benchmark. Regulated emitters are required to reduce their emissions intensity in accordance with established benchmarks under the CCIR, or assigned benchmarks for specific facilities.

Large emitters subject to the CCIR will have the same compliance options available to them, as they did under the SGER. However, the CCIR has introduced expiry dates for emissions performance credits and emissions offsets. Emissions performance credits and emissions offsets generated in 2017, on a go-forward basis, are subject to expiry periods of eight years. Offsets or credits from 2014 and earlier will expire in 2020, and those from 2015 or 2016 will expire in 2021. The CCIR has also introduced limits on a large emitter's ability usage of emission offsets and emission performance credits towards its emission reduction obligations.

Under the CCIR system, facilities are allowed to emit a certain amount of GHG, free of charge from the carbon levy. This approach protects industries from competitiveness impacts that could shift production to other jurisdictions. These "free" emissions are determined based on a product-specific emissions benchmark. Benchmarks are set relative to high-performing industry peers or competitors who produce the same or similar products. Both AltaGas' Harmattan and Gordondale Facilities are considered large final emitters under the CCIR and as at December 31, 2018, were compliant with the regulation.

Carbon Levy

The *Climate Leadership Act (Alberta)* was enacted introducing an initial economy-wide carbon levy of $20 per tonne effective January 1, 2017, increasing to $30 per tonne in January 2018. All fuel consumption, including gasoline and natural gas, will be subject to the levy. Generally speaking, on-site combustion of natural gas by AltaGas' gas processing assets are exempt from the carbon levy until January 1, 2023, while the sector works to reduce methane under the government's joint initiative on methane reduction and verification. The levy exemption also applies to heating fuels on sites, subject to the CCIR regime.

Methane Reduction Regulation

The Government of Alberta has committed to reduce methane emissions from oil and gas operations by 45 percent relative to 2014 levels by 2025. Execution of the new oil and gas methane standards will be led by the Alberta Energy Regulator, in collaboration with Alberta Energy and the Alberta Climate Change Office. Details with respect to the Alberta Government's methane reduction program were released on December 13, 2018 and will take effect on January 1, 2020. The AER Directive 060 sets out requirements for flaring, incinerating, and venting in Alberta at all upstream petroleum industry wells and facilities, with specific operational requirements to address fugitive emissions and venting, which are the primary sources of methane emissions from the oil and gas industry. The AER Directive 017 also sets out measurement requirements associated with the requirements under AER Directive 060.

British Columbia (B.C.)

Greenhouse Gas Industrial Reporting and Control Act

On January 1, 2016, the *Greenhouse Gas Industrial Reporting and Control Act* came into force to, among other things, ensure LNG facilities in B.C. will have an emissions cap. The legislation replaced the previous *Greenhouse Gas Reduction (Cap and Trade) Act*.

The Blair Creek Facility, Townsend Complex, North Pine Facility and other assets in B.C. are subject to the reporting obligations and as at December 31, 2018, are in compliance with the *Greenhouse Gas Emission Reporting* Regulation.

POWER BUSINESS

AltaGas' Power business contributed revenue of $1.2 billion for the year ended December 31, 2018 (2017 - $0.6 billion), representing approximately 27 percent (2017 – 23 percent) of AltaGas' total revenue before Corporate segment and intersegment eliminations.

The Power business is engaged in the generation and sale of capacity, electricity, ancillary services and related products in Alberta, California, Colorado, Michigan and North Carolina. After the sale of the non-core Canadian power assets which closed in February 2019 and the sale of the remaining 55 percent interest in the Northwest Hydro Facilities which closed in January 2019 (See "Recent Noteworthy Transactions – Sale of Northwest Hydro"), AltaGas had 1,105 MW of installed power capacity from a combination of gas-fired, biomass, distributed generation and energy storage assets, as more particularly set forth in the below table.

Facility	Interest (%)	Capacity (MW)	Type	Geographic Region	Contracted Expiry Date
Blythe	100	507	Gas-fired	California, U.S.	2020
Brush II	100	70	Gas-fired	Colorado, U.S.	2019
Ripon	100	49.5	Gas-fired	California, U.S.	Merchant
Craven	50	48	Biomass	North Carolina, U.S.	2027
Pomona Energy Storage	100	20	Storage	California, U.S.	2027
Cogeneration I	100	15	Gas-fired	Alberta, Canada	Merchant
Cogeneration II	100	15	Gas-fired	Alberta, Canada	Merchant
Cogeneration III	100	15	Gas-fired	Alberta, Canada	Merchant
Grayling	30	37	Biomass	Michigan, U.S.	2027
Gordondale	100	3.4	Gas-fired	Alberta, Canada	Merchant
Distributed Generation	100	325	Various	Various regions in the U.S.	Various
Total		**1,105**			

AltaGas believes that with a clean power generation footprint that includes, gas, small scale solar, biomass and energy storage, there will be longer term opportunities for the power generation business throughout North America. AltaGas continues to pursue the demand for clean energy sources under a capital-light power strategy.

The following chart provides a summary of the volumes sold, renewable capacity factor and contracted conventional equivalent availability factor for the last two years:

	2018[(1)]	2017
Renewable power sold (GWh)	**1,551**	1,629
Conventional power sold (GWh)	**3,728**	2,844
Renewable capacity factor (%)	**29.7**	39.6
Contracted conventional equivalent availability factor (%) [(2)]	**97.2**	98.1
WGL retail energy marketing – electricity sales volumes (GWh)	**5,906**	-

Notes:

(1) Actuals for 2018, which includes assets that have since been disposed of. These figures should not be relied upon as indicative of volumes or capacity for future periods.

(2) Calculated as the availability factor contracted under long-term tolling arrangements adjusted for occasions where partial or excess capacity payments have been added or deducted.

Gas-Fired Generation

In southern California, the 507 MW Blythe Energy Center utilizes gas-fired generation to produce power and serves the transmission grid operated by the CAISO to cover periods of high demand primarily driven by the Los Angeles area. Due to the structure of the long-term PPA with SCE, the majority of the revenue from the facility is derived from being available to produce and not from actual production, therefore providing stable cash flow. The current capacity of the Blythe Energy Center is contracted until July 31, 2020. The facility is directly connected to a Southern California Gas Company natural gas pipeline for its supply and has reactivated an El Paso Gas Company connection as a second supply source, and interconnects to SCE and CAISO via a 67-mile transmission line also owned by Blythe and is part of the Blythe Energy Center.

In northern California, AltaGas owns Ripon, which was contracted with PG&E until May 31, 2018. Following the expiry of the PPA at Ripon, AltaGas negotiated resource adequacy contracts for 2018 and the majority of 2019. Concurrently, AltaGas is also continuing to pursue battery storage opportunities at this site.

AltaGas currently has 45 MW of cogeneration capacity in Alberta through three cogeneration facilities, each of which can generate 15 MW of power for delivery of electricity into the Alberta power market. The facilities also have a heat recovery steam generator that is capable of producing all of the steam required to process gas at Harmattan from the waste heat in the exhaust gases from the turbine.

Battery Storage

AltaGas constructed, owns and operates the Pomona Energy Storage Facility, a lithium-ion battery storage facility. The Pomona Energy Storage Facility is a 20 MW (80 MWh) facility which entered service on December 31, 2016 and is under contract for its capacity with SCE under a 10-year ESA. Under the terms of the ESA, AltaGas provides SCE with 20 MW of resource adequacy capacity for a continuous four hour period, which represents the equivalent of 80 MWh of energy discharging capacity. AltaGas receives fixed monthly resource adequacy payments under the ESA and retains the rights to earn additional revenue from the energy and ancillary services provided by the lithium-ion batteries, which will be sold on a merchant basis into the CAISO.

CES

The CES business consists of the operations of WGL Energy Systems, WGSW and the results of operations of affiliate owned commercial distributed energy projects.

CES focuses on clean and energy efficient solutions for its customers, driving earnings through: (i) upgrading the mechanical, electrical, water and energy-related infrastructure of large governmental and commercial facilities by implementing both traditional and alternative energy technologies; (ii) owning and operating distributed generation assets such as solar photovoltaic (solar PV) systems, combined heat and power plants, and natural gas fuel cells; and (iii) certain investments in residential and commercial retail solar PV companies as well as several tax equity funds which hold distributed generation projects.

WGL currently owns and manages distributed generation projects with approximately 325 MW of gross capacity across 20 states and the District of Columbia in the United States. The power output from these projects is generally contracted directly with end-user customers under long-term service agreements, providing clean energy solutions to a variety of commercial, government, institutional, and residential customers. For certain investments, WGL, along with a tax equity partner, has formed several tax equity funds to acquire, own, and operate distributed generation projects.

Retail Energy Marketing - Power

As at December 31, 2018, WGL Energy Services served approximately 96,800 residential, commercial and industrial electricity customer accounts located in Maryland, Virginia, Delaware, Pennsylvania and the District of Columbia. WGL Energy Services owns solar generating assets which are dedicated to five specific customers. WGL Energy Services does not own or operate any other electric generation, transmission or distribution assets. See "Midstream Business – Energy Services - Retail Energy Marketing – Gas" for further information on WGL Energy Services.

Competition

All of the power produced in Alberta is currently sold into the Pool, which operates an open market for the exchange of electricity and is run by the AESO. The AESO establishes the power price based on offers from Pool participants using a uniform pricing model whereby the marginal unit establishes the price for all generators. AESO system controllers sort the offers by price into a merit order beginning with the lowest priced offer, thereby defining a supply curve for each hour. By matching energy supply with demand, the Pool establishes a uniform hourly market price, which is published on the AESO's website.

Energy and ancillary services attributes from the Pomona Energy Storage Facility are bid into the CAISO market on a day ahead basis. The CAISO establishes the supply stack based on the bids submitted and matches that to the demand curve based on a full network model which uses the costs of supply and demand for energy at individual nodes across the service area to establish locational marginal pricing. The market is then sorted again in the 15-minute market and on a real time basis to establish the price cleared at the relevant node.

The Blythe Energy Center is contracted by SCE under a long-term PPA until July 31, 2020. Power sold from Grayling and Craven is not exposed to market prices and is sold under PPAs that expire August 2027 (with automatic one year renewals unless terminated) and December 31, 2027, respectively. Ripon was contracted by PG&E under a PPA until May 31, 2018, following which AltaGas was awarded a resource adequacy contract for the remainder of 2018 and the majority of 2019. Brush II is contracted by Tri-State Generation and Transmission Association, Inc. until December 31, 2019.

Commercial Energy Systems competes in the renewable energy and distributed generation market and competitors primarily include other developers, tax equity investors, distributed generation asset owner firms and lending institutions. Within the government sector, competitors primarily include companies contracting with customers under Energy Savings Performance Contracting (ESPC) as well as utilities providing services under Utility Energy Saving Contracts (UESC). Commercial Energy Systems competes on the basis of strong customer relationships developed over many years of implementing successful projects, developing and maintaining strong supplier relationships, and focusing in areas where it can bring relevant expertise.

WGL Energy Services competes with regulated electric utilities and other third-party marketers to sell electricity to customers. Marketers of natural gas and electric supply compete largely on price; therefore, gross margins are relatively small. To provide competitive pricing to its retail customers and in adherence to its risk management policies and procedures, WGL Energy Services manages its contract portfolios by attempting to closely match the commitments for deliveries from suppliers with requirements to serve sales customers. WGL Energy Services' residential and small commercial electric customer growth opportunities are significantly affected by the price for Standard Offer Service (SOS) offered by electric utilities. These rates are periodically reset for each customer class based on the regulatory requirements in each jurisdiction. Customer growth opportunities either expand or contract due to the relationship of these SOS rates to current market prices.

Environmental Considerations Impacting the Power Business

The Power business is subject to the following environmental regulations:

Alberta

Renewable Electricity Act

Pursuant to the Renewable Electricity Act, the Government of Alberta will provide funding support to new renewable electricity projects to replace two thirds of currently produced coal-fired power in the province (all of which will be retired by 2030). The Renewable Electricity Act establishes that 30 percent of Alberta's electrical generation will come from renewable sources such as wind, hydro and solar by 2030 and the Government of Alberta has publicly announced a commitment to at least 5,000 MW of capacity by 2030. The remaining portion of coal-fired power is to be replaced by new or converted natural-gas fired power plants.

U.S. Federal Air and GHG Regulations

Clean Air Act

Under the *Clean Air Act*, the United States Environmental Protection Agency (USEPA) has the authority to set federal ambient air quality standards for certain air pollutants which apply throughout the U.S. The Clean Air Act could increase regulatory burdens for AltaGas' natural gas-fired power plants, which emit volatile organic compounds and nitrogen oxides, by leading to additional control requirements, obligations to obtain emission offsets, or permitting delays.

Individual states must ensure that at a minimum their air quality meets the ambient federal standards set by the USEPA. In general, states may choose to impose stricter performance requirements than does the USEPA.

In addition, the Clean Air Act requires certain facilities to obtain construction and operating permits for their air emissions.

As of December 31, 2018, all of AltaGas' operating natural gas-fired power generation facilities in California were in material compliance with their air permit requirements, which are issued in accordance with federal and state emissions standards.

California GHG Regulations

California Renewable Portfolio Standard

In April 2011, the Governor of California signed Senate Bill X1-2, revising the Renewable Energy Resources Program to effectively increase the amount of electricity generated from eligible renewable energy resources to at least 33 percent of retail sales of electricity in California per year by December 31, 2020.

Senate Bill No. 350 (SB 350), the *Clean Energy and Pollution Reduction Act of 2015*, requires that the amount of electricity generated and sold to retail customers per year from eligible renewable energy resources be increased to 50 percent by December 31, 2030. The bill also provides for a potential expansion of CAISO into a regional organization to promote the development of regional electricity transmission markets in the western states, but does not mandate that transition.

AltaGas expects this legislation will increase demand for highly-responsive generation and energy storage assets such as the Pomona Energy Storage Facility. AltaGas expects to continue to leverage its existing sites as well as identify greenfield development opportunities to capitalize on these opportunities in California.

Cap-and-Trade Program

The California Air Resources Board (ARB) originally designed the California cap-and-trade regulations to meet the requirements of Assembly Bill No. 32 (AB 32). The California cap-and-trade program is a mandatory market-based system designed to reduce GHG emissions over time from multiple sources by setting a declining cap on GHG emissions. The program began in 2013 and has been extended to 2030. The emissions cap declines at approximately 3 percent per annum with the objective of reaching at least a 40 percent reduction in GHG emissions by 2030 compared to 1990 levels. Large GHG emitters must submit compliance instruments to the ARB in proportion to their annual emissions. Compliance instruments include emission allowances purchased at auction or in private sales, emission allowances distributed to certain industry participants, and limited proportions of offset credits.

As of December 31, 2018, all of AltaGas' operating natural gas-fired power generation facilities in California were in material compliance with cap and trade requirements. Costs associated with meeting AB 32 and California's cap-and-trade program have been passed through to the utilities pursuant to the applicable PPA.

California Groundwater Regulation

In California, water supply availability can be volatile, particularly as implementation moves forward the *Sustainable Groundwater Management Act* (SGMA). SGMA will require adoption of new mandatory requirements with the aim of managing groundwater "sustainably" over the long term. SGMA gives primary responsibility for regulating groundwater to local agencies referred to as Groundwater Sustainability Agencies. GSAs must develop plans that allow the maximum quantity of groundwater to be withdrawn without causing the lowering of groundwater levels, reduction of storage, seawater intrusion, degraded water quality, land subsidence or depletions of interconnected surface water. Although SGMA focuses on groundwater supplies, reduced availability of groundwater might increase surface water demands, whether originating from local or imported surface water supply sources. In these early stages of implementation, it is uncertain whether or how SGMA may impact water supplies for AltaGas' power generation facilities in California.

