



# 23<sup>rd</sup> Annual CIBC Western Institutional Investor Conference

January, 2020

# Forward Looking Information

Certain statements contained in this presentation constitute forward-looking statements or forward-looking information (collectively, “forward-looking statements”). These statements relate to future events or the Company’s future performance. These statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. No assurance can be given that these expectations will prove to be correct and such forward-looking statements included in this presentation should not be unduly relied upon. These statements speak only as of the date of this presentation. In particular, this presentation contains forward-looking statements pertaining to the following: expectations regarding plans for future growth, including expansion into existing and new markets and acquisition activities; expectations regarding the strengthening of leverage metrics over time; anticipated capital expenditures and rate base growth over the next five years; anticipated increase in activity in PNG’s service territory; potential growth on PNG’s Western Transmission system; expected timing of regulatory applications and decisions; expectations regarding the advancement of LNG projects; expectations regarding arrangements in relation to the Kitimat to Summit Lake, British Columbia pipeline; expectations regarding opportunities to attract new customers and expand existing franchise areas; expectations regarding the availability of industry consolidation opportunities in the future; projected adjusted normalized net income through 2023; anticipated future funding sources and expectations regarding future debt levels. This presentation also contains forward-looking statements with respect to the transaction involving ACI and a consortium formed by the Public Sector Pension Investment Board and the Alberta Teachers’ Retirement Fund Board, including in particular, forward-looking statements pertaining to the consortium’s financing structure; timing of closing of the transaction; anticipated regulatory approvals; and the anticipated benefits of the transaction.

These statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. Such statements reflect the Company’s then current views with respect to future events based on certain material facts and assumptions and are subject to certain risks and uncertainties, including without limitation changes in market, competition, governmental or regulatory developments, interest rate and foreign exchange rate risk and general economic conditions and the other factors described under the heading “Risk Factors” in ACI’s Annual Information Form of the year ended 2018.

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

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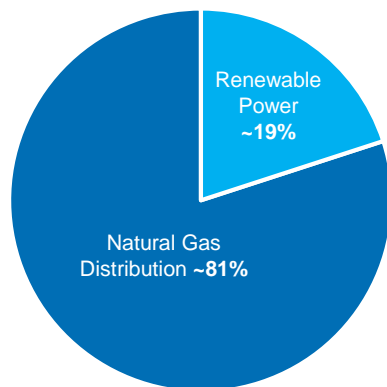
In this presentation the Company uses certain supplementary measures, including “normalized EBITDA”, “normalized net income” and “adjusted normalized net income”, which are measures that do not have any standardized meaning as prescribed by U.S. GAAP. Accordingly, the Company’s use of such terms may not be comparable to similarly defined measures presented by other entities. Unless otherwise described herein, for a reconciliation of certain non-GAAP measures referred to herein to the corresponding measures which have standardized meanings as prescribed by U.S. GAAP, see “Non-GAAP Financial Measures” in the management’s discussion and analysis of the Company in the 2018 Annual Report.

