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CANADIAN UTILITIES LIMITED

An ATCO Company

Canadian Utilities Limited

First Quarter 2023 Results

Conference Call Transcript

Date: Thursday, April 27, 2023

Time: 9:00 AM MT

Speakers: **Colin Jackson** – Senior Vice President, Finance, Treasury, Risk and Sustainability

Brian Shkrobot – Executive Vice President and Chief Financial Officer

Conference Call Participants:

Linda Ezergailis TD Securities, Inc. – Managing Director

Maurice Choy RBC Capital Markets – Research Analyst

Rob Hope Scotia Capital, Inc. – Research Analyst

Ben Pham BMO Capital Markets – Research Analyst

Mark Jarvi CIBC Capital Markets – Research Analyst

Andrew Kuske Credit Suisse – Managing Director

Matthew Weekes iA Capital Markets – Research Analyst

Operator:

Welcome to the First Quarter 2023 Results Conference Call for Canadian Utilities Limited.

As a reminder, all participants are in listen-only mode, and the conference is being recorded. After the presentation there will be an opportunity to ask questions. (Operator instructions).

I would now like to turn the conference over to Mr. Colin Jackson, Senior Vice President, Finance, Treasury, and Sustainability.

Please go ahead, Mr. Jackson.

Colin Jackson:

Thank you. Good morning everyone. We're pleased you could join us for the Canadian Utilities' First Quarter 2023 Conference Call.

With me today is Executive Vice President and Chief Financial Officer Brian Shkrobot.

Before we move into our formal agenda, I would like to take a moment to acknowledge the numerous traditional territories and homelands on which our global facilities are located. Today, we're speaking to you from ATCO Park head office in Calgary, which is located in the Treaty 7 region. This is the ancestral territory of the Blackfoot Confederacy comprised of the Siksika, Kainai and Piikani Nations, the Tsuut'ina Nation, and the Stoney Nakoda Nations that include the Chiniki, Bearspaw and Goodstoney First Nations. The city of Calgary is also home to the Metis Nation of Alberta Region 3. We honour and respect the diverse history, languages, ceremonies and culture of the Indigenous peoples who call these areas home.

Brian will begin today with some opening comments on recent company developments, our financial results, and key trends and expectations from our businesses in 2023. Following these prepared remarks, we will take questions from the investment community.

Please note that a replay of the conference call and a transcript will be available on our website at canadianutilities.com and can be found in the Investors section under the heading Events and Presentations.

I'd like to remind you all that our remarks today will include forward-looking statements, which are subject to important risks and uncertainties. For more information on these risks and uncertainties, please see the reports filed by Canadian Utilities with the Canadian securities regulators.

And finally, I'd like to point out that during this presentation we may refer to certain non-GAAP and other financial measures such as total segment measures, adjusted earnings, adjusted earnings per share, and capital investment. These measurements do not have any standardized meaning under IFRS, and as a result they may not be comparable to similar measures presented in other entities.

Now, I'll turn the call over to Brian for his opening remarks.

Brian Shkrobot:

Thanks Colin, and good morning everyone. Thank you all very much for joining us here today for our First Quarter 2023 Conference Call.

Canadian Utilities achieved adjusted earnings of $217 million, or $0.81 per share, in the first quarter of 2023, compared to $219 million in the first quarter of last year. This was a considerable accomplishment given the expected impact of rebasing in our Alberta distribution utilities in 2023. This overall stability in first quarter earnings was primarily driven by strong contributions from our recently acquired wind generation assets and our Alberta storage assets, both of which served to offset the expected decline in first quarter earnings in our Alberta distribution utilities, which is of course associated with the end of PBR2 in 2022 and the transition to our 2023 cost of service.

Also contributing to this great year-over-year result was a strong operating performance and timing of CPI indexing in our international natural gas distribution business in Australia, which I will go into more shortly.

With our renewables portfolio acquisition closing at the start of this year, the first quarter included a full quarter of contributions from our Forty Mile wind and Adelaide operating assets. Along with these assets performing in line with expectations operationally, our Forty Mile wind asset also benefited from the exceptional merchant market pricing in Alberta during the period.

As a reminder, our long-term power purchase agreement for the Forty Mile wind asset does not come in effect until Q3 of this year, allowing us to capture these strong merchant market trends in the near term.