CORPORATE SEGMENT

The Corporate segment consists of general corporate investments (including investments in other public companies) and other revenue and expense items, such as general corporate overhead and interest expense, which are not directly attributable to AltaGas' operating business segments. For the year ended December 31, 2018, the revenue for the Corporate segment was less than $1 million excluding intersegment eliminations and risk management and trading activities (2017 – $3 million). In addition, as at December 31, 2018, AltaGas held approximately 4 percent of the common shares of Painted Pony through the Corporate segment.

CAPITAL STRUCTURE

DESCRIPTION OF CAPITAL STRUCTURE

The authorized share capital of AltaGas 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. At December 31, 2018, AltaGas had 275,224,066 outstanding Common Shares, 5,511,220 outstanding Series A Shares, 2,488,780 outstanding Series B Shares, 8,000,000 outstanding Series C Shares, 8,000,000 outstanding Series E Shares, 8,000,000 outstanding Series G Shares, 8,000,000 outstanding Series I Shares, and 12,000,000 outstanding Series K Shares.

In addition, Washington Gas has outstanding 70,600 Washington Gas $4.25 Shares, 150,000 Washington Gas $4.80 Shares, and 60,000 Washington Gas $5.00 Shares.

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, AltaGas' articles and by-laws.

Common Shares

Holders of Common Shares are entitled to one vote per share at meetings of Shareholders of AltaGas, to receive dividends if, as and when declared by the Board of Directors and to receive the remaining property and assets of AltaGas upon its dissolution or winding-up, subject to the rights of shares having priority over the Common Shares.

Preferred Shares [1]

	Current Yield	Annual dividend per share[2]	Redemption price per share	Redemption and conversion option date[3][4]	Right to convert into[4]
AltaGas					
Series A Shares [5]	3.38%	$0.845	$25	September 30, 2020	Series B
Series B Shares [6]	Floating [6]	Floating [6]	$25	September 30, 2020 [7]	Series A
Series C Shares [8]	5.29%	US$1.3225	US$25	September 30, 2022	Series D
Series E Shares [5]	5.393%	$1.34825	$25	December 31, 2023	Series F
Series G Shares [5]	4.75%	$1.1875	$25	September 30, 2019	Series H
Series I Shares [9]	5.25%	$1.3125	$25	December 31, 2020	Series J
Series K Shares [10]	5.00%	$1.25	$25	March 31, 2022	Series L
Washington Gas					
$4.80 Shares	4.27%	US$4.80	US$101	n/a	n/a
$4.25 Shares	4.27%	US$4.25	US$105	n/a	n/a
$5.00 Shares	4.27%	US$5.00	US$102	n/a	n/a

Notes:

(1) The table above only includes those series of preferred shares that are currently issued and outstanding. The Corporation is authorized to issue up to 8,000,000 of each of Series D Shares, Series F Shares, Series H Shares, and Series J Shares, and up to 12,000,000 of Series L Shares, subject to certain conditions, upon conversion by the holders of the applicable currently issued and outstanding series of preferred shares noted opposite such series in the table on the applicable conversion option date. If issued upon the conversion of the applicable series of preferred shares, Series F Shares, Series H Shares, Series J Shares, and Series L Shares are also redeemable for $25.50, and Series D Shares is redeemable for US$25.50 on any date after the applicable conversion option date, plus all accrued but unpaid dividends to, but excluding, the date fixed for redemption.

(2) The holders of Series A Shares, Series C Shares, Series E Shares, Series G Shares, Series I Shares and Series K Shares are entitled to receive a cumulative quarterly fixed dividend as and when declared by the Board of Directors. The holders of Series B Shares are entitled to receive a quarterly floating dividend as and when declared by the Board of Directors. If issued upon the conversion of the applicable series of Preferred Shares, the holders of Series D Shares, Series F Shares, Series H Shares, Series J Shares and Series L Shares will be entitled to receive a quarterly floating dividend as and when declared by the Board of Directors.

(3) AltaGas may, at its option, redeem all or a portion of the outstanding shares for the redemption price per share, plus all accrued and unpaid dividends on the applicable redemption option date and on every fifth anniversary thereafter.

(4) The holder will have the right, subject to certain conditions, to convert their preferred shares of a specified series into Preferred Shares of that other specified series as noted in this column of the table on the applicable conversion option date and every fifth anniversary thereafter.

(5) Holders will be entitled to receive cumulative quarterly fixed dividends, which will reset on the redemption and conversion option date and every fifth year thereafter, at a rate equal to the sum of the then five-year Government of Canada bond yield plus 2.66 percent (Series A Shares), 3.17 percent (Series E Shares), and 3.06 percent (Series G Shares).

(6) Holders of Series B Shares will be entitled to receive cumulative quarterly floating dividends, which will reset each quarter thereafter at a rate equal to the sum of the then 90-day government of Canada Treasury Bill rate plus 2.66 percent. Each quarterly dividend is calculated as the annualized amount multiplied by the number of days in the quarter, divided by the number of days in the year. Commencing December 31, 2018, the floating quarterly dividend rate for Series B Shares is $0.26938 per share for the period starting December 31, 2018 to, but excluding, March 31, 2019.

(7) Series B Shares can be redeemed for $25.50 per share on any date after September 30, 2015 that is not a Series B conversion date, plus all accrued and unpaid dividends to, but excluding, the date fixed for redemption.

(8) Holders of Series C Shares will be entitled to receive cumulative quarterly fixed dividends, which will reset on the redeemable and conversion option date and every fifth year thereafter, at a rate equal to the sum of the five-year U.S. Government bond yield plus 3.58 percent.

(9) Holders of Series I Shares will be entitled to receive cumulative quarterly fixed dividends, which will reset on the redeemable and conversion option date and every fifth year thereafter, at a rate equal to the then five-year Government of Canada bond yield plus 4.19 percent, provided that, in any event, such rate shall not be less than 5.25 percent per annum.

(10) Holders of Series K Shares will be entitled to receive cumulative quarterly fixed dividends, which will reset on the redeemable and conversion option date and every fifth year thereafter, at a rate equal to the then five-year Government of Canada bond yield plus 3.80 percent, provided that, in any event, such rate shall not be less than 5.00 percent per annum.

Preferred Shares may be used by AltaGas for any appropriate corporate purposes, including, without limitation, public or private financing transactions or issuance as a means of obtaining additional capital for use in AltaGas' business and operations or in connection with acquisitions of other businesses and properties. AltaGas does not intend to use Preferred Shares as a defensive tactic to block take-over bids.

The Board of Directors may divide any unissued Preferred Shares into series and fix the number of shares in each series and the designation, rights, privileges, restrictions and conditions thereof. 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 AltaGas 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 AltaGas, whether voluntary or involuntary.

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.

For the specific rights, privileges, restrictions and conditions attaching to the currently issued and, as applicable, outstanding: (i) Series A Shares and the Series B Shares, reference should be made to the articles of amendment of AltaGas filed August 8, 2010 and the prospectus supplement of AltaGas dated August 11, 2010; (ii) Series C Shares and the Series D Shares, reference should be made to the articles of amendment of AltaGas filed June 1, 2012 and the prospectus supplement of AltaGas dated May 30, 2012; (iii) Series E Shares and Series F Shares, reference should be made to the articles of amendment of AltaGas filed December 9, 2013 and the prospectus supplement of AltaGas dated December 6, 2013; (iv) Series G Shares and Series H Shares, reference should be made to the articles of amendment of AltaGas filed June 27, 2014 and the prospectus supplement of AltaGas dated June 25, 2014; (v) Series I Shares and Series J Shares, reference should be made to the articles of amendment of AltaGas filed November 17, 2015 and the prospectus supplement of AltaGas dated November 16, 2015; and (vi) Series K Shares and Series L Shares, reference should be made to the articles of amendment of AltaGas filed February 15, 2017 and the prospectus supplement of AltaGas dated February 15, 2017. Each of the articles of amendment and prospectus supplements described herein has been filed with, and may be retrieved from, SEDAR at www.sedar.com.

Medium Term Notes

AltaGas has issued senior unsecured notes in the form of MTNs. Details with respect to the issued and outstanding MTNs can be found in Note 15 to AltaGas' consolidated financial statements as at and for the year ended December 31, 2018 filed on SEDAR at www.sedar.com. The MTNs are not listed or quoted on any exchange.

WGL and Washington Gas Notes

WGL and Washington Gas issue long-term notes with individual terms regarding interest rates, maturities and call or put options. These notes can have maturity dates of one or more years from the date of issuance. For a complete list of such notes currently outstanding please refer to Note 15 in AltaGas' consolidated financial statements as at and for the year ended December 31, 2018.

GENERAL

EMPLOYEES

At December 31, 2018, there were 2,881 individuals employed by AltaGas.

Utilities	2,160
Midstream	403
Power	116
Corporate	202
Total	**2,881**

DIRECTORS AND OFFICERS

As at February 22, 2019, the directors and executive officers of AltaGas Ltd., as a group, owned beneficially, directly or indirectly, or exercised control or direction over 1,792,086 of the outstanding Common Shares, or approximately 0.65 percent of the 275,576,772 Common Shares issued and outstanding.

DIRECTORS

The number of directors of AltaGas is to be determined from time to time by resolution of the Board of Directors. The number of directors is currently twelve, of which nine are independent directors.

The term of office of any director continues until the annual meeting of Shareholders of AltaGas next 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 AltaGas. The Shareholders are annually entitled to elect the Board of Directors.

The following table sets forth the names of the directors of AltaGas on February 22, 2019, their municipalities of residence and their principal occupations within the last five years.

Name of Director, Municipality of Residence and Position	Principal Occupation During the Past Five Years	Director Since
Catherine M. Best (1) Calgary, Alberta, Canada Director	Ms. Best is a Chartered Accountant and has been a Corporate Director since 2009. Ms. Best was the Executive Vice-President, Risk Management and Chief Financial Officer of the Calgary Health Region from 2000 to March 2009. Before joining the Calgary Health Region she was with Ernst & Young in Calgary for 19 years, the last 10 as Corporate Audit Partner.	November 30, 2011
Victoria A. Calvert (1) Calgary, Alberta, Canada Director	Ms. Calvert is a Corporate Director and Professor Emerita of Entrepreneurship and International Business with Mount Royal University (MRU) in Calgary, where she taught from 1988 until 2018. She also served as MRU's Community Service Learning facilitator.	November 1, 2015
David W. Cornhill (2) Calgary, Alberta, Canada Chairman of the Board	Mr. Cornhill is Chairman of the Board of Directors of AltaGas, a position he has held since inception of AltaGas' predecessor in 1994. Mr. Cornhill is a founding shareholder of AltaGas and its predecessors and was Chief Executive Officer from 1994 to 2016. He served as interim Co-CEO 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.	Director of AltaGas (and its predecessors) since April 1, 1994
Randall L. Crawford (2) Calgary, Alberta, Canada Director	Mr. Crawford has been the Chief Executive Officer since December 2018. Refer to the disclosure under "Executive Officers" for further information.	December 10, 2018
Allan L. Edgeworth (1) North Vancouver, B.C., Canada Director	Mr. Edgeworth is a Professional Engineer and Corporate Director. He was the President of ALE Energy Inc., a private consulting company, from January 2005 through December 2015. Prior thereto, Mr. Edgeworth was with Alliance Pipeline Ltd, initially as Executive Vice President and Chief Operating Officer and later as the President and Chief Executive Officer.	Director of AltaGas (and its predecessors) since March 2, 2005

Name of Director, Municipality of Residence and Position	Principal Occupation During the Past Five Years	Director Since
Daryl H. Gilbert (1)(3) Calgary, Alberta, Canada Director	Mr. Gilbert is a Professional Engineer. He joined JOG Capital Inc. in May 2008 as a Managing Director and Investment Committee Member. Prior to becoming an independent businessman in 2005, Mr. Gilbert was with Gilbert Laustsen Jung Associates Ltd. (now GLJ Petroleum Consultants Ltd.) from 1979 to 2005, serving as President and Chief Executive Officer from 1994 to 2005.	Director of AltaGas (and its predecessors) since May 4, 2000
Robert B. Hodgins (1)(4) Calgary, Alberta, Canada Director	Mr. Hodgins is a Chartered Accountant. Mr. Hodgins has been an independent businessman since November 2004. Mr. Hodgins has been serving as Senior Advisor, Investment Banking for Cannacord Genuity Corp. from September 2018. Mr. Hodgins served as the Chief Financial Officer of Pengrowth Energy Trust (now Pengrowth Corporation) from 2002 to 2004. Mr. Hodgins also held the positions of Vice President and Treasurer of Canadian Pacific Limited and Chief Financial Officer of TransCanada PipeLines Limited.	Director of AltaGas (and its predecessors) since March 2, 2005
Cynthia Johnston (1) Victoria, B.C., Canada Director	Ms. Johnston is a Corporate Director. She was Executive Vice President, Gas, Renewables and Operations Services at TransAlta Corporation from 2015 to 2017. From 2011 to 2015, she held a number of other executive positions with TransAlta, including Chief Operating Officer of TransAlta Renewables Inc., President, TAMA Transmission, and Executive Vice President, Enterprise Risk and Corporate Services.	July 25, 2018
Pentti O. Karkkainen (1) West Vancouver, B.C., Canada Director	Mr. Karkkainen is a Corporate Director. He was a co-founder and General Partner of KERN Partners from 2000 to 2014, and was the firm's Senior Strategy Advisor from 2014 until 2015. Prior thereto, Mr. Karkkainen was the Managing Director and Head of Oil and Gas Equity Research at RBC Capital Markets.	July 25, 2018
Phillip R. Knoll (1) (2) Kelowna, B.C., Canada Director	Mr. Knoll is a Professional Engineer and has been the President of Knoll Energy Inc. since 2006. Mr. Knoll served as interim Co-CEO of AltaGas Ltd. from July to December 2018. He was CEO of Corridor Resources Inc. from October 2010 to September 2014. Prior thereto, Mr. Knoll has held senior roles with a number of companies, including Duke Energy Gas Transmission, Maritimes & Northeast Pipeline, Westcoast Energy Inc., TransCanada Pipelines Limited and Alberta Natural Gas Company Ltd.	November 1, 2015
Terry D. McCallister (2) Key West, Florida, USA Director	Mr. McCallister is an independent businessman. Mr. McCallister was the Chairman and Chief Executive Officer of WGL and of Washington Gas from October 2009 to July 2018. Prior to this, he served as President and Chief Operating Officer of WGL and Washington Gas, joining Washington Gas in 2000 as Vice President of Operations. He has also held various leadership positions with Southern Natural Gas and Atlantic Richfield Company.	July 25, 2018
M. Neil McCrank (1)(5) Calgary, Alberta, Canada Lead Director	Mr. McCrank is Senior Counsel to the Calgary office of Borden Ladner Gervais LLP and has been since 2008. Mr. McCrank was Chairman of the Alberta Energy and Utilities Board from 1998 until 2007. Prior thereto, Mr. McCrank was with the Alberta Department of Justice, serving in various capacities, including Deputy Minister of Justice.	Director of AltaGas (and its predecessors) since December 10, 2007