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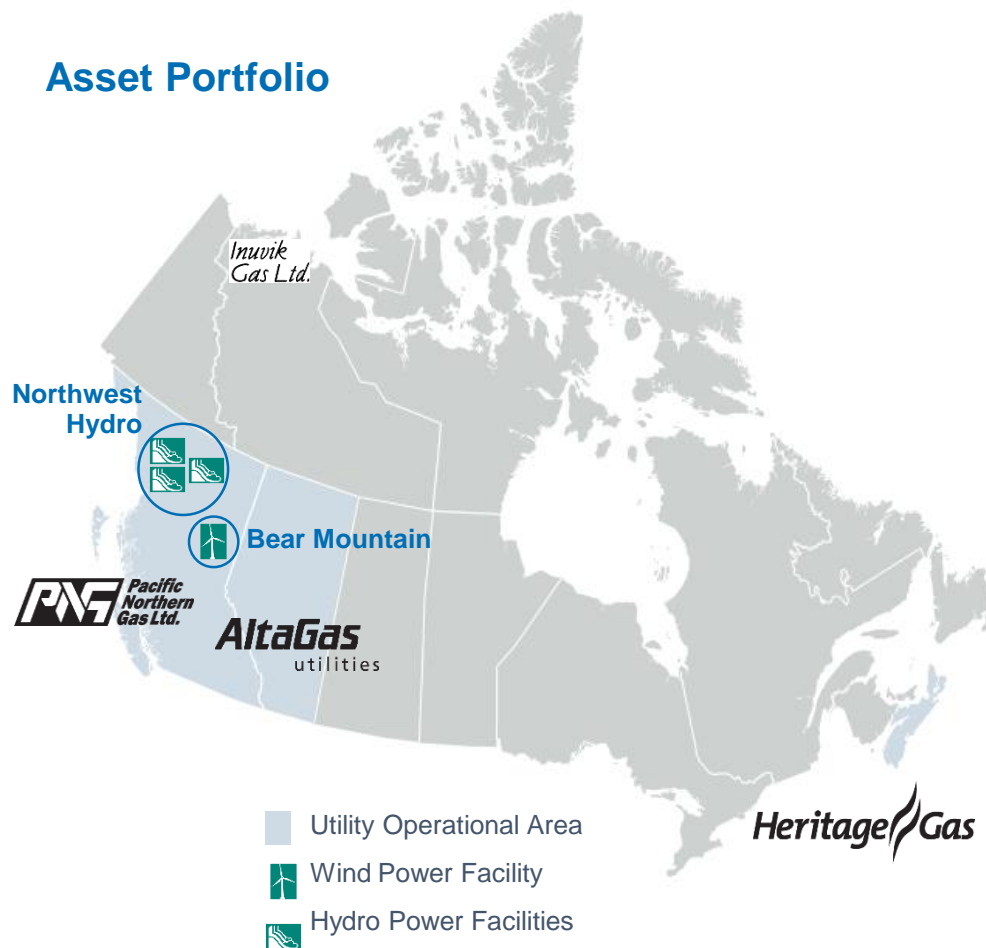
# ACI at a Glance

Market capitalization <sup>1</sup> :	\$1 billion
Enterprise Value <sup>1</sup> :	~\$1.7 billion
Credit Rating	BBB (High)

100% Underpinned by Regulated  
or Long-Term Contracted Assets



## Asset Portfolio



ACI is a stable and predictable Canadian natural gas utility and renewable power business