Similarly, since acquisition, our Alberta Hub storage asset has contributed significantly to growing their earnings in our energy storage segment. Q1 in particular had benefited by strong commodity price spreads, growing injection activity, and higher facility capacity, all of which support strong earnings growth.

Looking at our natural gas distribution business in Australia, not only did we see growth in key operating metrics such as tariffs and system volumes in the period, the business also continued to benefit from strong CPI indexing when compared to the first quarter of 2022.

As we look back to 2022 for the Australian gas business, it’s important to highlight the inflation trend we saw in that year, how this compares to our expectations for 2023, and of course, how this difference will impact our year-over-year results for the business.

2022 saw us enter the year with a full year annual inflation expectation of just 3 per cent in Australia. By the time the year had ended, however, full year inflation had reached almost 8 per cent. This surge in inflation resulted in strong earnings for 2022, but more importantly, an earnings profile that built beginning in Q2 2022 and rapidly progressed through the year. And in 2023, our current in-country estimates for CPI suggest full year forecast of 4 to 5 per cent CPI and a greater degree of stability.

So, while first quarter results looks favourable to last year, we will expect this trend to revert as the year goes on and expect earnings from this business to be lower when compared to 2022.

As we previously discussed, the rate at which CPI may change in the year could potentially have a meaningful impact on our results, and will be a key trend to monitor throughout the remainder of the year.

Moving on to our Alberta distribution utilities, the work that we were able to advance into the latter part of 2022, combined with key regulatory decisions on the 2023 cost of service framework, and the timing of cost, all helped soften the earnings impact of our rebasing in the first quarter of 2023. However, despite the strong showing from this business in the first quarter, I want to caution that the rebasing of our Alberta distribution utilities will still result in lower achieved ROEs and earnings for 2023 when we compare that to the prior year.

As we move further into 2023, the seasonality and other timing impacts that helped hold first quarter earnings stable will begin to ease where we'll see the business deliver an earnings profile more in line with expectations for a rebasing year.

Moving on to capital, I just want to briefly touch on the capital investments we made in the first quarter of this year.

The first quarter saw us invest $996 million in our business, a significant increase compared to the prior year. The largest driver of this increase was our successful renewable energy portfolio acquisition which closed in January of this year. Totaling $691 million, this acquisition dramatically increased the size of our renewable energy fleet and rapidly advanced our renewable energy ownership targets.

In our core utilities, we invested an additional $262 million in the quarter. This ongoing utility investment ensures continued generation of stable earnings and reliable cash flows, while also driving rate base growth.

Beyond the renewables acquisition I mentioned a moment ago, we also invested an additional $42 million within our Energy Infrastructure businesses in the quarter. These investments were tied to the ongoing energy transition initiatives that we launched last year, which continue to progress. Notably, our three previously announced solar developments – Deerfoot, Barlow and Empress – continue to move forward with the expectation of commercial operation in 2023.

We have also seen great progress advancing numerous projects within our acquired renewables development pipeline and expect our upgrading of our Forty Mile wind asset to be completed by year end.

Similarly, our teams are hard at work on both our world-scale hydrogen production project with Suncor and our Atlas storage hub carbon capture and sequestration opportunity with Suncor and Shell.

As outline in our year-end 2022 conference call, we continue to see progress on both of these projects with a decision on feed for our hydrogen development coming in the first half of this year, and an FID for our sequestration opportunity in the later part of the year.

Overall, it was a great quarter that saw our newly acquired assets contribute to earnings in a meaningful way and our core businesses continue to deliver great performance during this key regulatory transition period.

I look forward to providing further updates on the progress of the numerous growth initiatives as the year progresses.

That concludes my prepared remarks. I will now turn the call over back to Colin.

Colin Jackson:

Thank you, Brian.

In the interest of time, we ask that you limit yourself to two questions. If you have additional questions, you are welcome to rejoin the queue.

I will now turn it over to the Conference Coordinator for questions.

Operator:

Thank you. We will now begin the question-answer session. (Operator instructions).

The first question comes from Linda Ezergailis with TD Securities. Please go ahead.

Linda Ezergailis:

Thank you. Just wanted to get some updated big picture thoughts on your transition to a lower carbon future and our decarbonization journey. It seems that the renewable acquisition that you made is going quite well, and I'm just wondering if you see any other acquisitions that might accelerate your path to decarbonize or do you also potentially see some regulated acquisitions, or might they be more skewed to unregulated energy infrastructure?