Notes:
(1) Independent director.
(2) Mr. Cornhill and Mr. Knoll acted as interim Co-CEOs from July 24, 2018 to December 9, 2018 until the appointment of Mr. Crawford as CEO. Mr. Cornhill, as CEO of the Corporation until April 15, 2016, is not considered to be an independent director until the expiry of a three year period from that date. Mr. McCallister, as former CEO of a major subsidiary of the Corporation until July 6, 2018, is not considered to be an independent director until the expiry of a three year period from that date. Mr. Crawford, as current CEO of the Corporation is not considered independent.
(3) Mr. Gilbert was a director of LGX Oil + Gas Inc. (LGX) from August 12, 2013 to June 7, 2016. On June 7, 2016, LGX was, on application by LGX's senior lender, the subject of a consent receivership order under the *Bankruptcy and Insolvency Act* (Canada) pursuant to which Ernst & Young Inc. was appointed the receiver of all of LGX's current and future assets, undertakings and properties. LGX was the subject of a cease trade order issued by the ASC on September 6, 2016 for failure to file certain financial statements. On February 9, 2017, approval and vesting orders were granted by the Court of Queen's Bench of Alberta with respect to the liquidation and sale of assets by the receiver. Mr. Gilbert was a director of Connacher Oil & Gas Limited (Connacher) from October 2014 until February 25, 2019. Mr. Gilbert initially joined the board of directors of Connacher to assist in guiding the corporation through what turned out to be several financial restructurings. On May 17, 2016, Connacher applied for and was granted protection from its creditors pursuant to a Stay of Proceedings Order from the Court of Queen's Bench of Alberta under the CCAA. On May 20, 2016, the TSX delisted the common shares of Connacher for failure to meet continued listing requirements. On February 16, 2019 Connacher announced that it was proceeding to close on a credit bid transaction with its supporting lenders, which is expected to be consummated in 2019 and will lead to an exit from the CCAA.
(4) Mr. Hodgins was a director of Skope Energy Inc. (Skope) from December 15, 2010 to February 19, 2013. On November 27, 2012, Skope was granted protection from its creditors by the Court of Queen's Bench of Alberta pursuant to the CCAA to implement a restructuring which was approved by the required majority of Skope's creditors. The restructuring was sanctioned by the Court of Queen's Bench of Alberta in February of 2013.
(5) Mr. McCrank was, from July 17, 2008 to April 5, 2011, a director of MegaWest Energy Corp. (MegaWest), a reporting issuer in the provinces of Alberta and British Columbia. In September 2010, a cease trade order was issued by each of the ASC and the BCSC against MegaWest for failure to file certain disclosure documents. Such filings were completed by MegaWest and revocation orders were issued by the ASC and BCSC in October of 2010.

AltaGas has four standing committees of the Board of Directors: (1) Audit, (2) Governance, (3) Human Resources and Compensation (HRC) and (4) Environment, Health and Safety (EH&S). The members of each of these committees, as of January 1, 2019, are identified below:

Director	Audit Committee	Governance Committee	HRC Committee	EH&S Committee
Catherine M. Best	✓		✓	
Victoria A. Calvert		✓		✓
David W. Cornhill				
Allan L. Edgeworth	✓		✓	
Daryl H. Gilbert			Chair	
Cynthia Johnston			✓	✓
Pentti O. Karkkainen	✓	✓		
Robert B. Hodgins	Chair	✓		
Phillip R. Knoll				Chair
Terry D. McCallister				✓
M. Neil McCrank		Chair		

EXECUTIVE OFFICERS

The names, municipality of residence and position of each of the current executive officers of AltaGas and other members of the Executive Committee are as follows:

Name of Officer, Municipality of Residence and Position with AltaGas Ltd.	Principal Occupation During the Past Five Years
Randall L. Crawford Calgary, Alberta, Canada President and Chief Executive Officer Director	Chief Executive Officer of AltaGas since December 2018. Prior to joining AltaGas, Mr. Crawford was with EQT Midstream Partners, LP from 2012 to 2017, most recently as Executive Vice President and Chief Operating Officer and with EQT Corporation as Senior Vice President and President Midstream, Commercial and Distribution from 2007 to 2017.
Timothy W. Watson Calgary, Alberta, Canada Executive Vice President and Chief Financial Officer	Executive Vice President and Chief Financial Officer of AltaGas from November 2015. Executive Vice President of AltaGas from March 2015 to October 2015. Head and Managing Director, Canadian Energy and Power Investment Banking at Merrill Lynch Canada Inc. from September 2010 to January 2015.
Corine R.K. Bushfield Airdrie, Alberta, Canada Executive Vice President, Chief Administrative Officer	Executive Vice President, Chief Administrative Officer of AltaGas from December 2016. Senior Vice President and Chief Financial Officer of Long Run Exploration Ltd. from March 2013 to September 2016. Vice President and Assistant Controller of Encana Corporation from 2010 to March 2013.
Adrian Chapman (1) Washington, DC, U.S.A. President and Chief Executive Officer of Washington Gas Light Company and member of the Executive Committee	President and Chief Executive Officer of WGL and Washington Gas from July 2018. Also, President, U.S. Utilities of AltaGas Services (U.S.) Inc. From October 2009 to July 2018, President and Chief Operating Officer of WGL and Washington Gas.
Fredrick K. Dalena Coraopolis, Pennsylvania Executive Vice President, Commercial Strategy and Business Development	Executive Vice President, Commercial Strategy and Business Development of AltaGas since December 2018. Principal Midstream Business Development of EQT Corporation from 2015 to 2017. Executive Vice President Midstream Commercial Strategy form 2014 to 2015. Various executive commercial roles in EQT's Distribution, Midstream and Energy Services companies since joining EQT in 2003.
Randy W. Toone Calgary, Alberta, Canada Executive Vice President and President, Midstream	Executive Vice President and President, Gas from January 2019. Executive Vice President and Acting President from July to December 2018. Executive Vice President Gas from June 2017. Executive Vice President, Commercial and Business Development from December 2016 to June 2017. Chief Operating Officer of CSV Midstream Solutions from July 2014 to November 2016. Country Manager of TAG Oil Ltd. from May 2013 to June 2014. Other roles with AltaGas prior to 2014 include President Utilities, President Gas, and Co-President Gas.
Bradley B. Grant Calgary, Alberta, Canada Executive Vice President and Chief Legal Officer; Executive Vice President, Strategy and Corporate Development	Executive Vice President, Strategy and Corporate Development since January 2019. Executive Vice President and Chief Legal Officer since July 2018 of AltaGas. Prior thereto, Vice President and General Counsel of AltaGas from May 2015. Partner with the law firm of Stikeman Elliott LLP from January 2004 to May 2015.

Note:

(1) Mr. Chapman was a director of American Solar Direct, Inc. (ASDI) from November 5, 2010 to March 14, 2017. On June 2, 2017, ASDI filed for Chapter 7 bankruptcy in the U.S. Bankruptcy Court, Central District of California (Los Angeles).

AUDIT COMMITTEE

Composition of the Audit Committee

The Committee is currently comprised of four members, Catherine Best, Allan Edgeworth, Robert Hodgins and Pentti Karkkainen. Mr. Hodgins is the chair of the Committee. All of the members of the Committee are independent and financially literate as defined under Canadian securities law.

Relevant Education and Experience

Ms. Best is a Chartered Accountant and was the Executive Vice-President, Risk Management and Chief Financial Officer of the Calgary Health Region from 2000 to March 2009. Before joining the Calgary Health Region she was with Ernst & Young LLP in Calgary for nineteen years, the last ten as Corporate Audit Partner. She has served on the audit committees of a number of public companies.

Mr. Edgeworth was the President of ALE Energy Inc. from January 2005 through December 2015. Mr. Edgeworth was the President and Chief Executive Officer of Alliance Pipeline from 2001 until December 2004. Mr. Edgeworth joined Alliance Pipeline in 1998 as Executive Vice President and Chief Operating Officer. Prior to that, Mr. Edgeworth spent almost 20 years with Westcoast Energy Inc. where he held various positions including Vice President of Pipeline Operations, Senior Vice President of Regulatory Affairs and President Pipeline Division.

Mr. Hodgins was the Chief Financial Officer at Pengrowth Energy Trust (now Pengrowth Corporation) from 2002 to 2004. Mr. Hodgins was Vice President and Treasurer at Canadian Pacific Limited from 1998 to 2002 and Chief Financial Officer of TransCanada PipeLines Limited from 1993 to 1998. Mr. Hodgins has an Honours Degree in Business from the Richard Ivey School of Business at the University of Western Ontario, is a Chartered Professional Accountant, and is a Chartered Accountant in Ontario and Alberta. He has served on a number of public company audit committees.

Mr. Karkkainen co-founded and was General Partner of KERN Partners, a Canadian energy-focused capital markets and private equity firm, from 2000 to 2014, and was the Senior Strategy Advisor from 2014 to 2015. Mr. Karkkainen also serves on the Board of Directors of NuVista Energy Ltd. as Lead Director and has served on a number of audit committees, including acting as Chair of one such committee. Mr. Karkkainen has a Master of Business Administration from Queen's University.

Pre-Approval Policies and Procedures

As set forth in the Committee's charter, the 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.

External Auditor Service Fees by Category

The fees billed by Ernst & Young LLP (E&Y), AltaGas' external auditors, during 2018 and 2017 were as follows:

Category of External Auditor Service Fee		**2018**		2017
Audit Fees	$	**2,766,074**	$	2,452,645
Audit-Related Fees(1)		**1,242,606**		381,383
Tax Compliance Fees(2)		**66,389**		44,404
All Other Fees(3)		**86,970**		206,387
Total	$	**4,162,039**	$	3,084,819

Notes:

(1) Represent 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 AltaGas' financial statements and were not reported under "Audit Fees". During 2018 and 2017, the nature of the services provided included review of prospectuses and security filings, research of accounting and audit-related issues (including those related to the acquisition of WGL), internal controls assessment, and registration costs for the Canadian Public Accountability Board.

(2) During 2018 and 2017, the nature of the services provided was for tax compliance and transfer pricing.

(3) Represent 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 2018 and 2017, the nature of the services provided was for translation services.

RISK FACTORS

Set forth below is a summary of certain risk factors relating to AltaGas and the business of AltaGas. 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 AltaGas should carefully review and consider the risk factors set out below as well as all other information contained and incorporated by reference in this AIF before making a decision on investment and should consult their own experts where necessary. Information regarding AltaGas' risk management activities can be found in AltaGas' management information circular dated May 1, 2018 and will also be included in AltaGas' management information circular for its 2019 annual meeting of the Shareholders.

Capital Market and Liquidity Risks

AltaGas may have restricted access to capital and increased borrowing costs. As AltaGas' future capital expenditures will be financed out of cash generated from operations, borrowings and possible future equity sales, AltaGas' 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 AltaGas' securities in particular.

To the extent that external sources of capital become unavailable or available on onerous terms or otherwise limited, AltaGas' 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 AltaGas incurs major unanticipated expenses related to construction, development or maintenance of its existing assets, AltaGas may be required to seek additional capital to maintain its capital expenditures at planned levels. Failure to obtain financing necessary for AltaGas' capital expenditure plans may result in a delay in AltaGas' capital program or a decrease in dividends.

Washington Gas and the SPE made certain ring fencing commitments, such that the assets of the Ring Fenced Entities will not be available to satisfy the debt or contractual obligations of any Non-Ring Fenced Entity. See "Recent Noteworthy Transactions – Acquisition of WGL".

General Economic Conditions

AltaGas' operations are affected by the condition and overall strength of the global economy and, in particular, the economies of Canada and the U.S. During economic downturns, the demand for the products and services that AltaGas provides and the supply of or demand for power, natural gas and NGLs may be adversely affected. The occurrence of periods of poor economic conditions or low or negative economic growth could have an adverse impact on AltaGas' results and restrict AltaGas' ability to make dividends to Shareholders.

Consumption Risk

Changes in energy consumption by consumers as a result of the availability of and incentive to invest in energy efficient technology have the potential to reduce customer demand. This could negatively impact AltaGas' results.

Market Risk

AltaGas is exposed to market risks resulting from fluctuations in commodity prices and interest rates, in both North American markets and, with respect to the LNG and LPG export business, offshore markets. In these markets commodity supply and demand is affected by a number of factors including, without limitation, the amount of the commodity available to specific market areas either from the wellhead or from storage facilities, prevailing weather patterns, the U.S., Canadian and Asian economies, the occurrence of natural disasters and pipeline restrictions. In addition, the retail energy marketing business is exposed to pricing of certain ancillary services provided by the power pool in which it operates. The fluctuations in commodity prices are beyond AltaGas' control and, accordingly, could have a material adverse effect on AltaGas' business, financial condition, and cash flow.

Internal Credit Risk

Credit ratings affect AltaGas' ability to obtain short-term and long-term financing and the cost of such financing. Additionally, the ability of AltaGas to engage in ordinary course derivative or hedging transactions and maintain ordinary course contracts with customers and suppliers on acceptable terms depends on AltaGas' credit ratings.

On December 19, 2018, S&P downgraded AltaGas' issuer rating and senior unsecured MTN rating from BBB with a Negative Outlook to BBB- with a Negative Outlook. On December 21, 2018, DBRS downgraded the rating from BBB Under Review with Developing Implications to BBB(low) with a Stable Outlook. On July 27, 2018, Fitch assigned a first-time rating of BBB to AltaGas and on December 17, 2018 affirmed the BBB rating.

A further reduction in the current rating on AltaGas' debt by one or more of its rating agencies would reflect a downgrade below an investment grade rating, which would adversely affect AltaGas' cost of financing and its access to sources of liquidity and capital.

In addition, a further downgrade in AltaGas' credit ratings may affect AltaGas' ability to, and the associated costs of, (i) entering into ordinary course derivative or hedging transactions and may require AltaGas to post additional collateral under certain of our contracts, and (ii) entering into and maintaining ordinary course contracts with customers and suppliers on acceptable terms.

Additionally, with respect to WGL, an increase in borrowing costs without the ability to recover these higher costs in the rates charged to Washington Gas' customers, which would be impacted by the merger-related commitment that prohibits Washington Gas from recovering any incremental financing costs due to a credit downgrade, could adversely affect earnings or cash flows by limiting Washington Gas' ability to earn its allowed rate of return. Credit ratings are intended to provide investors with an independent measure of credit quality of any issuer of securities. The credit ratings assigned to AltaGas' securities by the rating agencies 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. Any rating may not remain in effect for any given period of time or may be revised or withdrawn entirely by a rating agency in the future if in its judgment circumstances so warrant.

Foreign Exchange Risk

AltaGas is exposed to foreign exchange risk through its investments in the United States, and may in the future be exposed to foreign exchange risk in the LNG and LPG export business. Changes in the Canada/United States exchange rate could impact the earnings of AltaGas, the value of the United States investments and the cash generated from the United States businesses. AltaGas operates internationally, with an increasing amount of the Corporation's net income earned outside of Canada. As a result, AltaGas may experience a discrepancy between the currencies in which liabilities are incurred and the currency in which revenues are generated. This could adversely affect AltaGas' results due to the imposition of additional taxes and cost of currency exchange.