# High Quality & Diverse Utility Portfolio

**Rate Base  
~\$221 MM**



**Rate Base  
~\$357 MM**



**Rate Base  
~\$308 MM**



**Total Customer Base  
~130,000**



**Operations across Canada with a diversified customer base**

# Clean Renewable Energy: 132 MW

**10%**

Equity interest in 303 MW NWf Facilities

**60-Year**

Power Purchase Agreements with BC Hydro

**100%**

Indexed to BC CPI



Northwest Hydro Facilities

**102 MW**

~17.5% Long-term Avg. Capacity Factor

**PPA - 2034**

Power Purchase Agreement with BC Hydro

**50%**

Indexed to CPI

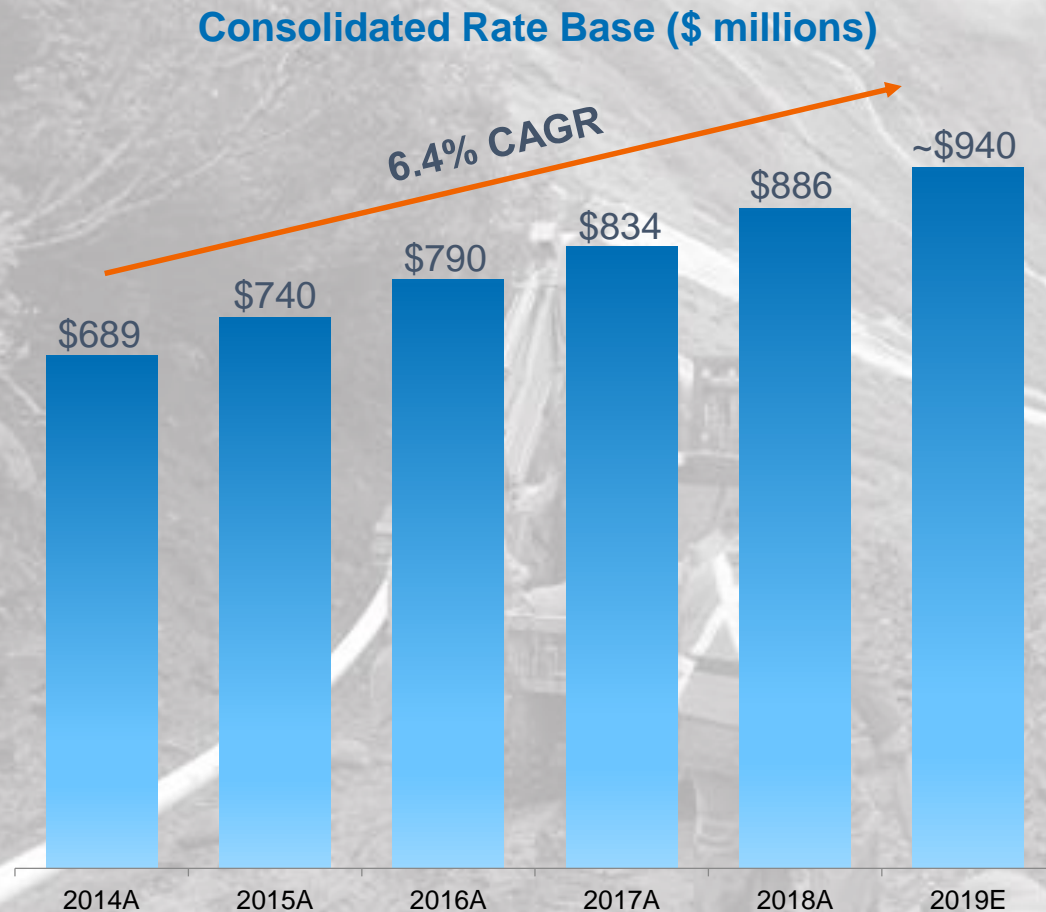


Bear Mountain Wind Park

# PSP / ATRF Transaction Summary

Transaction Structure	<ul style="list-style-type: none"><li>Plan of Arrangement under the Canada Business Corporations Act</li></ul>
Consideration	<ul style="list-style-type: none"><li>\$33.50/share</li><li>100% cash consideration</li><li>ACI's outstanding debt remains in place</li></ul>
Timing	<ul style="list-style-type: none"><li>Expected closing: first half of 2020</li></ul>
Key Approvals	<ul style="list-style-type: none"><li>ACI lender consents on credit facilities <input checked="" type="checkbox"/></li><li>Competition Bureau <input checked="" type="checkbox"/></li><li>ACI Shareholder Approval <input checked="" type="checkbox"/></li><li>Alberta Utilities Commission Approval <input type="checkbox"/></li><li>British Columbia Utilities Commission Approval <input type="checkbox"/></li></ul>

# Strong Track Record Continues

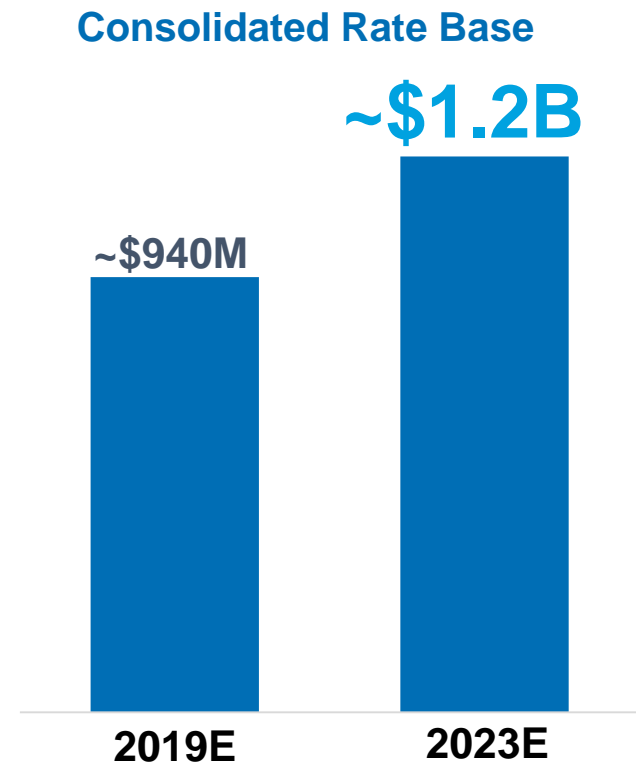


Attractive historical rate base growth delivered under supportive regulatory environments

# Fully Regulated Five Year \$425 - \$500<sup>1</sup> Million Growth Plan

**Growth projects of expected to drive significant rate base growth**

- System betterment opportunities
- PNG Transmission Re-Activation
- Etzikom Lateral Pipeline Project
- Technology improvements
- Increased market penetration in the Halifax region
- Natural Gas services to support Energy Export Related Opportunities
- Renewable Natural Gas & Compressed Natural Gas Vehicles