Brian Shkrobot:

Thanks, Linda. Thanks for the question.

Overall, we're very pleased on the progress we've made since January of last year where we announced a comprehensive set of 2030 ESG targets and a commitment to be Net Zero by 2050. Overlaying those targets, I think the biggest—the recent announced renewable acquisition obviously had a meaningful impact and a clear pathway to achieving our ESG targets, and acquisition that you mentioned. With that development pipeline of 1.5 gigawatts, certainly we have already a lot in our arsenal to make meaningful progress towards continuing down that path of ESG performance.

I think we'll always look at acquisitions. We're obviously not shy of doing that We're very happy that we have a development pipeline, both short-term, medium-term and long-term opportunities to grow that. Obviously we have our large projects for Suncor and carbon capture that also would provide meaningful contributions to our ESG scores.

Overall, I think we have a great development pipeline already within our arsenal, but again, we will continue to look for acquisitions to the extent that they make sense.

Linda Ezergailis:

Thank you. Just as a follow-up, with the recent Canadian federal government budget, can you provide some thoughts on what was embedded in there and how it might influence the relative attractiveness of the investments that you're looking at that might benefit from that? Do you think that the federal and provincial governments need to do more to provide some of your and industry's decarbonization initiatives the certainty and economic parameters they need to proceed? And maybe just within that, if you can comment on how some of your proposed projects like your hydrogen hub and Atlas storage might benefit from what was in the budget?

Brian Shkrobot:

Thanks, Linda. Great question.

The Canadian federal budget I think was presented back in the end of March of this year. Overall, the budget, including the announced income tax credits, were aligned with our expectations. They certainly don't change our view on any of the projects that we're currently pursuing. We continue to view the income tax credits as being supportive of our ongoing energy transition initiatives, and clear proof that the government understands the importance of these projects.

Part of that announcement was a clean hydrogen income tax credit. There was also clean technology manufacturing credits, and also clean electricity, so there's a number of announcements there that are supportive of some of the initiatives we do.

Overall, right now, in answer to your question we would continue to look for providing additional clarity within the federal and provincial government on some of the more getting into the details of how these tax credits will work, and we're currently discussing that with all levels of government right now.

Overall, very supportive. Continue to be in line with what we expected. Yes, hopefully we get that further clarification as time goes on.

Linda Ezergailis:

Thank you. I'll jump back in the queue.

Operator:

The next question comes from Maurice Choy with RBC Capital Markets. Please go ahead.

Maurice Choy:

Thank you and good morning.

I just want to pick up on the renewables projects that you currently have. The Microsoft PPA obviously relates to part of the 202-MW capacity at Forty Mile wind Phase 1. Are you planning on contracting up the remainder of that asset including the additional capacity from upgrading? And maybe bigger picture, given how solid Alberta power prices have been and they obviously help this quarter's results, how do you view your appetite for merchant power exposure?

Brian Shkrobot:

Yes, thanks. Great questions.

In terms of the market here in Alberta, we are seeing some very favourable pricing and if you look out to Q2 and Q3, that favourable pricing continues. So, although it's tempting to have more merchant, we always want to balance the level of long contract with the merchant. Typically, we try to target that 75/25 percent, so 75 per cent long-term contracted and 25 per cent merchant exposure. That said, as we bring on more capacity and we continue to access the market for long-term PPAs, if there's favourable pricing in those PPA environments, we'll definitely lock that in. And as we upgrade and put an extra 20-MW, there's no rush to go out and contract that right away, so we'll see how the market develops.

But again, I think we'd always try to target, Maurice, that 75/25 percent on a portfolio basis over time.

Maurice Choy:

Maybe just a quick follow-up to that? If you're not in a rush to contract that part right away, how would you characterize the bidding behaviour in the corporate PPA market for renewable generation?

Brian Shkrobot:

Great question. We see strong demand for PPAs. A lot of the industry players—like, we've been successful, have a great relationship with Microsoft. But as we're going to contract assets, we definitely see, continue to see high demand for corporates especially to access a PPA, and it's a great market here in Alberta that supports that. I don't expect that demand to fall off in the long-term.

Maurice Choy:

Thanks. Maybe finishing up on policy here, there's obviously an election in roughly a month in Alberta. Measures so far appear to be neutral to the utilities. Anything that you're watching out for, whether from the UCP or NDP, and any thoughts on anything that's going come through the pipe post election?