Debt Service

AltaGas may, from time to time, finance a significant portion of its operations through debt. Amounts paid in respect of interest and principal on debt incurred by AltaGas may impair its ability to satisfy any obligations under its indebtedness held by AltaGas directly or indirectly. Variations in interest rates and scheduled principal repayments could result in significant changes in the amount required to be applied to debt service. Ultimately, this could reduce dividends to Shareholders. Furthermore, loans to AltaGas are subject to customary covenants and financial tests which may in certain circumstances restrict AltaGas' ability to make dividends to Shareholders.

Financing and Refinancing Risk

Each of AltaGas' credit facilities has a maturity date, on which date, absent replacement, extension or renewal, the indebtedness under the respective credit facility becomes repayable in its entirety. To the extent any of the credit facilities are not replaced or extended on or before their respective maturity dates or are not replaced, extended or renewed for the same, similar or higher amounts or on the same, similar or better terms, AltaGas' ability to fund ongoing operations. In addition, such credit facilities typically include covenants, the failure of which could impede AltaGas' ability to borrow under such facilities, potentially negatively impacting AltaGas' cash flows and business.

Market Value of Common Shares and Other Securities

AltaGas cannot predict at what price the Common Shares, Preferred Shares or other securities issued by AltaGas will trade in the future. Common Shares, Preferred Shares and other securities of AltaGas will not necessarily trade at values determined solely by reference to the underlying value of the Corporation's assets. One of the factors that may influence the market price of such securities is the annual yield on such securities. An increase in market interest rates may lead purchasers of securities of AltaGas to demand a higher annual yield and this could adversely affect the market price of such securities. In addition, the market price for securities of AltaGas may be affected by announcements of new developments, changes in AltaGas' operating results, differences between results and analysts' expectations, changes in credit ratings, changes in general market conditions, fluctuations in the market for securities and numerous other factors beyond the control of AltaGas.

Variability of Dividends

The declaration and payment of dividends on Common Shares by AltaGas 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, AltaGas' financial performance, the impact of interest rates, electricity prices, natural gas, NGL, LNG and LPG prices, debt covenants and obligations, working capital requirements, liquidity and future capital requirements. Dividends may be reduced or suspended entirely depending on the operations of AltaGas and the performance of its assets. The market value of AltaGas' shares may deteriorate if AltaGas is unable to meet or otherwise chooses to modify its dividend targets, and that deterioration may be material.

On December 13, 2018, AltaGas announced the completion of a comprehensive review of its dividend and the reset of the dividend to $0.08 per share in order to improve financial strength and ensure greater funding flexibility. While AltaGas anticipates that the reset will have a significant impact on its financial flexibility and credit profile, over time providing an efficient source of funding to de-lever and fund growth, there can be no assurance that such reset will achieve the intended objectives and that the Board of Directors of AltaGas will not in the future exercise its discretion to again reset the dividend.

Commitments Associated with Regulatory Approvals for the Acquisition of WGL

As a result of the process to obtain any consents required of each of the PSC of DC, the PSC of MD, the SCC of VA and FERC, as well as to obtain CFIUS approval for the acquisition of WGL, AltaGas is committed to various programs, contributions and investments in several agreements and regulatory approval orders. It is possible that AltaGas may encounter delays, unexpected difficulties or additional costs in meeting these commitments in compliance with the terms of the relevant agreements and orders. Failure to fulfill the commitments in accordance with their terms could result in increased costs or result in penalties or fines that could materially adversely affect AltaGas' business, financial condition, operating results and prospects.

Integration of WGL

AltaGas acquired WGL with the expectation that the acquisition will result in various benefits, including, among other things, cost savings and operating efficiencies. Achieving the anticipated benefits of the acquisition of WGL is subject to a number of uncertainties, including whether the businesses of WGL and AltaGas can be integrated in an efficient, effective and timely manner and whether AltaGas is able to realize the anticipated growth opportunities and synergies from such integration. The combination of two independent businesses is complex, costly and time-consuming and may divert significant management attention and resources to combining WGL's and AltaGas' business practices and operations. This process may disrupt both AltaGas' and WGL's businesses.

In addition, it is possible that the integration process could take longer than anticipated and could result in the disruption of AltaGas' businesses, processes and systems or inconsistencies in standards, controls, procedures, practices and policies, any of which could adversely affect the combined company's ability to achieve the anticipated benefits of the acquisition as and when expected. The overall combination of the businesses may also result in material unanticipated problems, expenses, liabilities, competitive responses and loss of customer and other business relationships. Failure to achieve these anticipated benefits or the incurrence of unanticipated expenses and liabilities could materially adversely affect AltaGas' business, financial condition, operating results and prospects.

Growth Strategy Risk

During 2018, AltaGas made significant changes to its business, including the WGL Acquisition, the ACI IPO, asset sales, and a strategic shift in focus to primarily the Utilities and Midstream segments. It is possible that the changes in strategy AltaGas has implemented and plans to continue implementing in 2019 and onwards will not be as successful as projected.

2019 Planned Asset Sales

AltaGas has announced an intention to complete additional asset sales of approximately $1.5 to $2.0 billion in 2019, with the objective of further de-levering the Corporation, funding future growth and minimizing the need for any near-term common equity requirements. See "2019 Planned Asset Sales and Balanced Funding Plan".

Given the challenges currently facing the energy sector, other issuers may also engage in competitive asset sales as against a more limited suite of potential investors, leading to lower demand for AltaGas' assets and/or reduced prices relative to AltaGas' current expectations and the book value of such assets. AltaGas may not be able to sell all or any of its assets identified for sale on favourable terms or at all. If AltaGas is able to sell assets, the timing of the receipt of the asset sale proceeds may not align with the timing of AltaGas' capital requirements. A failure to raise sufficient capital from asset sales or a misalignment of the timing of capital raised and capital funding needs could have an adverse impact on AltaGas' business, financial condition, results of operations and cash flows.

Additionally, any such asset monetizations could result in impairments if such assets are sold or otherwise exchanged for amounts less than their carrying value. If management determines that an impairment has occurred, the Corporation would be required to take an immediate non-cash charge to earnings.

Potential Sales of Additional Shares

AltaGas may issue additional shares in the future to directly or indirectly fund, among other things, capital expenditure requirements of entities now or hereafter owned directly or indirectly by AltaGas, including financing acquisitions by those entities. Such additional shares may be issued without the approval of Shareholders. Shareholders will have no pre-emptive rights in connection with such additional issuances. The Board of Directors has discretion in connection with the price and the other terms of the issue of such additional shares. Any issuance of Common Shares or securities convertible into Common Shares may have a dilutive effect on existing Shareholders.

Volume Throughput

AltaGas' businesses process, transport and store natural gas, ethane, NGLs and other commodities. Throughput within the business is dependent on a number of factors, including the level of exploration and development activity within the WCSB, the long-term supply and demand dynamics for the applicable commodities and the regulatory environment for market participants. Notably, as a result of the development of non-conventional shale gas supplies in North America the price of natural gas in North America has declined and there has been a shift towards richer, wet gas with higher NGL content. Areas with dryer gas have seen depressed activity. These factors and industry trends may result in AltaGas being unable to maintain throughput in certain areas. Consequently, AltaGas may be exposed to declining cash flow and profitability arising from reduced natural gas, ethane and NGL throughput and from rising operating costs.

Counterparty Credit Risk

AltaGas is exposed to credit-related losses in the event that counterparties to contracts fail to fulfill their present or future obligations to AltaGas. AltaGas has credit risk relating to, among others, counterparties to the sale, purchase and delivery of commodity, transportation capacity, energy system design and construction, investment terms, as well as long-term contracts including PPAs, EPAs and take-or-pay agreements. While a significant number of AltaGas' counterparties are of investment grade quality, given significant and prolonged deterioration in the financial wellbeing of the Western Canadian energy industry and the challenges to material improvement, AltaGas can provide no assurance as to whether the credit quality of its counterparties will remain at current levels or decline. In addition, for non-wholly owned subsidiaries, AltaGas 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 AltaGas, such failures may have a material adverse effect on AltaGas' business, financial condition, results of operations and prospects. AltaGas mitigates these increased risks through diversification and a review process of the creditworthiness of their counterparties.

Dependence on Certain Partners

AltaGas does not operate certain facilities and also co-owns certain facilities with joint venture partners. Failure by the operators of these facilities to operate at the cost or in the manner projected by AltaGas could negatively affect AltaGas' results. In addition, for non-wholly owned subsidiaries, AltaGas relies on other investors to fulfill their commitments and obligations in respect of the project or facility. AltaGas has entered into various types of arrangements with joint venture partners for any or all of the construction, operation or ownership of certain facilities. Certain of these partners may have or develop interests or objectives which are different from or even in conflict with the objectives of AltaGas. AltaGas does not have the sole power to direct the business and operations of such facilities and AltaGas faces the risk of being impacted by partners' decisions and by potential disagreements regarding operations and other business decisions. Any such differences could have a negative impact on the success of such facilities. AltaGas is sometimes required, through the permitting and approval process of such facilities, to notify and consult with various stakeholder groups, including, without limitation, landowners, Indigenous groups and municipalities. Any unforeseen delays in this process may negatively impact the ability of AltaGas to complete any given facility on time or at all.

Natural Gas Supply Risk

Adequate supplies of natural gas and pipeline and storage capacity may not be available to satisfy committed obligations as a result of economic events, natural occurrences and/or failure of a counterparty to perform under a gas purchase, capacity or storage contracts and, accordingly, could have a material adverse effect on AltaGas' business, financial conditions and cash flow.

In addition, Washington Gas must acquire additional interstate pipeline transportation or storage capacity and construct transmission and distribution pipe to deliver additional capacity into growth areas on its system. The specific timing of any larger customer additions to its market may not be forecasted with sufficiently long lead time and the availability of these supply options to serve any of its customer additions may be limited by market supply and demand, the timing of Washington Gas' participation in new interstate pipeline construction projects, local permitting requirements and the ability to acquire necessary rights of way. These limitations could result in an interruption in Washington Gas' ability to satisfy the needs of some of its customers.

Operating Risk

AltaGas' businesses are subject to the risks normally associated with the operation and development of natural gas, NGL, LNG, LPG and power systems and facilities, including, without limitation, mechanical failure, transportation problems, physical degradation, operator error, manufacturer defects, sabotage, terrorism, failure of supply, weather, wind or water resource deviation, catastrophic events and natural disasters, fires, floods, explosions, earthquakes and other similar events. These types of events could result in injuries to personnel, damage to property and the environment, as well as unplanned outages or prolonged downtime for maintenance and repair. Among other things, these events typically increase operation and maintenance expenses and reduce revenues. The occurrence or continuation of any of these events could increase AltaGas' costs and reduce its ability to process, store, transport, deliver or distribute natural gas, NGLs, LNG and LPG, or generate or deliver power and result in significant losses for which insurance may not be sufficient or available. Environmental damage could also result in increased costs to operate and insure AltaGas' assets and have a negative impact on AltaGas' reputation and its ability to work collaboratively with local communities, Indigenous groups and other stakeholders.

As AltaGas continues to grow and diversify its energy infrastructure businesses, the risk profile of AltaGas may change. Operating entities may enter into or expand business segments where there is greater economic exposure and more "at risk" capital.

Changes in Laws

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

Regulatory and environmental laws affecting AltaGas have changed, and will continue to change, over time. The proposed Bill C-69, which would enact the *Canadian Energy Regulator Act* and the *Impact Assessment Act* and repeal the existing *National Energy Board Act* and the *Canadian Environmental Assessment Act*, proposes sweeping regulatory changes for federally regulated project proponents. These proposed changes include changes to timelines in obtaining project approvals, greater public and Indigenous engagement and participation in regulatory proceedings for projects, expanded factors to be considered by regulatory decision makers in reviewing new projects, greater inspection and enforcement powers and the introduction of strict and absolute liability offences for federally-regulated entities. While the proposed Bill C-69 remains subject to change, if brought into force, it may affect AltaGas' existing, planned or future projects on federal lands, and interprovincial and international projects in Canada.

Income tax laws relating to AltaGas 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 AltaGas' effective tax rate. AltaGas has made an initial assessment of the impacts of the 2017 changes to the U.S. tax laws, the TCJA, on it and its subsidiaries, however, it remains unknown at this time how the U.S. Treasury Department may interpret certain provisions of the TCJA. These interpretations may have adverse impacts on the effective tax rates for part or all of AltaGas' U.S. businesses.

Recent political events in the U.S. have led to uncertainty regarding ongoing trade relationships, in particular in relation to the replacement of the North American Free Trade Agreement (NAFTA) with the United States-Mexico-Canada Agreement (USMCA). While NAFTA is still in place, USMCA has been negotiated by the governments of the United States, Mexico and Canada, but still must be ratified be certain groups within these governments. As such, at this time AltaGas is unable to predict what impact the USMCA may have.

Washington Gas and WGL Midstream may face regulatory and financial risks related to pipeline safety legislation from a number of proposals to require increased oversight over pipeline operations and increased investment in and inspections of pipeline facilities pending or previously proposed in the United States Congress. Additional operating expenses and capital expenditures may be necessary to remain in compliance with the increased federal oversight resulting from such proposals. While AltaGas cannot predict with certainty the extent of these expenses and expenditures or when they will become effective, the adoption of such proposals could result in significant additional costs to Washington Gas' and WGL Midstream's businesses. Washington Gas may be unable to recover from customers through the regulatory process all or some of these costs and may be unable to earn its authorized rate of return on these costs.

Risk Management Costs and Limitations

AltaGas uses derivative financial instruments to manage the risks associated with movements in exchange rates and power, natural gas and NGL prices. AltaGas does not enter into derivatives transactions for speculative purposes. These transactions cannot mitigate all risk associated with AltaGas' business nor the risk of unauthorized activities notwithstanding appropriate oversight through AltaGas' risk management function. Any such unauthorized activities could materially adversely affect our business, operations and financial condition.

In addition, rules implementing the derivatives transaction provisions of the Dodd-Frank Act in the United States could have an adverse impact on AltaGas' ability to hedge risks associated with the business. The Dodd-Frank Act regulates derivatives transactions, which include certain instruments, such as interest rate swaps, and commodity options, financial and other contracts, used in AltaGas' risk management activities. The Dodd-Frank Act requires that most swaps be cleared through a registered clearing facility and that they be traded on a designated exchange or swap execution facility, with certain exceptions for entities that use swaps to hedge or mitigate commercial risk. The Dodd-Frank requirements relating to derivative transactions have not been fully implemented by the SEC and the Commodity Futures Trading Commission. When fully implemented, the law and any new regulations could increase the operational and transactional cost of derivatives contracts and affect the number and/or creditworthiness of available counterparties. In addition, commencing in 2016, certain Canadian securities regulatory authorities adopted instruments in relation to the trading, clearing and reporting of derivatives. While the nature of AltaGas' derivatives activities and the relative rolling monthly notional amounts thereof have thus far entitled AltaGas to exemptions from the obligation to prepare and file reports with a derivatives trade repository in relation to such derivatives, there can be no assurance that AltaGas will be able to continue to rely on such exemptions in the future. If AltaGas is required to report its derivatives trades to a derivatives trade repository it will need to incur the time and financial expense associated with implementing and maintaining the systems necessary to do so, which could increase the operational and transactional cost of derivatives contracts

Further, AltaGas may transact with counterparties based in the European Union or other jurisdictions which, like the U.S., are in the process of implementing regulations to regulate derivatives transactions, some of which are currently in effect and may impose costs on derivatives activities.