# Five Year \$425 - \$500<sup>1</sup> Million Growth Plan



- \$41 mm / year approved capital spend to 2022
- \$10 mm Etzikom gas supply pipeline placed in to service in December 2019



- \$25-30 mm / year in utility capex submitted in recent rate case with a focus on rejuvenation capital, efficiency investments, operations investments, and technology
- Up to \$120 mm PNG reactivation to come on-stream in 2024
- Increased capex expected to support economic activity driven by energy export; customer rates are expected to decrease after this expansion



- Steady customer growth expected
- Upside from increasing customer penetration (20,000+ potential customers with direct access to our existing network)
- Nova Scotia's cleanest energy source

# Significant Growth Potential on our PNG Western Transmission System



- Regulatory application to BCUC for base toll and auction process for pipeline capacity was filed in July 2019
- Transmission line requires re-activation of compressor stations
- Re-Activation has garnered strong interest from potential shippers
- PNG estimates up to \$120 million capital cost for reactivation, recommissioning and system reinforcement.

# Western Transmission System Timeline<sup>1</sup>

- Should the BCUC approve the Application, PNG plans to conduct a binding open season to determine the demand for gas transmission capacity on its system, both existing and prospective, and allocate its existing and prospective capacity (up to approximately 88 mmcf/d)
  - This reactivation would not require an environmental approval
- Provided there are sufficient shipper commitments backed by long-term contracts, PNG would commence system reactivation and recommissioning work to prepare for returning the system back to full utilization
- PNG expects the reactivation to result in the full utilization of its transmission system to the benefit of its existing ratepayers

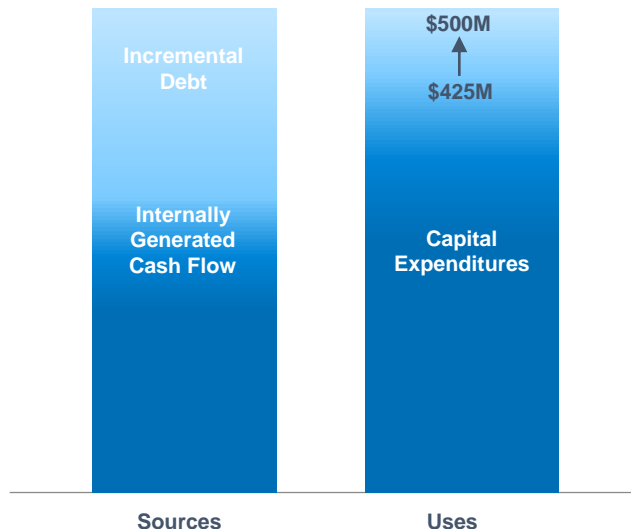
Expected Timeline					
	Q2	Q3	Q1 2020	Q2 2020	Remainder of 2020+
BCUC application for base toll and auction process					
BCUC decision expected					
Launch auction process					
Binding bids expected					
Definitive agreements signed					
BCUC approval & commencement of re-activation work					