Brian Shkrobot:

Great question. Yes, we're monitoring that and I think part of the budget the government of Alberta announced there's a plan to have affordability in utilities, so part of that I know they want to continue to provide financial relief to Albertans through programs such as the natural gas rebate program and the electricity rebate program. So, you know, I think there's nothing in terms that we see that's beyond what existing mechanisms that they are using today, which is those rebates.

We always work with the government to make sure that they understand what we're doing to reduce costs for customers and continue to support affordability. I think we've demonstrated that. I think on previous calls we've talked about how much our rates have gone down for 2023, both in our electricity business and our natural gas business. So, overall, I think the government is mindful of that and will continue to stick to proven mechanisms to provide rate relief for Albertans.

Maurice Choy:

Thank you.

Operator:

The next question comes from Rob Hope with Scotiabank. Please go ahead.

Rob Hope:

Good morning everyone. Questions on the hydrogen strategy.

Can you maybe just walk us through how you're thinking about the opportunities longer term? You have the Suncor opportunity trying to deal with feed it looks like in the first half of this year. How does the Kansai opportunity mesh in there? Could we see you look to do one larger facility, or will those be two separate facilities?

Brian Shkrobot:

Thanks, Rob, for the question.

Our recent announcement with Kansai involves collaborating to develop an integrated clean fuel supply chain between Canada and Japan. So, it kind of builds on our Suncor project, was providing production, significant production here in the Alberta Heartland. By not only serving local customers, we view the opportunity to go beyond Alberta and look to export in markets that have a high demand for hydrogen such as Japan. So, I think it's obviously very early days, but the announcement represents an important contribution to the decarbonization ambitions of Canada and Japan while deepening important longstanding relationships between our two countries.

I think it's overall in that whole value chain between production, whether it's through future expansions in the plant, through carbon sequestration, the whole value chain is a great opportunity for our company.

Rob Hope:

All right. Thanks for that.

Maybe switching over to Australia, Energy Infrastructure did highlight ongoing development costs in Australia there. Where are we on kind of the development timeframe for your opportunities in Australia? When could we see potential sanctioning decisions?

Brian Shkrobot:

Great question. We've been active in a number of fronts in Australia. Our largest one is our Central West Pumped Hydro project that we've been working on. It's an eight-hour storage project, so that development pipeline is continuing. We're waiting to hear from the New South Wales government on some of their long-term energy supply agreements, and based on kind of the developments from there we'll have a better indication of what the future development is on that project.

We also continue to work on hydrogen opportunities and we have a few pilots there, such as exporting hydrogen to Germany.

So, a lot of things in the queue. Just like anywhere they've gone through some elections. We're looking for some future guidance from New South Wales especially in terms of their renewable energy zones that they're looking to kick off, which is a great opportunity for us on our electric transmission business. And of course, what I mentioned earlier, which is the Central West Pumped Hydro project.

Rob Hope:

Appreciate the colour. Thank you.

Operator:

The next question comes from Ben Pham with BMO. Please go ahead.

Ben Pham:

Hi. Thanks. Maybe a couple of housekeeping items. I assume that your CapEx program, that's still tracking to expectations, your three-year? And then can you also update us on, you had directional views on where the ROEs were going to potentially be realized in Alberta, and also sensitivity to Australia CPI?

Brian Shkrobot:

Yes. Thanks, Ben.

To answer your first question, just to be quick about it, is that yes, our capital expenditures continue to track our three-year, our guidance.

Moving on to kind of ROEs for PBR, I think we talked about, at the end of last year at the call, in terms of we expect for sure that there will be a rate reset and that will have an impact on ROEs. Though we were able to carry forward 50 basis points of ROE outperformance through the ECM mechanism into '23. On top of that, we took the opportunity last year to advance work given favourable weather conditions and availability of contractors, so that's obviously helped carry forward some 2023 maintenance work into 2022 and it gives us a little bit of an uptick for the current year.

We've had a very, what we think is a great decision on our 2023 cost of service rebasing application, which, again, sets us up decently well to continue to have ROE outperformance. I think we talked about a range. I think we expect to have some outperformance in the year. Maybe it's between that 100 to 200 basis points, but we'll see how that progresses as the time goes on.