Regulatory

AltaGas' 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 AltaGas cannot predict the future course of regulations and their respective ultimate effects on AltaGas' businesses. Changes in the regulatory environment may be beyond AltaGas' control and may significantly affect AltaGas' businesses, results of operations and financial conditions. Pipelines and facilities can be subject to common carrier and common processor applications and to rate setting by the regulatory authorities in the event an agreement on fees or tariffs cannot be reached with producers. The export and import of energy is also subject to regulatory approvals. Power facilities are subject to regulatory approvals and regulatory changes in tariffs, market structure and penalties. Washington Gas, SEMCO Gas, ENSTAR and CINGSA operate in regulated marketplaces where regulatory approval is required for the regulated returns that 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 AltaGas' regulated utilities may be impacted by a number of factors, including, without limitation, (i) changes in the regulator-approved allowed return on equity and common equity component of 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.

Climate Change and Carbon Tax

Some of AltaGas' significant facilities may be subject to future provincial, state or federal climate change regulations or both to manage greenhouse gas emissions. See sections "Environmental Regulation", "Business of the Corporation – Utilities Business – Environmental Regulations Impacting the Utilities Business", "Business of the Corporation – Midstream Business – Environmental Regulations Impacting the Midstream Business", "Business of the Corporation – Power – Business - Environmental Regulations Impacting the Power Business", and of this AIF. The direct or indirect costs of compliance with these regulations may have a material adverse effect on AltaGas' business, financial condition, results of operations and prospects. AltaGas' 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 AltaGas and its operations and financial condition.

Construction and Development

The development, construction and future operation of natural gas, natural gas distribution, NGL, LNG, LPG and power facilities can be affected adversely by changes in government policy and regulation, environmental concerns, increases in capital and construction costs, defects in construction, construction delays, increases in interest rates and competition in the industry. In the event that any one of these factors emerges, the actual results may vary materially from projections, including, without limitation, projections of costs, facility utilization or throughput, generation, future revenue and earnings.

The construction and development of AltaGas' natural gas, natural gas distribution, NGL, LNG, LPG and power projects and their future operations are subject to changes in the policies and laws of both Canadian and U.S. federal, provincial, state and local governments, including, without limitation, regulatory approvals and regulations relating to the environment, land use, health, culture, conflicts of interest with other parties and other matters beyond the direct control of AltaGas.

The construction of AltaGas' pipeline assets have experienced and may continue to experience legislative and regulatory obstacles, and the construction and operation of these assets are subject to hazards, equipment failures, supply chain disruptions, personnel issues and related risks, which could result in decreased values of these investments, including impairments, and/or delays their in-service dates, which would negatively affect results of operations. For instance, AltaGas is required to test certain assets for impairment on either an annual basis or when events or circumstances occur which indicate that the carrying value of such assets might be impaired. That testing might result in the impairment of assets, including goodwill, property, plant and equipment, intangible assets or certain investments.

Because these assets are interconnected with facilities of third parties, the operation of these facilities could also be adversely affected by unexpected or uncontrollable events occurring on the systems of such third parties. These events could further delay the in-service date of WGL Midstream's projects or disrupt operations on these projects, which could have an adverse effect on AltaGas' financial results.

RIPET Rail and Marine Transportation

Propane will be transported from natural gas producers to RIPET using the existing CN rail network and will be delivered to customers by marine transport. Rail shipments and marine shipments may be impacted by service delays, inclement weather, railcar availability, railcar derailment or other rail or marine transport incidents and could adversely impact volumes or the price received for product or impact our reputation or result in legal liability, loss of life or personal injury, loss of equipment or property, or environmental damage. Costs for environmental damage, damage to property and/or personal injury in the event of a rail or marine incident involving propane have the potential to be significant. Major

Canadian railways have adopted standard contract provisions designed to shift liability for third-party claims to shippers. In the event that AltaGas is ultimately held liable for any damages resulting from its activities at RIPET relating to rail or marine transport of propane, and for which insurance is not available, or increased costs or obligations are imposed on AltaGas as a result of new regulations, AltaGas' business, operations and financial condition may be adversely impacted.

Litigation

In the course of its business, AltaGas is subject to lawsuits and other claims. Defense and settlement costs associated with such lawsuits and claims can be substantial, even with respect to lawsuits and claims that have no merit. Due to the inherent uncertainty of the litigation process, the resolution of any particular legal proceeding could have a material adverse effect on the financial position or operating results of AltaGas.

WGL is currently involved in legal proceedings with Antero Resources Corporation (Antero) relating to a dispute over gas being delivered under natural gas purchase contracts. Washington Gas and WGL Midstream contracted in June 2014 with Antero to buy gas from Antero at invoiced prices based on an index, and at a delivery point, specified in the contracts. Since deliveries began, however, the index price paid has been more than the fair market value at the same physical delivery point, resulting in losses within WGL entities of approximately US$40 million. Accordingly, Washington Gas and WGL Midstream notified Antero that it sought to apply a provision of the contracts that would permit a new index to be established. Antero objected, claiming that the contract provisions permitting re-pricing did not apply, unless Antero itself chose to sell gas at cheaper prices at the delivery point (which Antero claimed it had not). The dispute was arbitrated in January 2017, and the arbitral tribunal ruled in favor of Antero on the applicability of the re-pricing mechanism. However, the tribunal ruled that it lacked authority to determine whether Antero was in breach of its obligation to deliver gas to Washington Gas and WGL Midstream at a point where they could obtain the higher pricing. Accordingly, Washington Gas and WGL Midstream filed suit in state court in Colorado for a determination of this issue. The state court initially granted Antero's motion to dismiss the case and WGL subsequently filed an appeal. In October 2018, the Court of Appeals reversed the state court's decision and remanded the lawsuit to the trial court. Separately, Antero has initiated suit against Washington Gas and WGL Midstream, claiming that they have failed to purchase specified daily quantities of gas and seeking alleged cover damages exceeding US$100 million as of April 4, 2018 according to Antero's complaint. Washington Gas and WGL Midstream oppose both the validity and amount of Antero's claim. WGL believes the probability that Antero could succeed in collecting these penalties is remote therefore no accrual was made as of December 31, 2018. In December 2017, WGL Midstream amended its purchase contract with Antero and, effective February 1, 2018, is no longer obligated to purchase gas at the delivery point that is the subject of these disputes. These two cases have been consolidated and a jury trial has been scheduled for June 10, 2019.

Washington Gas continues to support the investigation by the National Transportation Safety Board (NTSB) into the August 10, 2016 explosion and fire at an apartment complex on Arliss Street in Silver Spring, Maryland, the cause of which has not been determined. The NTSB has scheduled a board meeting, open to the public, on April 23, 2019 "to determine the probable cause" of the incident. A total of 40 civil actions related to the incident have been filed against WGL and Washington Gas in the Circuit Court for Montgomery County, Maryland. All of these suits seek unspecified damages for personal injury and/or property damage. The one action seeking class action status has been amended to assert property damage and loss of use claims. The trial date for the hearings has been scheduled for December 2, 2019. Washington Gas maintains excess liability insurance coverage from highly-rated insurers, subject to a nominal self-insured retention. Washington Gas believes that this coverage will be sufficient to cover any significant liability to it that may result from this incident.

AltaGas participates in a number of joint ventures with regard to the ownership and operation of its assets and facilities. Certain of its joint venture partners may have or develop interests or objectives which are different from or even in conflict with the objectives of AltaGas. AltaGas attempts to reach a negotiated resolution to any disagreements regarding operations and other business decisions with its joint partners. However, where the parties fail to reach such a resolution, litigation between the parties may result. Such litigation, or the circumstances giving rise to such litigation, may have a material adverse effect on the joint ventures, the joint venture partners or their respective assets and businesses, which could have a material adverse effect on AltaGas' business, financial condition, results of operations and prospects. See also "Risk Factors - Dependence on Certain Partners."

Infrastructure

As utilities infrastructure matures, several of AltaGas' utilities have implemented replacement programs to replace aging infrastructure and taken other preventative and remedial measures. If certain pipelines and related infrastructure were to become unexpectedly unavailable for delivery of current or future volumes of natural gas because of repairs, damage, spills or leaks, or any other reason, it could have a material adverse impact on financial conditions and results of operation of the utility business. Although the costs of infrastructure replacement programs are typically recovered in rates, on-going capital is required to fund such programs. In addition, operating issues resulting from maturing infrastructure such as leaks, equipment problems and incidents, including, without limitation, explosions and fire, could result in legal liability, repair and remediation costs, increased operating costs, increased capital expenditures, regulatory fines and penalties and other costs and a loss of customer confidence. Any liabilities resulting from the occurrence of these events may not be fully covered by insurance or rates.

Cyber Security, Information, and Control Systems

AltaGas' business processes are increasingly reliant upon information systems automation provided by infrastructure, technologies and data. A failure of these information systems could lead to the impairment of business processes, and there is a risk of cascading failure of information systems leading to the impairment of multiple business processes. The risk of cyber-attack targeting information systems is increasing, with strong evidence of the industry being specifically targeted. In addition, AltaGas collects and stores sensitive information in the ordinary course of business, including personal information in respect of our employees and proprietary information in respect of our stakeholders, including customers, suppliers and investors.

Security breaches of AltaGas' information technology infrastructure, including, without limitation, cyber-attacks and cyber-terrorism, or other failures of AltaGas' information technology infrastructure could result in disruptions of natural gas distribution operations and other operational outages, ability to operate safely, delays, damage to assets, the environment or to AltaGas' reputation, diminished customer confidence, lost profits, lost data including, without limitation, the unauthorized release of customer, employee or Company data that is crucial to AltaGas' operational security or could adversely affect the ability to deliver and collect on customer bills, 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.

AltaGas' cyber security strategy focuses on information technology security risk management which includes, without limitation, continuous monitoring, ongoing cyber security communications and training for staff, conducting third-party vulnerability and security tests, threat detection and an incident response protocol. However, there is no assurance that AltaGas 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 AltaGas' financial condition and results of operations.

External Stakeholder Relations

AltaGas places great importance on establishing and maintaining positive relationships with its stakeholders, including, without limitation, within the communities in which AltaGas operates, regulators, and local Indigenous groups. There is an increasing level of public concern relating to the perceived effect of natural resources activities, including, without limitation, exploration, development, production, processing and transportation, on certain environmental and social aspects such as air and water quality, noise, dust, land and ecological disturbance and employment and economic development opportunities. Opposition to natural resources activities by communities, special interest groups (including non-governmental organizations) or Indigenous groups may ultimately impact AltaGas, including its ability to obtain or maintain permits, the anticipated timing and costs associated with capital projects, its operations, and its reputation. Recent and proposed regulatory changes could increase the ability of special interest groups to object to and/or delay certain capital projects. See "Changes in Laws" above. Publicity adverse to AltaGas' operations, AltaGas' partners, or others operating in the energy industry generally, could have an adverse effect on AltaGas and its operations. While AltaGas is committed to operating in a socially responsible manner, there can be no assurance that its efforts in this respect will mitigate this potential risk.

Composition Risk

The extraction business is influenced by the composition of natural gas produced in the WCSB and processed at AltaGas' facilities. The composition of the gas stream has the potential to vary over time due to factors such as the level of processing done at plants upstream of AltaGas' facilities and the composition of the natural gas produced from reservoirs upstream of AltaGas' facilities.

Electricity and Resource Adequacy Prices

AltaGas' revenue from sales of power, capacity and ancillary services attributes are subject to market factors such as fluctuating supply and demand, which may be affected by weather, customer usage, economic activity and growth factors and this exposure may increase upon termination of existing power purchase arrangements. When a power purchase arrangement expires or is terminated, it is possible that the price received by the power generator or the relevant facility or plant under subsequent selling arrangements may be reduced significantly. It is also possible that power purchase arrangements negotiated after the initial term has expired may not be available at profitable prices that permit the continued operation of the affected facility or plant.

Interest Rates

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

Collateral

AltaGas is able to obtain unsecured credit limits from certain of its counterparties in order to lock in base load electricity margins and also to procure natural gas and NGL supply and services for its energy services business. If counterparties' credit exposure to AltaGas exceeds the unsecured credit limits granted, AltaGas may have to provide collateral such as letters of credit.

Indigenous Land and Rights Claims

Indigenous peoples have claimed rights to a substantial portion of the lands in Canada. AltaGas operates in territories in which such claims have been advanced. Such claims, if successful, could have a significant adverse effect on matters, including, without limitation, natural gas production, the construction of natural gas storage infrastructure in Nova Scotia, the development of natural gas and NGL extraction projects in Alberta and British Columbia, the development of RIPET in British Columbia and power development and generation projects in Alberta, which could have a materially adverse effect on AltaGas' business and operations, including, without limitation, the volume of natural gas processed at AltaGas' facilities, the power produced by AltaGas' facilities or on the operation or development of facilities for gathering and processing, energy exports, natural gas distribution, storage, power generation or extraction and transmission.

AltaGas has concluded agreements with many Indigenous communities and other agreements are in development. 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, AltaGas 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 AltaGas strengthen relationships between the parties while respecting the ever evolving regulatory and judicial relationship between Canada's governments and Indigenous peoples. However, AltaGas 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 AltaGas' 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 AltaGas' business.

Underinsured and Uninsured Losses

There can be no assurance that AltaGas will be able to obtain or maintain adequate insurance coverage at all or 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 AltaGas' business. The occurrence of a significant uninsured claim, a claim in excess of the insurance coverage limits maintained by AltaGas, or a claim that falls within a significant self-insured retention could have a material adverse effect on AltaGas' business or its results. Further, significant insured claims could lead to an increased cost of operating and insuring AltaGas' assets in the future.

Weather Data

The utilities and 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 AltaGas' utilities operate. Natural gas distribution revenue during the winter typically accounts for the largest share of annual revenue in the Utilities business. 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. In Maryland and Virginia, Washington Gas has in place regulatory mechanisms and rate designs intended to stabilize the level of net revenues that it collects from customers by eliminating the effect of deviations in customer usage caused by variations in weather from normal levels, and other factors such as conservation. If Washington Gas' rates and tariffs are modified to eliminate these provisions, then Washington Gas would be exposed to significant risk associated with weather.

The operations of AltaGas' retail energy-marketing business, are weather sensitive and seasonal, with a significant portion of revenues derived from the sale of natural gas to retail customers for space heating during the winter months, and from the sale of electricity to retail customers for cooling during the summer months. Weather conditions directly influence the volume of natural gas and electricity delivered to customers. Weather conditions can also affect the short-term pricing of energy supplies that the retail energy-marketing business may need to procure to meet the needs of its customers. Similarly, the business of AltaGas' Midstream business is seasonal due to the tendency of storage and transportation spreads to increase during the winter. In addition, the distributed generation operations of AltaGas, which derive significant revenues from the sale of electricity to customers from solar generating assets, are weather sensitive because weather conditions directly influence the generation of electricity that is delivered to customers. Deviations from normal weather conditions and the seasonal nature of these businesses can create large fluctuations in short-term cash requirements and earnings for these businesses.

Service Interruptions

Service interruption incidents that may arise through unexpected major power disruptions to facilities or pipeline systems, third-party negligence or unavailability of critical replacement parts could cause AltaGas to be unable to safely and effectively operate its assets. This could adversely affect AltaGas' business operations and financial results.

Rep Agreements

If AltaGas becomes insolvent or is in material default under the terms of the Rep Agreements for an extended period, effective ownership of the natural gas processing plant within Harmattan can be claimed by the original Harmattan owners for a nominal fee. Accordingly, under these circumstances, AltaGas could lose its investment in the natural gas processing plant, excluding the Caroline Pipeline and various ancillary facilities that are owned 100 percent by AltaGas.