# Financial Overview

# Strong Financial Flexibility

## Sources & Uses Over 5-Year Plan



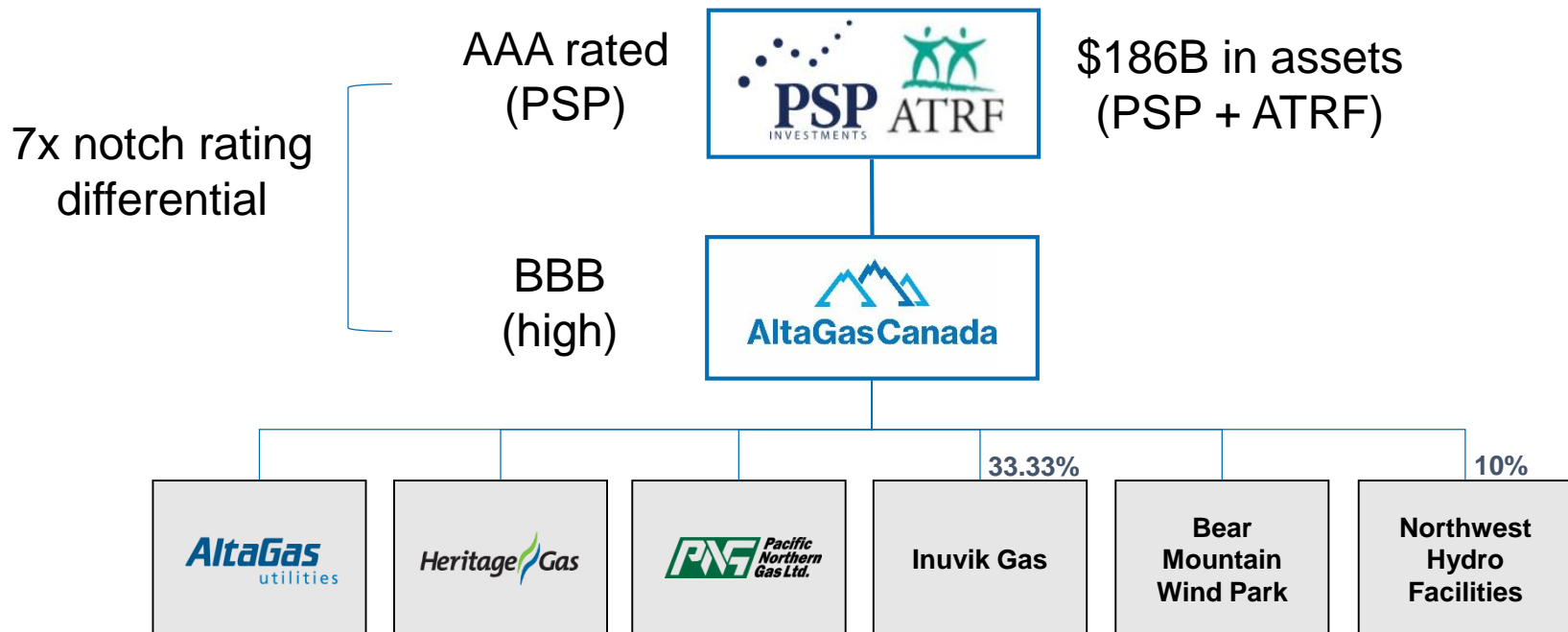
**BBB  
(high)**

- ACI has significant internally generated cash flow to fund growth
- ACI's internally generated cash builds financial capacity over its five-year plan
- Secured equity funding through internal cash flows
- Strengthening credit metrics

Strong organic growth outlook with strengthening leverage metrics

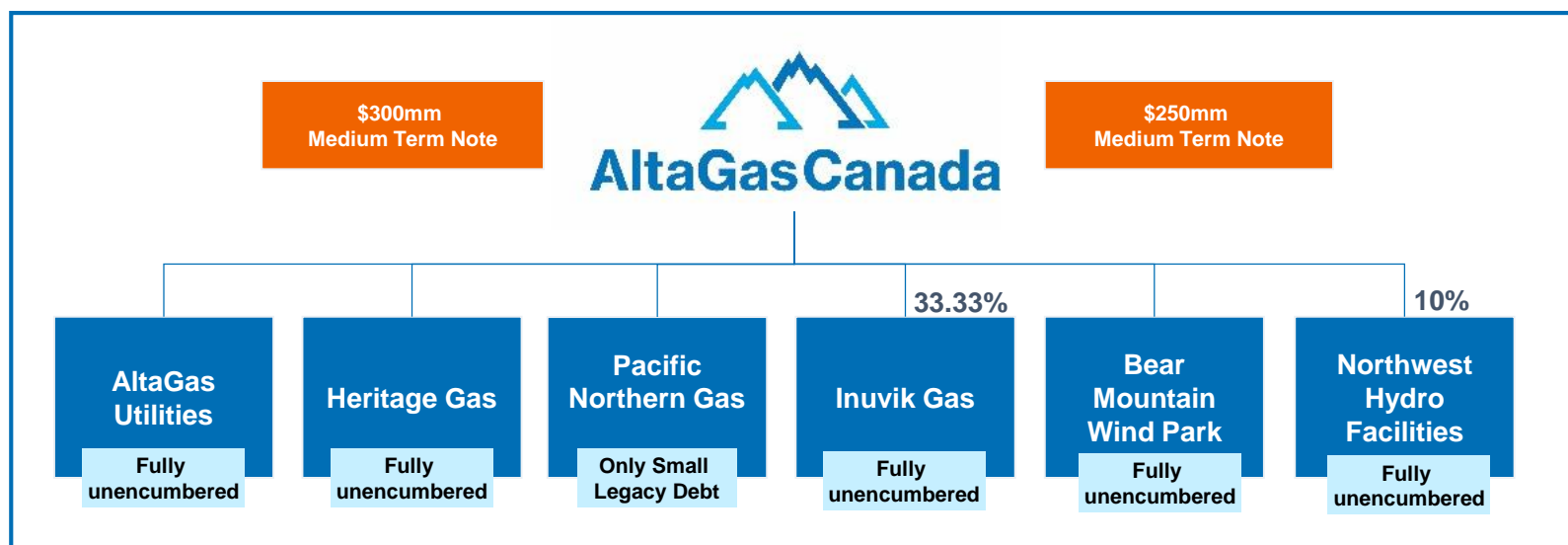
# AAA Parent Enhances ACI's Credit Profile