In terms of Australia, CPI, I kind of mentioned that in my opening remarks. We're continuing to monitor and watch the CPI and how that develops. We do expect that CPI will be in that 4 to 5 per cent range, and have a more stable profile this year versus what we saw last year, which saw that CPI increase quite dramatically as the year went on last year.

Hopefully that answers your questions, Ben.

Ben Pham:

Yes. Thanks for that. On the Australian CPI, I was more trying to clarify, you had sensitivities before on every basis point change for inflation. Is that still intact for this year?

Brian Shkrobot:

Yes. It's the same. It's the same guidance we gave before, yes. Same rule of thumb.

Ben Pham:

Okay. Great. I know on my second one, I know you mentioned Australia the Q1 probably normalizing for the last three quarters of the year, depending on inflation. What about the trends in distribution for the first quarter? You look at it year-over-year, you saw earnings decline as you've been communicating. Is that a good trend that is characteristic of what you're expecting for the balance of the year?

Brian Shkrobot:

I think the first quarter, Ben, had a little bit of noise in there as I mentioned in terms of timing of costs where we had advanced some work into the last quarter of 2022, and there's always some timing components. So, we would expect the trend year-over-year in terms of softer earnings for this year versus last year to continue each quarter. There might be some timing between the quarters, but overall, by the end of the year you'll see the impact of that rebasing in line with some of the guidance that we've been providing.

Ben Pham:

Okay. Got it. Okay, thank you.

Operator:

The next question comes from Mark Jarvi with CIBC Capital Markets. Please go ahead.

Mark Jarvi:

Thanks. Good morning everyone.

I want to talk a little bit about the 2024 GOC proceedings. I'm just curious in terms of if you've got a sense now of where that's trending. If it goes towards a formula and when we'll kind of have clarity on that, and if it is towards a formula, is it most likely something like there is in Ontario with the adjustments around bond yields?

Brian Shkrobot:

Right. Thanks, Mark. Thanks for the question.

The process is progressing. Most of the submissions went in February of this year for both the utilities and intervenors, and there's a hearing coming up in a few weeks. The hearing will be May 15 to 19.

The commission is continuing, at least in their original guidance, is assessing whether or not a formula could be adopted and they have kind of highlighted the Ontario formula as a potential formula that could be put in place, which would be a risk-free rate plus a spread premium type model.

I think it's hard to tell, Mark, to be quite honest. Obviously the commission is very interested in putting a formula, and again, I've said in previous calls we're not against a formula but the important thing is just having the right starting point. That's certainly a lot of our evidence, as we continue throughout the proceeding, will be focused on.

Yes, I think if you're looking for some more information on it, I think if you listened in to the hearing on May 15 to 19, I'm sure there will be a lot of interesting discussion as they proceeding progresses.

Mark Jarvi:

Got it. Okay, we'll watch for that then.

Then, last quarter you guys talked about funding and some of the bigger projects coming down the pipeline here. You sort of opened up the willingness to consider equity. Just curious in terms of when that might come or what pushes you to do that? Is the FID on hydrogen sufficient to kind of make you think more about that? Or do you start to reconsider partnerships? Just curious in terms of updated views on the balance sheet funding and any sort of gaps you might see in terms of the funding outlook over the next couple of years.

Brian Shkrobot:

Yes, thanks. Thanks, Mark. Right now there's no kind of rush. We have ample cash on our balance sheet against having continued great access to both the debt markets and equity markets. But we're also exploring partnerships. I think all of those will be in the mix as we progress throughout the year and into the future. And yes, of course, if one of these large projects like the Suncor project or Central West were to come to play then obviously that would result in taking on probably all those options, and bring it to more of kind of a closer timing of that happening.

Mark Jarvi:

If you get to that point, is something like an at-the-market equity program something you guys would consider? It just gives you a bit more flexibility in timing and at what level you issue stock. Is that something you would consider?

Brian Shkrobot:

We would consider anything including that. Yes. Again, I think all options are on the table. That's what we wanted to be making clear. We will use all the options and those options that make sense for the project that we're completing.

Mark Jarvi:

Makes sense. Okay. Thanks for your time today, Brian.

Brian Shkrobot:

Thanks, Mark.

Operator:

The next question comes from Andrew Kuske with Credit Suisse. Please go ahead.