Cook Inlet Gas Supply

ENSTAR's gas distribution system, including, without limitation, the Alaska Pipeline Company pipeline system, is not linked to major interstate and intrastate pipelines or natural gas supplies in the lower 48 states of the United States or in Canada. As a result, ENSTAR procures natural gas supplies under long-term RCA-approved contracts from producers in and near the Cook Inlet area. Declining production from the Cook Inlet gas fields may result in potential deliverability problems in ENSTAR's service area. There is ongoing exploration for natural gas in the Cook Inlet area, including, without limitation, producers that have supply contracts with ENSTAR. Activity also continues with respect to the possible construction of a natural gas pipeline that would extend from Alaska's North Slope, through interior Alaska to a liquefaction facility located in southcentral Alaska. There are no assurances, however, with respect to these gas supply-related matters, including when such pipelines might be constructed and put in service or whether natural gas supplies transported by such pipelines would be available to ENSTAR's customers and secured by ENSTAR on terms and conditions that would be acceptable to the RCA.

Health and Safety

The ownership and operation of AltaGas' business is subject to hazards of gathering, processing, transporting, fractionating, storing and marketing hydrocarbon products, including, without limitation, blowouts, fires, explosions, gaseous leaks, releases and migration of harmful substances, hydrocarbon spills, corrosion, and acts of vandalism and terrorism. Any of these hazards can interrupt operations, impact AltaGas' 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.

Further, such ownership and operations carries the potential for liability related to worker health and safety, including, without limitation, the risk of any or all of government imposed orders to remedy unsafe conditions, potential penalties for contravention of health and safety laws, licenses, permits and other approvals, and potential civil liability. Compliance with health and safety laws (and any future changes) and the requirements of licenses, permits and other approvals are expected to remain material to AltaGas' business.

Safety has been and continues to be a core value of AltaGas and is integral to how AltaGas operates. AltaGas actively works with industry groups and communities within which it operates to improve safety. Also, AltaGas has policies, procedures and emergency response plans in place, which AltaGas regularly monitors and evaluates to identify opportunities for improvement in its safety programs. In addition, Washington Gas, with support from each of its regulatory commissions, is accelerating the replacement of aging pipeline infrastructure prioritized on a risk-based approach and has implemented preventive and remedial measures to address increased leak rates in its distribution system caused by an increase in the volume of natural gas containing low concentration of halogenated hydrocarbons received from its suppliers.

However, no assurances can be given that the occurrence of any of the above listed events or the additional workers' health and safety issues relating thereto will not require unanticipated expenditures, or result in fines, penalties or other consequences (including, without limitation, changes to operations) material to AltaGas' business and operations.

Non-controlling interests in investments

AltaGas owns, and may acquire additional, non-controlling interests in investments. AltaGas may not have the right or power to direct the management of these investments, and other investors may take action that is contrary to AltaGas' interests. In addition, other participants may become bankrupt or have other economic or business objectives that could negatively impact the value and performance of AltaGas' investments.

Decommissioning, Abandonment and Reclamation Costs

AltaGas is responsible for compliance with all applicable laws and regulations regarding the decommissioning, abandonment and reclamation of its facilities 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 are 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 AltaGas' financial statements. In particular, management has identified environmental issues associated with the prior activities of Harmattan. There are indications of significant groundwater and soil contamination resulting from Harmattan's prior activities. There is a risk that the costs of addressing these environmental issues could be significant.

As well, Washington Gas has recorded environmental liabilities for costs expected to be incurred to remediate sites where Washington Gas or a predecessor affiliate operated manufactured gas plants (MGPs). Estimates of liabilities for environmental response costs are difficult to determine with precision because of the various factors that can affect their ultimate level. These factors include, but are not limited to, the following:

- the complexity of the site;
- changes in environmental laws and regulations at the federal, state and local levels;
- the number of regulatory agencies or other parties involved;
- new technology that renders previous technology obsolete or experience with existing technology that proves ineffective;
- the level of remediation required; and
- variation between the estimated and actual period of time required to respond to an environmentally contaminated site.

Washington Gas has identified up to ten sites where it or its predecessors may have operated (MGPs). Washington Gas last used any such plant in 1984. In connection with these operations, Washington Gas is aware that coal tar and certain other by-products of the gas manufacturing process are present at or near some former sites and may be present at others.

Washington Gas is currently remediating its East Station property, which is adjacent to the Anacostia River, including ground water pump and treat, tar recovery, soil encapsulation and other treatment. Washington Gas is conducting a remedial investigation and feasibility study under a 2012 consent decree with the District of Columbia and the federal government and additional remediation may be required. In addition, manufactured gas waste was discovered at an adjoining property, a parcel of land adjacent to East Station. Washington Gas has agreed to work with the owners of the adjoining property to perform a site investigation, ground water sampling, and report on the contamination at the site pursuant to oversight by Department of Energy and Environment (DOEE).

Washington Gas received a letter in February 2016 from the District of Columbia and National Park Service regarding the Anacostia River Sediment Project, indicating that the District of Columbia is conducting a separate remedial investigation and feasibility study of the river to determine if and what cleanup measures may be required and to prepare a natural resource damage assessment. The sediment project draft remedial investigation report issued on March 30, 2018 identifies East Station as one of seventeen potential environmental cleanup sites. During the fiscal year ended September 30, 2017, Washington Gas received a request for information related to three Washington Gas properties. The Corporation is not able to estimate the total amount of potential damages or timing associated with the District of Columbia's environmental investigation on the Anacostia River at this time. While an allocation method has not been established, Washington Gas has accrued an amount based on a potential range of estimates.

Cost of Providing Retirement Plan Benefits

The cost of providing retirement plan benefits to eligible current and former employees is subject to changes in the market value of AltaGas' retirement plan assets, changing bond yields, changing demographics and changing assumptions. Any sustained declines in equity markets, reductions in bond yields, increases in health care cost trends, or increases in life expectancy of beneficiaries may have an adverse effect on AltaGas' retirement plan liabilities, assets and benefit costs. Additionally, AltaGas may be required to increase its contributions in future periods in order to preserve the current level of benefits under the plans and/or due to U.S. federal funding requirements.

Labour Relations

The operations and maintenance staff at Ripon, Pomona, the Blythe Energy Center, Younger and some employees of Washington Gas and SEMCO Energy are members of a labour union. Aspects of RIPET's operations will also be performed by employees that will be members of a labour union. Labour disruptions could restrict the ability of Ripon, Pomona, and the Blythe Energy Center to generate power, the ability of Younger to process natural gas and produce NGLs, operations at RIPET, or could affect Washington Gas, and SEMCO Energy's operations and therefore could affect AltaGas' cash flow and net income.

Key Personnel

AltaGas' success has been largely dependent on the skills and expertise of its key personnel. The continued success of AltaGas will be dependent on its ability to retain such personnel and to attract additional talented personnel to the organization. Access to a sustained labour market from which to attract the required expertise, knowledge and experience is a critical factor to AltaGas' success. Costs associated with attracting and retaining key personnel could adversely affect AltaGas' business operations and financial results.

Failure of Service Providers

Certain of AltaGas' information technology, customer service, supply chain, pipeline and infrastructure installation and maintenance, engineering, payroll and human resources functions that AltaGas relies on are provided by third party vendors. Some of these services may be provided by vendors from centers located outside of Canada or the United States. Services provided pursuant to these agreements could be disrupted due to events and circumstances beyond AltaGas' control. AltaGas' reliance on these service providers could have an adverse effect on AltaGas' business, results of operations and financial condition.

Technical Systems and Processes Incidents

Failure of key technical systems and processes to effectively support information requirements and business processes may lead to AltaGas' inability to effectively and efficiently measure, record, access, analyze and accurately report key data. This could result in increased costs and missed business opportunities.

Securities Class Action Suits and Derivative Suits

Securities class action suits and derivative suits are often brought against companies who have entered into mergers and acquisition transactions. There can be no assurance that WGL or AltaGas will not be targets of such suits in the future, and no guarantee that WGL or AltaGas can successfully defend against any such actions. Defending against these claims, even if meritless, could result in substantial costs to WGL and AltaGas and could divert the attention of management.

Returns on AltaGas' Investments in Renewable Energy Projects

AltaGas' Power business derives a portion of its revenues from the sale of solar RECs, which are produced as a result of owning and operating commercial distributed energy systems. The value of these solar RECs is determined by markets in the states where the distributed energy systems are installed, which are driven by state laws relating to renewable portfolio standards or alternative compliance payment requirements for renewable energy. Overbuilding of distributed energy systems in these states or legislative changes reducing renewable portfolio standards or alternative compliance payment requirements could negatively impact the price of solar RECs that AltaGas sells and the value of the solar RECs that AltaGas holds in its portfolio. In addition, AltaGas' investment strategy to own and operate energy assets and sell energy to customers is based on the investment tax credit provision in the U.S. federal tax code, which allowed AltaGas to reduce its tax burden by investing in renewable and alternative energy assets, such as distributed energy, ductless heat pumps and fuel cells. AltaGas' ability to benefit from the investment tax credit is based on certain assumptions about the level of AltaGas' income taxes.

Impact of Competition in AltaGas' Midstream and Power businesses

AltaGas faces strong competition in its Retail Energy Marketing business. It competes with other non-regulated retail suppliers of natural gas and electricity, as well as with the commodity rate offerings of electric and gas utilities. Increases in competition, including utility commodity rate offers that are below prevailing market rates, may result in a loss of sales volumes or a reduction in growth opportunities. AltaGas' Midstream business competes with other midstream infrastructure and energy services companies, wholesale energy suppliers and other non-utility affiliates of regulated utilities to acquire natural gas storage and transportation assets. AltaGas' Power business faces many competitors in the commercial energy systems business, including, for government customers, companies that contract with customers under Energy Savings Performance Contracting (ESPC) and other utilities providing services under Utility Energy Saving Contracts (UESC) and, in the renewable energy and distributed generation market, other developers, tax equity investors, distributed generation asset owner firms and lending institutions. These competitors may have diversified energy platforms with multiple marketing approaches; broader geographic coverage, greater access to credit and other financial resources, or lower cost structures, and may make strategic acquisitions or establish alliances among themselves. There can be no assurances that AltaGas can compete successfully, and its failure to do so could have an adverse impact on AltaGas' results of operations and cash flow.

Compliance with Section 404(a) of Sarbanes-Oxley Act

Beginning in 2019, the Corporation's internal control over financial reporting are required to be in compliance with the requirements of Section 404(a) of Sarbanes-Oxley, and the related rules of the Securities Exchange Commission and the Public Company Accounting Oversight Board. AltaGas' failure to satisfy the requirements of Section 404(a) on an ongoing basis, or any failure of its internal controls could adversely affect investor confidence, cause reputational damage and expose AltaGas to monetary penalties. Any such effects of non-compliance could have an adverse effect on AltaGas' results of operations, financial conditions and cash flows.

Delays in U.S. Federal Government Budget Appropriations

The Energy Efficiency and Energy Management operations of AltaGas' Power business are sensitive to U.S. federal government agencies' receipt of funding in a timely manner. A portion of the Power business' revenues is derived from implementing projects related to energy efficiency and energy conservation measures for federal government agencies in the Washington D.C. metropolitan area. A delay in funding for these federal agencies directly impacts completion of ongoing projects and may harm AltaGas' ability to obtain new contracts, which may negatively impact earnings.

Biomass Supply Risk

Adequate supplies of biomass fuel may not be available to satisfy committed obligations as a result of any or all of economic events, natural occurrences or failure of a counterparty to perform under a supply contract. This could adversely affect AltaGas' business operations and financial results.

ENVIRONMENTAL AND SAFETY POLICIES AND SOCIAL RESPONSIBILITY

Values

AltaGas operates in a safe, reliable manner and maintains positive relationships with its customers and stakeholders in the communities in which it operates, 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.

Safety and environmental stewardship are core values at AltaGas and integral to how AltaGas operates. AltaGas operates all aspects of its business with the highest regard for the safety of its employees, contractors, and others impacted by AltaGas' operations. AltaGas employees throughout Canada and the United States are responsible for exhibiting safe behaviors and for encouraging the same behaviors in others.

EH&S Committee

The Board of Directors has established the EH&S Committee to review, monitor and make recommendations to the Board of Directors regarding the environment, health and safety policies, practices and procedures of AltaGas and its affiliates.

Policies and Procedures

AltaGas has a number of policies, procedures and practices in place with respect to environmental stewardship, safety and social responsibility. Notably, AltaGas' Code of Business Ethics, which applies to directors, officers, employees, contractors, consultants, representatives and agents of AltaGas, sets out fundamental principles to guide such individuals, and includes AltaGas' commitment to environmental responsibility and providing a safe and healthy work environment.

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

AltaGas' EHS Management System provides a framework to ensure that safety and environmental performance across the enterprise are effectively monitored and continually improves. The EHS Management System elements, which are modelled after the ISO 14001 and OHSAS 18001 standards, establishes the minimum criteria and components each business must follow. The EHS Management System outlines various actions and accountabilities, all of which flow into a Plan-Do-Check-Act cycle, forming the basis for continual improvement.

ENVIRONMENTAL REGULATION

AltaGas 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 AltaGas, which may result in increased compliance costs or additional operating restrictions, each of which could reduce AltaGas' earnings and adversely affect AltaGas' business.

The natural gas industry, utility industry and the power generation industry are subject to environmental regulation pursuant to local, provincial, state, territorial and federal legislation. Environmental legislation places restrictions and prohibitions on various substances discharged to the air, land, and water in association with certain natural gas and power industry operations, as well as restrictions on land and water use in association with certain operations. AltaGas' operations are required to obtain and comply with a variety of environmental licenses, permits, approvals, and registrations. In addition to the license and permit requirements, provincial, state, territorial and federal legislation may require that end of life assets be abandoned, remediated, and reclaimed to the satisfaction of provincial, state or territorial authorities. Failure to comply with applicable environmental legislation can result in civil or criminal penalties, environmental contamination clean-up requirements, and government orders affecting future operations. It is possible that increasingly strict environmental laws, regulations and enforcement policies, and potential claims for damages and injuries to property, employees, other persons and the environment resulting from current or discontinued operations, could result in substantial costs and liabilities in the future. Environmental risks from AltaGas' operations can typically include, but is not limited to: air emissions, such as sulphur dioxide, nitrogen oxides, particulate matter and greenhouse gases; potential impacts on land; the use, storage or release of chemicals or hydrocarbons; the generation, handling and disposal of wastes and hazardous wastes; and water impacts. AltaGas assesses its environmental risk on an ongoing basis and strategically manages its liabilities portfolio to meet jurisdictional requirements while reducing risk exposure. AltaGas may also be subject to opposition from special interest groups resulting in regulatory process delays, which can impact schedules and increase cost.

Please also refer to the "Risk Factors – External Stakeholder Relations", "Risk Factors – Regulatory", "Risk Factors – Climate Change and Carbon Tax", and "Risk Factors – Decommissioning, Abandonment and Reclamation Costs" sections of this AIF.

CLIMATE CHANGE

Changes in laws and regulations relating to GHG emissions could require AltaGas, in addition to complying with monitoring and reporting requirements applicable to its operations, to do one or more of the following: (i) comply with stricter emissions standards for internal combustion engines; (ii) take additional steps to control transmission and distribution system leaks; (iii) retrofit existing equipment with pollution controls or replace such equipment; or (iv) reduce AltaGas' 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. AltaGas' 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 AltaGas suppliers.