- AAA parent is a very unique and positive credit situation
- PSP represents one of the strongest credit profiles in the country
- Presence of very strong and stable sponsors with PSP and ATRF is a clear positive to ACI's profile
- This very unique situation clearly enhances ACI's overall financial position



# Prudent Capital Structure and Fully Unencumbered Assets

- ACI is effectively an operating company, not a hold-co
- ACI's credit profile benefits from the diversity of its utility & renewable assets
- ACI will continue to be the debt issuer, with no structural subordination within subsidiaries
- Debt Investors effectively have benefit of financing as though it is directly at a utility operating level
- Backstopped by MTN covenant which limits any subsidiary level financing (new since IPO)



# ACI Provides Attractive, Steady & Stable Growth

Adjusted Normalized  
Net Income (\$MM)<sup>1,2</sup>



- 100% Regulated / Contracted Cash Flows
- Significant Future Growth Opportunities
- Strong Credit Profile








Questions?



## Appendix

# Regulatory Outlook

	Location	Rate Base <sup>1</sup>	Allowed ROE <sup>1</sup>	Deemed Equity <sup>1</sup>	Regulatory Update
	Alberta	~\$357MM	8.5%	▪ 39%	<ul style="list-style-type: none"> <li>▪ PBR-2 set for 5-year term between 2018-2022</li> <li>▪ Under the PBR-2 regime, AUI is authorized to invest approximately \$41 million per year over the 5 year plan term</li> <li>▪ AUI has applied for additional extraordinary Type 1 Capital Tracker for its ~\$10 M Etzikom lateral pipeline project – decision by AUC expected in mid 2020</li> <li>▪ Review and variance application regarding AUI's cost of capital on-going</li> </ul>
	British Columbia	~\$221MM	9.4% <sup>2</sup>	▪ 45% <sup>2</sup>	<ul style="list-style-type: none"> <li>▪ Submitted 2020/2021 revenue requirement application in Q4 2019. Interim rates approved effective January 1, 2020. Final decision expected in Q3 2020.</li> <li>▪ Expect BCUC decision on Re-Activation Toll and Auction Process to be received in Q1 2020</li> <li>▪ Certificate of Public Convenience and Necessity application for work on transmission system would follow after definitive agreements signed</li> </ul>
	Nova Scotia	~\$308MM	11.0% <sup>3</sup>	45%	<ul style="list-style-type: none"> <li>▪ HGL rates are set on a cost-of-service basis with no regulatory lag: earn immediately on invested capital</li> <li>▪ HGL filed a request to the NSUARB in Fall 2019 to fully stop the OMA CRP deferrals beginning 2020 and begin introducing depreciation, beginning 2020 as well; HGL expects this framework to continue through 2023</li> </ul>

(1) As at December 31, 2018

(2) Weighted average between Northeast System and Western System

(3) Excludes the customer retention program

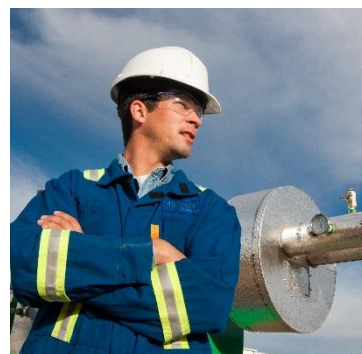
See "forward-looking information"

## Established Franchise Area with Meaningful Rate Base Growth

- Under the PBR-2 regime, AUI is authorized to invest approximately \$41 million per year over the 5 year plan term
- Capital encompasses normal business growth, routine system betterment, technology and general plant maintenance
- AUI has applied for additional extraordinary Type 1 Capital Tracker for its ~\$10 M Etzikom lateral pipeline project