Andrew Kuske:

Thanks. Good morning. The balancing act of affordability/reliability and decarbonization is pretty delicate and kind of fundamentally the same across all jurisdictions, but practically when you think of generation mix, regulation and just some other factors, it can be quite different in application. How do you think about just the opportunities and the challenges that arise from that reality across the portfolio?

Brian Shkrobot:

Thanks, Andrew. It's a great question and something that's really front of mind for us, and I know for government and customers and people alike.

Looking specifically at our situation here in Alberta, we are in a unique environment where certainly we don't have the same access to renewables as, say other provinces have, so in terms of opportunities certain opportunities our gas business continues to be very relevant. And as an opportunity to promote decarbonization, obviously we see hydrogen could play a meaningful role in that. Both in the production but also in our distribution gas utilities, incorporate that into our energy mix.

Also, in terms of bringing more renewables into the province and hooking up renewables even cross-ties between provinces is another great opportunity for our business.

All of that, as we talk about our opportunities in our business, we do need to be mindful of the cost and the impact on customers. Especially with rising commodity costs, how do we present that right balance? For us, we definitely advocate in terms of that has to be a balance. We can't just bring in renewables without understanding the impacts on our customers, and how do we best do that to bring in decarbonizing energy in a way that balances progress in decarbonization with the customer affordability?

It's a huge topic; we could spend all morning on it, to be honest, and it's something that we are very focused on. What we try to do, what's in our control to impact customer affordability is really driving down our costs to what we do on the portion of the utility bill. Certainly we've been very successful in that, and it's a big focus of ours.

Hopefully that answers some of your question, Andrew.

Andrew Kuske:

Appreciate that incremental colour. Then maybe just keeping it in Alberta and just thinking about part of the energy transition being the need for charging stations, just where are you? What inning are you in at this stage across your own utility base of things that are really—things that you control, charging stations you control versus third-party stations? Where does that number ultimately land, or do you think it needs to land?

Brian Shkrobot:

Great question. Overall, in terms of energy charge stations, that hasn't—it's not like it's included in our regulated rate base. It's part of the market. The whole design and infrastructure of that will evolve. I think in terms of how it impacts us, to the extent that EV vehicles take on meaningful growth here in Alberta, that obviously—there's a need for the charging stations, but also there's a need to modernize our grid and harden our grid to accommodate the charging of all those vehicles. So that obviously can have a significant impact on the electric utilities and the existing infrastructure. That's something that in terms of as we look forward in terms of what we're doing, in terms of capital programs and working with our regulator to say, "Hey, listen. EV chargers are coming. Electric vehicles are coming. Here are some of the things that we need to proactively do to our grid in order to prepare for that," and so we can enable that to happen.

I think it goes well beyond EV stations. This is more over the overall design of the grid to support that penetration of EV vehicles.

Andrew Kuske:

Okay. Very much appreciate it. Thank you.

Operator:

The next question comes from Matthew Weekes with iA Capital Markets. Please go ahead.

Matthew Weekes:

Hi. Thanks for taking my question. Just wondering, as the green/sustainable bond market continues to evolve, just wondering if you can comment on kind of your refinancing outlook over the next few years here, or just kind of near term. Have you looked at sort of the potential for green bonds in your funding portfolio? Thanks.

Brian Shkrobot:

Thanks, Matthew. Maybe I'll start with kind of our financing expectations for 2023. First of all, we know that we have $100 million of debt maturing this year. But beyond our refinancing requirements, we would expect to need, say an additional $250 million to further fund our capital requirements for our utility growth. So, based on this, maybe it's that $350 million range.

In terms of sustainability/green bonds, it's something that we'll continue to look at. To date, again, we have, continue to have strong access to demand for our product and what we've found so far, there hasn't been a meaningful difference or a benefit to taking on some of those green bonds or sustainability bonds. But, that said, we'll continue to look at it. If it makes sense to do so, we have no qualms about going down that path.

Matthew Weekes:

Okay. Thank you. Appreciate the commentary. I'll turn it back.

Operator:

This concludes our question-answer session. I would like to turn the conference back over to Mr. Colin Jackson for any closing remarks.

Colin Jackson:

Thank you, Cherise, and thank you all for participating today. We appreciate your interest in Canadian Utilities and we look forward to speaking with you again soon.

Operator:

This concludes today's conference call. You may disconnect your lines. Thank you for participating, and have a pleasant day.