Certain climate change regulations specific to AltaGas' business segments are discussed under the sections "Business of the Corporation – Midstream Business – Environmental Regulations Impacting the Midstream Business", "Business of the Corporation – Power Business – Environmental Regulations Impacting the Power Business", and "Business of the Corporation – Utilities Business – Environmental Regulations Impacting the Utilities Business" of this AIF.

Canadian Federal Air and GHG Regulations

Multi-Sector Air Pollutants Regulations

The Multi-Sector Air Pollutants Regulations, promulgated under the *Canadian Environmental Protection Act*, 1999 (the Canadian EPA), was passed on June 17, 2016. The regulation requires owners and operators of specific industrial facilities and equipment types to meet consistent performance standards across the country. The objectives of the regulations are to limit the amount of nitrogen oxides (NOx) emitted from modern (new) and pre-existing (existing), gaseous-fuel-fired non-utility boilers and heaters used in many industrial facilities.

Certain provisions of the Multi-Sector Air Pollutants Regulations came into effect on July 1, 2017, requiring registration and compliance reporting for modern engines. Compliance obligations for pre-existing engines will be introduced in 2019 that will include NOx limits, NOx testing and oxygen (O_2) measurements, specified maintenance/operational requirements, and annual reporting and record keeping. Regulated entities will be subject to enforcement and compliance requirements and penalties as specified under the Canadian EPA.

AltaGas is currently focused on evaluating and implementing emissions reductions opportunities to reduce Nitrogen Oxides (NOx) emission associated with its Engine, Heater, and Boiler fleet. Through a combination of engine modifications, implementation of technology and or changes in operating parameters, AltaGas will achieve a yearly fleet average compliance target of 8g/kWh by 2021.

Federal Carbon Pricing

On December 9, 2016, the Government of Canada formally announced the Pan-Canadian Framework on Clean Growth and Climate Change. As a result, on June 21, 2018 the federal government enacted the *Greenhouse Gas Pollution Pricing Act* to implement a carbon pollution pricing system that will take effect beginning in 2019, to be applied in provinces and territories that do not have a carbon pricing system that aligns with the federal benchmark. Currently, those provinces and territories are listed in Schedule 2 of the *Greenhouse Gas Pollution Pricing Act*, and include Ontario, New Brunswick, Manitoba, Prince Edward Island, Saskatchewan, Yukon and Nunavut. The federal government has also proposed regulations setting out requirements for the production of emissions information under the *Greenhouse Gas Pollution Pricing Act*.

The federal carbon pollution pricing scheme is composed of two elements, both of which may impact AltaGas' business:

- A carbon levy applied to fossil fuels set at $20 per tonne of carbon emitted, increasing to $50 per tonne in 2022; and

- 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.

The output based pricing system applies to all industrial facilities that emit 50,000 tonnes or more of CO2e per year. The output based pricing system will apply to emissions from fuel combustion as well as emissions of synthetically produced GHG's from industrial processes and products. As of December 31, 2018, AltaGas has three processing facilities that would exceed the 50,000 tonnes of CO2e per year threshold. Two facilities in Alberta and one facility in British Columbia that exceeds the threshold will continue to be regulated by the carbon pricing and reporting systems within those provinces. The carbon pricing scheme in both Alberta and British Columbia are expected to meet equivalency requirements to the federal benchmark.

The output-based pricing system came into effect on January 1, 2019. The carbon levy for provinces that do not meet equivalency requirements is expected to take effect in April 2019.

The impact of a federal carbon pricing structure is expected to be varied across AltaGas' business segments as the pricing structure catches up with provincial carbon pricing models already in place. The immediate carbon tax impact on AltaGas will mainly impact AltaGas' Midstream segment.

Federal Greenhouse Gas Reporting Programme (GHGRP)

Environment and Climate Change Canada reduced the reporting threshold for the GHGRP reports for the 2017 operating year. Under this rule the GHGRP will apply to a wider range of GHG emitting operations in Canada. The reporting threshold for industrial facilities will be reduced from 50,000 tonnes CO2e to 10,000 tonnes CO2e.

As of June 1, 2018, ten Midstream segment facilities reported to the GHGRP as a result of the lower reporting threshold.

Canadian Provincial GHG Regulations

For a discussion of the GHG regulations and further discussion of federal and provincial environmental regulations, please see "Business of the Corporation – Midstream Business – Environmental Considerations Impacting the Midstream Business" and "Business of the Corporation – Power Business – Environmental Considerations Impacting the Power Business."

British Columbia (B.C.)

<u>*Carbon Tax Act*</u>

B.C.'s carbon tax is currently set at $35 per tonne of CO2e emissions. In September 2017, the B.C. government announced in its budget update that starting on April 1, 2018, carbon tax rates will increase annually by $5 per tonne of

CO2e emissions until rates equal to $50 per tonne in 2021. With these increases, B.C. will exceed the carbon pricing requirements expected in the Pan-Canadian Framework.

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

AltaGas' operating facilities in B.C. operate under and comply with requirements set forth by the *Carbon Tax Act* of B.C.

British Columbia Clean BC Plan

The British Columbia government unveiled the Clean BC Plan in December 2018. The plan identifies key areas where British Columbia can take action to reduce greenhouse gas emissions. Highlights from the plan include, without limitation:

- Strengthening the low carbon fuel standard to a 20 percent reduction in fuel carbon intensity by 2030;
- Supporting ramp up of new renewable fuel production to 650 million liters by 2030;
- Zero-Emission Vehicles to make up 10 percent of new light duty vehicle sales in 2025, 30 percent in 2030, and 100 percent in 2040;
- 15 percent minimum renewable content in industrial natural gas consumption, and cleaner industrial operations through electrification, CO2 carbon capture and storage, and reducing methane emissions by 45 percent; and,
- Improved energy efficiency in buildings

AltaGas is actively monitoring developments of the plan to assess how it will impact AltaGas' businesses in the province.

U.S. Federal Air and GHG Regulations

Greenhouse Gas Reporting Program (US GHGRP)

The US GHGRP requires reporting of GHG data and other relevant information from large GHG emission sources, fuel and industrial gas suppliers, and CO_2 injection sites in the United States. A total of 41 categories of reporters are covered by the US GHGRP. Facilities determine whether they are required to report based on the types of industrial operations located at the facility, their emission levels, or other factors. Facilities are generally required to submit annual reports under Part 98 if:

- GHG emissions from covered sources exceed 25,000 metric tons CO2e per year.
- Supply of certain products would result in over 25,000 metric tons CO2e of GHG emissions if those products were released, combusted, or oxidized.
- The facility receives 25,000 metric tons or more of CO2 for underground injection.

All of AltaGas' operating facilities and certain of its utilities located in the U.S. operate under and comply with requirements set forth by the US GHGRP.

For further discussion of the U.S. federal and state air emission regulations, please see "Business of the Corporation – Power Business – Environmental Considerations Impacting the Power Business".

STAKEHOLDER ENGAGEMENT AND INDIGENOUS PEOPLES POLICY

AltaGas works to build long-term collaborative relationships that are based on trust, the willingness to listen and learn, and the desire to involve Indigenous peoples meaningfully in every phase of its developments. AltaGas' approach is underscored by principles that help to enable strong relationships, including:

- Open and honest communication throughout all aspects of a project.
- A willingness to integrate Indigenous teachings and knowledge to help inform AltaGas' environmental actions and community solutions as part of the project planning and development.
- A desire to engage with as many community members as possible, and
- A desire to educate, train and build capacity so that Indigenous peoples may participate in the planning, construction and operations of a project.

AltaGas is committed to building long term, mutually beneficial working relationships with Indigenous peoples while recognizing and respecting individual values and traditions. AltaGas is committed to developing these relationships on a foundation of respect for the languages, customs, and political, social and cultural institutions of Indigenous peoples.

AltaGas' Indigenous Peoples Policy directs mutually beneficial relations with Indigenous communities affected by the Corporation's operations. It provides direction and a means to clarify how the Corporation will interact with Indigenous communities. It also sets standards for employees and contractors to interact with Indigenous representatives, and ensures a consistent approach for all projects. AltaGas' policy identifies guiding principles for Indigenous peoples in order to achieve these goals. These guiding principles include:

- Respect for legal rights, cultural values and traditional land use;
- Recognition of the distinct needs of different Indigenous peoples with unique languages, cultures, priorities and protocols and the need to research project-specific issues;
- Acknowledgment that all communities are different. A distinct community specific approach will need to be adopted for consultation and accommodation based on the impact of each project;
- Open dialogue through communication and consultation;
- AltaGas employee education and training on Indigenous Peoples Policy; and
- Community development and partnerships.

This policy promotes the understanding of, and sensitivity to Indigenous peoples and the issues important to them based on the concerns they raise.

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 cash flow as impacted by the consolidated net income, maintenance and growth capital and debt repayment requirements of AltaGas. The Corporation targets to pay a portion of its ongoing cash flow through regular monthly dividends made to Shareholders.

AltaGas currently pays cash dividends on the Common Shares on or about the 15th day of each month or, if that date is not a business day, then the following business day to Shareholders of record on the 25th day of the previous month, or if that day is not a business day the following business day. Dividends on the Series A Shares, Series B Shares, Series C Shares, Series E Shares, Series G Shares, Series I Shares, and Series K Shares are paid quarterly.

AltaGas' 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 AltaGas, the preferred shareholders have priority in the payment of dividends over the common shareholders.

In December 2018, AltaGas' Board of Directors approved a dividend reset to $0.08 per Common Share effective for the January 2019 dividend.

The table below shows the cash dividends paid by AltaGas on Common Shares and Preferred Shares for the three most recently completed financial years and the cash dividends paid by Washington Gas on Washington Gas Preferred Shares for the most recently completed financial year.

$ per share	**2018**	2017	2016
Common Shares	2.190000	2.107500	2.020000
Series A Shares	0.845000	0.845000	0.845000
Series B Shares	0.968620	0.806380	0.786920
Series C Shares(1)	1.322500	1.155625	1.100000
Series E Shares	1.250000	1.250000	1.250000
Series G Shares	1.187500	1.187500	1.187500
Series I Shares	1.312500	1.312500	1.448245
Series K Shares	1.250000	1.063400	-
Washington Gas $4.25 Series (1)	2.125000	-	-
Washington Gas $4.80 Series (1)	2.400000	-	-
Washington Gas $5.00 Series (1)	2.500000	-	-

Note:
(1) Amounts disclosed are in U.S. dollars.

PREMIUM DIVIDEND™, DIVIDEND REINVESTMENT AND OPTIONAL CASH PURCHASE PLAN

Effective May 17, 2016, AltaGas replaced in its entirety, its dividend reinvestment plan with the Premium Dividend™, Dividend Reinvestment and Optional Cash Purchase Plan (the Plan). The Plan consists of three components: a Premium Dividend™ component, a Dividend Reinvestment component and an Optional Cash Payment component.

The Plan provides eligible holders of Common Shares with the opportunity to, at their election, either: (1) reinvest the cash dividends paid by AltaGas on their Common Shares towards the purchase of new Common Shares at a 3 percent discount to the average market price (as defined below) of the Common Shares on the applicable dividend payment date (the Dividend Reinvestment component of the Plan); or (2) reinvest the cash dividends paid by AltaGas on their Common Shares towards the purchase of new Common Shares at a 3 percent discount to the average market price (as defined below) on the applicable dividend payment date and have these additional Common Shares of AltaGas exchanged for a cash payment equal to 101 percent of the reinvested amount (the Premium Dividend™ component of the Plan).

In addition, the Plan provides Shareholders who are enrolled in the Dividend Reinvestment component of the Plan with the opportunity to purchase new Common Shares at the average market price (with no discount) on the applicable dividend payment date (the Optional Cash Payment component of the Plan).

Each of the components of the Plan is subject to prorating and other limitations on availability of new Common Shares in certain events. The "average market price", in respect of a particular dividend payment date, refers to the arithmetic average (calculated to four decimal places) of the daily volume weighted average trading prices of Common Shares on the TSX for the trading days on which at least one board lot of Common Shares is traded during the 10 business days immediately preceding the applicable dividend payment date. Such trading prices will be appropriately adjusted for certain capital changes (including, without limitation, common share subdivisions, common share consolidations, certain rights offerings and certain dividends). Shareholders resident outside of Canada are not entitled to participate in the Premium Dividend™ component of the Plan. Shareholders resident outside of Canada (other than the U.S.) may participate in the

™ Denotes trademark of Canaccord Genuity Corp.

Dividend Reinvestment component or the Optional Cash Payment Component of the Plan only if their participation is permitted by the laws of the jurisdiction in which they reside and provided that AltaGas is satisfied, in its sole discretion, that such laws do not subject the Plan or AltaGas to additional legal or regulatory requirements.

On October 29, 2018, AltaGas' Board of Directors suspended, until further notice, the Premium component of the Dividend Reinvestment Plan (PDRIP), effective December 18, 2018. Accordingly, the dividend payable on December 17, 2018 was the last dividend included in the PDRIP. The other components of the Dividend Reinvestment Plan remained unchanged.