*As at December 31, 2018*

<b>Customers</b>	~80,400
<b>Communities Served</b>	90
<b>Distribution System</b>	~21,000 km
<b>Rate Base</b>	~\$357MM
<b>Allowed ROE</b>	8.5%
<b>Allowed Common Equity</b>	39%
<b>2019E – 2023E Approved Capital</b>	~\$220MM



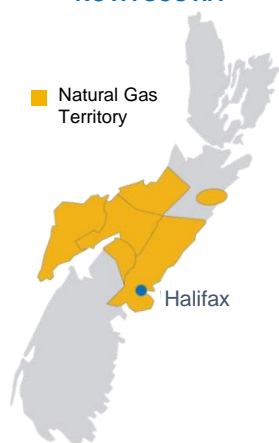
**Well established natural gas distribution utility business with predictable and secured growth**



## Heritage Gas to Target Thousands of New Customers

- Heritage Gas Franchise has exclusive rights to distribute natural gas to all or part of seven counties in Nova Scotia
- Heritage Gas is well positioned to capture customers choosing to adopt natural gas as a more reliable, cleaner, and lower cost energy fuel source for heating
  - 21,400 potential customers in Halifax Regional Municipality who have direct access to natural gas today

### NOVA SCOTIA



As at December 31, 2018

<b>Customers</b>	~7,300
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<b>2018 Customer Growth</b>	6%
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<b>Rate Base</b>	~\$308MM
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<b>Allowed ROE</b>	11.0%
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<b>Allowed Common Equity</b>	45%
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<b>2019E – 2023E Planned Capital</b>	~\$60MM
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Opportunity to capitalize on gasification of Nova Scotia and provide clean energy to thousands of new customers

## Positioned to Benefit from Potential New Energy Export Activity on Canada's West Coast

- PNG franchise area surrounds key west coast export terminals and key energy production and mining areas; poised to benefit from enhanced economic activity through these areas
- PNG also owns **the only natural gas pipeline** that runs from Canada's prolific Montney resource play to Canada's west coast with connections to Prince Rupert and Kitimat



As at December 31, 2018

<b>Customers</b>	~42,000
<b>Communities Served</b>	15
<b>Rate Base</b>	~\$221MM
<b>Allowed ROE</b>	9.4% <sup>(1)</sup>
<b>Allowed Common Equity</b>	45% <sup>(1)</sup>
<b>2019E – 2023E Planned Capital</b>	~\$230MM

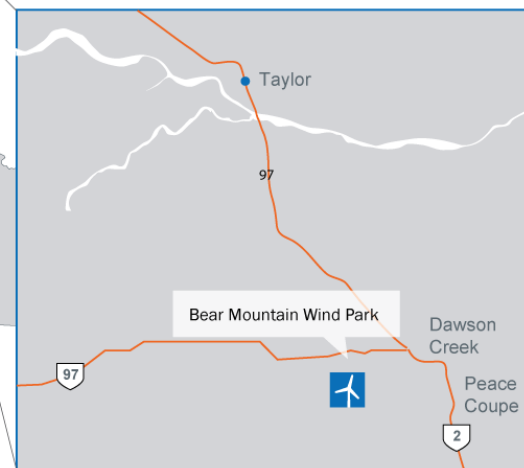
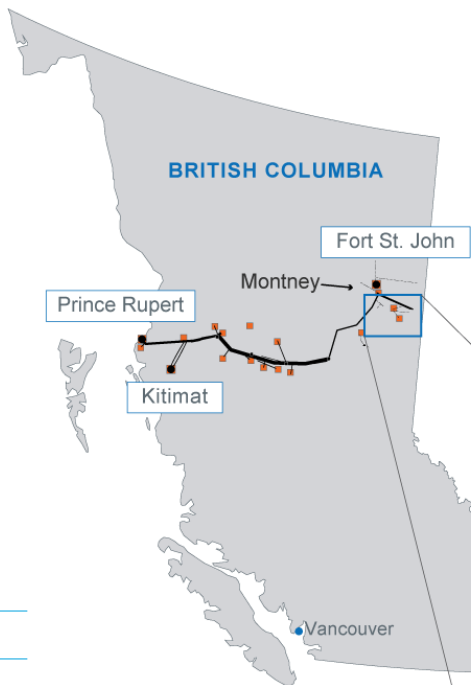


Established transmission and distribution system right through the Montney and energy export corridor

# Bear Mountain Wind Park

- Bear Mountain Wind Park is a 102 MW facility, located near Dawson Creek, and is British Columbia's first fully-operational wind park
- Commissioned and fully connected to the British Columbia power grid in 2009
- PPA pricing is 50% indexed to CPI, offering inflation protection
- The Bear Mountain Wind Park features a single row of thirty-four 3 MW ENERCON E-82 wind turbine generators

<b>Location</b>	▪ Dawson Creek, British Columbia
<b>Capacity</b>	▪ 102 MW
<b>ACI Ownership</b>	▪ 100%
<b>COD</b>	▪ 2009
<b>PPA Contract</b>	▪ Through 2034



High quality, long-term contracted wind facility with a proven operating history and wind resource

# 10 Percent Equity Ownership in Northwest Hydro Facilities<sup>1</sup>

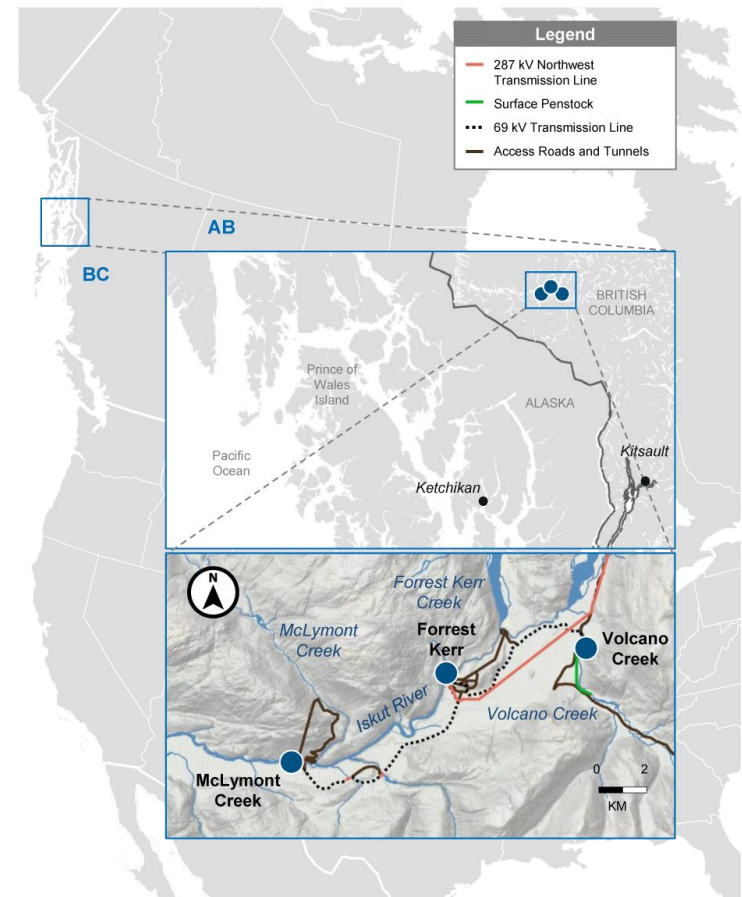
## Low-Risk PPAs with Inflation Escalation

- Low-risk 60-year PPAs with a Aaa rated counterparty
- Minimal maintenance capital
- No direct commodity risk on contracted power (firm and non-firm power based on an escalating fixed price)
- PPA pricing is 100% indexed to BC CPI, offering inflation protection over the long remaining life of the contracts



	Forrest Kerr	McLymont Creek	Volcano Creek
<b>COD</b>	Oct. 2014	Oct. 2015	Dec. 2014
<b>Design Capacity</b>	214 MW	72 MW	17 MW
<b>2017A Productivity Factor<sup>2</sup></b>	95%	90%	97%
<b>PPA Expiry</b>	Oct. 2074 (~55 years)	Oct. 2075 (~56 years)	Dec. 2074 (~55 years)
<b>PPA Pricing</b>	Contracted price per MWh generated (100% BC CPI escalation) for 100% of energy commitments sold to BC Hydro (Aaa rated)		

**60-year long-term contracted run-of-river hydro facilities 100% indexed to BC CPI**



(1) ACI owns a 10% indirect equity interest in the Northwest Hydro Facilities which will be accounted for as an equity investment and equity income under U.S. GAAP

(2) Productivity Factor defined as total actual generation / total theoretical generation (based on design capacity of 277 MW)

See "forward looking information"

# Debt Maturity Profile

\$ Millions