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 ALA, traded by month from January to December 2018 as reported by the TSX:

Month	High	Low	Volume Traded
January	29.34	27.43	12,434,525
February	27.81	25.42	12,251,092
March	26.34	22.82	19,040,696
April	25.88	23.21	10,418,648
May	26.18	24.37	12,646,849
June	27.29	24.80	15,650,995
July	28.45	26.18	31,832,148
August	26.62	24.14	16,529,098
September	25.33	20.27	41,501,937
October	22.10	15.70	44,264,368
November	16.75	13.75	48,422,553
December	15.93	11.87	45,333,990

The Subscription Receipts commenced trading on the TSX under the symbol ALA.R, on February 3, 2017 and ceased trading following the closing of the WGL Acquisition on July 6, 2018. The following table sets forth the monthly price range and volume traded for Subscription Receipts for the period of January to July 6, 2018 as reported by the TSX:

Month	High	Low	Volume Traded
January	29.16	27.55	2,310,566
February	27.99	25.82	1,847,773
March	26.60	24.57	2,473,014
April	26.66	24.25	1,427,589
May	26.67	24.39	1,949,004
June	27.23	24.77	2,340,080
July	27.86	27.17	482,467

Series A Shares are traded on the TSX under the symbol ALA.PR.A. The following table sets forth the monthly price range and volume traded for Series A Shares from January to December 2018 as reported by the TSX:

Month	High	Low	Volume Traded
January	22.85	22.60	55,847
February	22.50	22.43	99,632
March	22.05	21.94	87,255
April	21.27	21.25	30,200
May	21.50	21.45	166,432
June	21.30	21.25	42,761
July	21.55	21.49	58,500
August	21.70	21.63	45,327
September	21.82	21.80	187,684
October	20.76	20.57	107,399
November	18.34	18.06	181,912
December	15.16	14.33	264,792

Series B Shares are traded on the TSX under the symbol ALA.PR.B. The following table sets forth the monthly price range and volume traded for Series B Shares for the period from January to December 2018 as reported by the TSX:

Month	High	Low	Volume Traded
January	22.96	21.24	9,824
February	22.70	21.90	9,755
March	22.10	21.19	154,754
April	21.35	19.90	17,900
May	21.55	20.12	47,082
June	21.45	20.85	27,850
July	21.94	21.10	19,682
August	22.12	21.75	68,491
September	22.28	20.30	53,700
October	20.90	18.02	50,250
November	18.71	14.94	67,717
December	15.25	13.26	92,007

Series C Shares are traded on the TSX under the symbol ALA.PR.U. The following table sets forth the monthly price range (in US dollars) and volume traded for Series C Shares from January to December 2018 as reported by the TSX:

Month	High	Low	Volume Traded
January	25.98	25.62	110,598
February	25.85	25.32	185,254
March	25.70	24.60	259,251
April	25.25	24.80	161,780
May	25.50	25.01	136,775
June	25.28	24.90	112,145
July	25.31	24.90	67,275
August	25.32	25.01	81,184
September	25.25	23.50	138,903
October	23.74	20.30	258,151
November	21.50	18.17	188,681
December	18.73	16.01	466,406

Series E Shares are traded on the TSX under the symbol ALA.PR.E. The following table sets forth the monthly price range and volume traded for Series E Shares from January to December 2018 as reported by the TSX:

Month	High	Low	Volume Traded
January	25.71	24.75	92,237
February	25.23	24.01	194,465
March	24.87	24.21	87,062
April	24.48	23.24	249,032
May	24.56	23.45	160,575
June	24.20	23.48	58,460
July	24.33	23.46	50,947
August	24.57	24.18	53,742
September	24.95	22.85	85,165
October	23.36	20.46	109,837
November	21.25	17.40	227,462
December	18.51	16.38	348,728

Series G Shares are traded on the TSX under the symbol ALA.PR.G. The following table sets forth the monthly price range and volume traded for Series G Shares from January to December 2018 as reported by the TSX:

Month	High	Low	Volume Traded
January	25.36	24.39	76,173
February	25.17	24.05	55,369
March	24.62	23.85	35,146
April	24.40	22.86	43,596
May	24.37	23.23	70,870
June	24.06	23.15	19,560
July	24.05	23.23	416,653
August	24.17	23.75	121,118
September	24.19	22.29	103,360
October	23.14	19.48	65,737
November	20.31	16.08	108,386
December	17.29	14.71	155,255

Series I Shares are traded on the TSX under the symbol ALA.PR.I. The following table sets forth the monthly price range and volume traded for Series I Shares for the period of January to December 2018 as reported by the TSX:

Month	High	Low	Volume Traded
January	26.13	25.55	109,994
February	26.13	25.46	55,131
March	26.14	25.45	237,699
April	25.62	25.09	503,716
May	25.76	25.24	116,837
June	25.69	25.05	131,225
July	25.90	25.25	286,078
August	25.95	25.60	49,180
September	25.93	24.69	151,966
October	25.38	23.38	286,038
November	24.28	20.01	192,476
December	21.07	19.08	814,700

Series K Shares are traded on the TSX under the symbol ALA.PR.K. The following table sets forth the monthly price range and volume traded for Series K Shares for the period of January to December 2018 as reported by the TSX:

Month	High	Low	Volume Traded
January	25.90	25.32	637,227
February	25.76	25.01	385,855
March	25.59	25.04	109,230
April	25.31	24.74	516,555
May	25.45	25.02	72,031
June	25.35	24.96	46,522
July	25.40	25.09	107,068
August	25.53	25.04	99,182
September	25.47	24.01	122,747
October	24.57	22.00	289,419
November	22.90	18.30	418,826
December	19.00	16.25	603,704

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

S&P, DBRS and Fitch are rating agencies that provide credit ratings. These rating agencies' ratings for debt instruments range from a high of AAA to a low of D. All three rating agencies also provide credit ratings for preferred shares. S&P ratings for preferred shares range from a high of P-1 to a low of D. DBRS ratings for preferred shares range from a high of Pfd-1 to a low of D. Fitch ratings for preferred shares range from a high of AAA to a low of D.

On December 19, 2018, S&P downgraded AltaGas' issuer rating and senior unsecured MTN rating from BBB with a Negative Outlook to BBB- with a Negative Outlook. On December 21, 2018, DBRS downgraded the rating from BBB Under Review with Developing Implications to BBB(low) with a Stable Outlook. On July 27, 2018, Fitch assigned a first-time rating of BBB to AltaGas and on December 17, 2018 affirmed the BBB rating.

According to the S&P rating system, an obligor rated BBB has adequate protection parameters. However, adverse economic conditions or changing circumstances are more likely to lead to a weakened capacity of the obligor to meet its financial commitments. The ratings from AA to CCC may be modified by the addition of a plus (+) or minus (-) sign to show relative standing within the major rating categories.

According to the DBRS rating system, debt securities rated BBB 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" grades are used to indicate the relative standing within a particular rating category.

According to the Fitch rating system, 'BBB' ratings indicate that expectations of default risk are currently low. The capacity for payment of financial commitments is considered adequate, but adverse business or economic conditions are more likely to impair this capacity.

On August 10, 2010, S&P and DBRS commenced rating of AltaGas' Preferred Shares with an S&P rating of P-3 (High) and DBRS rating of Pfd-3. On December 19, 2018 S&P downgraded AltaGas' Preferred Shares from P-3 (High) to P-3.

On December 21, 2018, DBRS downgraded AltaGas' Preferred Shares from Pfd-3 to Pfd-3(low). On July 27, 2018, Fitch assigned a first-time rating of BB+ to AltaGas' Preferred Shares and affirmed the rating of BB+ on December 17, 2018.

A P-3 rating by S&P is the third highest of eight categories granted by S&P under its Canadian preferred share rating scale and a P-3 rating directly corresponds with a BB rating under its global preferred rating scale. The Canadian preferred share rating scale is fully determined by the global preferred rating scale and there are no additional analytical criteria associated with the determination of ratings on the Canadian preferred share rating scale. According to the S&P rating system, while securities rated P-3 are regarded as having significant speculative characteristics, they are less vulnerable to non-payment than other speculative issues. However, it faces major ongoing uncertainties or exposure to adverse business, financial, or economic conditions which could lead to the obligor's inadequate capacity to meet its financial commitment on the obligation. The ratings from P-1 to P-5 may be modified by "high" and "low" grades which indicate relative standing within the major rating categories.

A Pfd-3 rating by DBRS is the third highest of six categories granted by DBRS. According to the DBRS rating system, preferred shares rated Pfd-3 are of adequate credit quality. While protection of dividends and principal is still considered acceptable, the issuing entity is more susceptible to adverse changes in financial and economic conditions, and there may be other adversities present which detract from debt protection. Pfd-3 ratings normally correspond with companies whose bonds are rated in the higher end of the BBB category. "High" or "Low" grades are used to indicate the relative standing within a rating category. The absence of either a "High" or "Low" designation indicates the rating is in the middle of the category. A 'BB' rating by Fitch indicates an elevated vulnerability to default risk, particularly in the event of adverse changes in business or economic conditions over time; however, business or financial flexibility exists that support the servicing of financial commitments.

The credit ratings accorded to the securities by the rating agencies 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 is 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 a rating agency in the future if, in its judgment, circumstances so warrant.

Except as set forth above, none of S&P, DBRS nor Fitch has announced that it is reviewing or intends to revise or withdraw the ratings on AltaGas.

AltaGas provides an annual fee to S&P, DBRS and Fitch for credit rating services. AltaGas has paid each of S&P, DBRS and Fitch their respective fees in connection with the provision of the above ratings. Over the past two years, in addition to the aforementioned fees, AltaGas has made payments in respect of certain other services provided to the Corporation by S&P, DBRS and Fitch.

MATERIAL CONTRACTS

Except for contracts entered into in the ordinary course of business, the only material contracts entered into by AltaGas 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:

- The US$1.2 billion Extendible Revolving Term Credit Facility Credit Agreement dated December 28, 2018. This is an unsecured extendible revolving credit facility with Royal Bank of Canada, Bank of Montreal, The Toronto-Dominion Bank, The Bank of Nova Scotia, Canadian Imperial Bank of Commerce, JPMorgan Chase Bank, N.A., National Bank of Canada, Bank of America, N.A., Canada Branch, MUFG Bank, Ltd., Canada Branch, ATB Financial, Fédération des caisses Desjardins du Québec, and HSBC Bank Canada and their respective affiliates maturing on December 18, 2021. Borrowings on the facility can be by way of prime loans, U.S. base rate loans, or LIBOR loans. Borrowings on the facility bear fees and interest at rates relevant to the nature of the draw made;
- The Purchase and Sale Agreement between AltaGas Ltd., Northwest Hydro Limited Partnership, Northwest Hydro GP Inc., Northwestern Hydro Acquisition Co II LP and Northwestern Hydro Acquisition Co III LP dated December 12, 2018 in connection with AltaGas' sale of its remaining 55% interest in the Northwest Hydro Facilities;

- The Bridge Facility, being the US$3,013,537,853 Term Credit Facility among AltaGas Ltd. and AltaGas Services (U.S.) Inc., as borrowers, and certain financial institutions, as lenders, JPMorgan Chase Bank, N.A., as agent, and JPMorgan Chase Bank, N.A., TD Securities and RBC Capital Markets, as co-lead arrangers and joint bookrunners. AltaGas drew on the Bridge Facility in connection with the financing of the Acquisition of WGL Holdings, Inc. on July 6, 2018. The majority of the Bridge Facility was repaid in December 2018 with a remaining balance of approximately US$83 million as of December 31, 2018;
- The Contribution and Purchase Agreement between AltaGas Ltd., Northwest Hydro Limited Partnership, Northwest Hydro GP Inc. and Northwestern Hydro Acquisition Co Inc., dated June 12, 2018 in connection with AltaGas' sale of a 35% interest in its Northwest Hydro Facilities;
- Agreement and plan of merger dated as of January 25, 2017, among AltaGas, Merger Sub (Wrangler Inc.) and WGL;
- The trust indenture between AltaGas and Computershare Trust Company of Canada dated July 1, 2010, as supplemented, related to the issuance and sale of MTNs pursuant to AltaGas' medium term note program; and
- The trust indenture between AltaGas and Computershare Trust Company of Canada dated September 26, 2017, as supplemented, related to the issuance and sale of MTNs pursuant to AltaGas' medium term note program.

Copies of each of these documents have been filed on SEDAR at www.sedar.com.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

AltaGas is not aware of any material interest, direct or indirect, of any director or officer of AltaGas, any director or officer of a corporation that is an insider or subsidiary of AltaGas, or any other insider of AltaGas, or any associate or affiliate of any such person, in any transaction since the commencement of AltaGas' last three completed financial years, or in any proposed transaction, that has materially affected or would materially affect AltaGas or any of its subsidiaries.

LEGAL PROCEEDINGS

Other than as set out below, AltaGas is not aware of any material legal proceedings to which the Corporation or its affiliates is a party or to which their property is subject during AltaGas' most recently completed financial year and AltaGas is not aware of any such material legal proceedings being contemplated.

Antero Resources Corporation (Antero) has initiated suit against Washington Gas and WGL Midstream, claiming that they have failed to purchase specified daily quantities of gas and seeking alleged cover damages exceeding US$100 million as of April 4, 2018 according to Antero's complaint. Washington Gas and WGL Midstream oppose both the validity and amount of Antero's claim. WGL believes the probability that Antero could succeed in collecting these penalties is remote therefore no accrual was made as of December 31, 2018. Further information on this claim is set forward in the Corporation's Management's Discussion and Analysis (MD&A) dated February 27, 2019 as at and for the year ended December 31, 2018. See "Risk Factors – Litigation".

REGULATORY ACTIONS

AltaGas 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 AltaGas before a court relating to securities legislation or with a securities regulatory authority during AltaGas' most recently completed financial year.

INTERESTS OF EXPERTS

The auditors of the Corporation are Ernst & Young LLP, Chartered Accountants, 2200 – 215 2nd Street SW, Calgary, Alberta T2P 1M4. Ernst & Young LLP is independent in accordance with the Rules of Professional Conduct as outlined by the Chartered Professional Accountants of Alberta.

ADDITIONAL INFORMATION

Additional information, including, without limitation, directors' and officers' remuneration and indebtedness, principal holders of AltaGas' securities, Share Options, and interests of insiders in material transactions, where applicable, is contained in AltaGas' management information circular for AltaGas' most recent annual meeting of Shareholders that involved the election of directors.

Additional financial information is contained in AltaGas' audited consolidated financial statements as at and for the year ended December 31, 2018 and management's discussion and analysis for the year ended December 31, 2018.

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

TRANSFER AGENTS AND REGISTRARS

The registrar and transfer agent for the Common Shares and the Preferred Shares is Computershare Investor Services Inc., 600, 530 - 8th Avenue SW, Calgary, Alberta T2P 3S8, Tel: 1-800-564-6253.

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

SCHEDULE A: AUDIT COMMITTEE MANDATE

CONSTITUTION

The Board of Directors (the "Board") of AltaGas Ltd. ("AltaGas" or the "Corporation") has established an Audit Committee (the "Committee"). The Committee shall be in compliance with the guidelines for corporate governance of the Toronto Stock Exchange ("TSX"), the U.S. Securities and Exchange Commission ("SEC") and any other regulatory or legal authority having jurisdiction over AltaGas.

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

MEMBERSHIP

The Board shall elect from its members not less than three (3) 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, if AltaGas is at such time an SEC Issuer, the rules of the SEC); and

- financially literate (in accordance with NI 52-110).

For so long as the Corporation has a class of securities registered under section 12 of the United States *Securities Exchange Act of 1934* (the "1934 Act") or is required to file reports under section 15(d) of the 1934 Act (at such time, an "SEC Issuer"), at least one Member shall be an "audit committee financial expert" as such term is defined under applicable SEC rules.

No Member shall be an officer or employee of AltaGas or any subsidiary or affiliate of AltaGas. 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 Corporation.

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 Governance Committee, provided that the proposed Member meets the above criteria (and, if applicable in the circumstances where the vacancy was in relation to the sole "audit committee financial expert", the proposed Member is also an "audit committee financial expert"). Provided the Committee includes three Members, including an "audit committee financial expert" if required, 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 AltaGas shall be secretary to the Committee unless the Committee directs otherwise.

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 Corporation. A minimum of twenty-four (24) hours' notice of each meeting, plus a copy of the proposed agenda, shall be given to each Member. Members of management of the Corporation or any subsidiary or affiliate of the Corporation 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.

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 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.

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 Corporation 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 Corporation 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 Corporation;

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 AltaGas' 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 Corporation'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 Corporation 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 Corporation 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 Corporation;

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, 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 Corporation arising under such laws; and

d) review and discuss with management and the independent auditor the certification and reports of management and the independent auditor required in the Corporation's periodic SEC reports concerning the Corporation'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 Corporation's consolidated financial statements;

b) review of Corporation's policy on dividends;

c) review the issuance of equity or debt securities by the Corporation;

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 Corporation; and

e) review and recommend to the Human Resources and Compensation 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 Corporation's major risks, a review of the method of risk analysis by the Corporation, review of the strategies, policies and practices in place for risk management; and

b) review of the Corporation's cyber risk and data security, and insurance program.

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;
- Accounting and Auditing Irregularity Reporting Policy;
- Disclosure Policy;
- Commodity Risk Management Policy;
- 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.

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 Governance Committee of the Board; and

5. such other duties not mentioned herein but otherwise required pursuant to any applicable legal or regulatory authority.

OUTSIDE EXPERTS AND ADVISORS

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

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 Corporation 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 Corporation and its subsidiaries.

COMMITTEE TIMETABLE

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

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