

Canadian Utilities Limited

Third Quarter 2022 Results

Conference Call Transcript

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Speakers: **Colin Jackson** - Senior Vice President, Finance, Treasury, Risk and Sustainability
Brian Shkrobot - Executive Vice President and Chief Financial Officer
Bob Myles - Executive Vice President, Corporate Development

Conference Call Participants:

Linda Ezergailis TD Securities, Inc. – Managing Director
Maurice Choy RBC Capital Markets – Research Analyst
Mark Jarvi CIBC Capital Markets – Research Analyst
Ben Pham BMO Capital Markets – Research Analyst
Matthew Weekes iA Capital Markets – Research Analyst

Operator:

Welcome to the Third Quarter 2022 Results Conference Call for Canadian Utilities Limited.

As a reminder, all participants are in listen-only mode, and the conference is being recorded.

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

Please go ahead, Mr. Jackson.

Colin Jackson:

Thank you. Good morning, everyone. We're pleased you could join us for Canadian Utilities' Third Quarter 2022 Conference Call.

With me today is Executive Vice President and Chief Financial Officer, Brian Shkrobot, and Executive Vice President, Corporate Development, Bob Myles. Bob leads Canadian Utilities' non-regulated energy infrastructure business.

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 our ATCO Park head office in Calgary, which is located in 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 and our financial results, followed by an update from Bob on our energy transition strategy. 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 reports filed by Canadian Utilities with the Canadian security regulators.

Finally, I'd like to point out that during this presentation we may refer to certain non-GAAP and segment measures such as adjusted earnings, adjusted earnings per share, and capital investment. These measures 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 today for our Third Quarter 2022 Conference Call.

As Colin mentioned, I plan to run through some of our financial results for the quarter and provide some business updates, and then I'll turn the call over to Bob, who will update you on the significant progress made in our energy transition strategy, including the recently announced acquisition of Suncor's renewable generation portfolio that we are very excited about.

Starting with the financial results. Canadian Utilities achieved adjusted earnings of \$120 million, or \$0.45 per share, in the third quarter of this year. This is \$32 million, or \$0.12 per share, higher than the third quarter of 2021. This \$32 million increase in the third quarter year-over-year earnings was primarily driven by a continuation of many of the same trends we highlighted in our second quarter conference call, such as the strong performance in our utilities.

Our international natural gas distribution business in Australia continued to benefit from strong operating performance and favourable CPI indexing in the third quarter. When we posted our second quarter conference call in July, forecasts at that time suggested the 2022 annual Australian CPI would reach approximately 6%. Today, these forecasts are suggesting full year CPI is likely to rise higher to more than 7%. We expect this continued rise in inflation to drive strong earnings throughout the remainder of this year.

Looking ahead to 2023, estimates suggest Australian CPI will begin to trend downward to more normal levels in, say, the 3% range. This will be a key trend to watch and one we expect to realign our 2023 earnings back to pre-high inflation levels when viewed on a year-over-year basis.

Moving on to our Canadian utilities. The strong performance we saw from our businesses in the first half of this year largely continued in the third quarter. In particular, our Alberta-based distribution utilities continued to deliver exceptional performance in their final year of the current performance-based regulation, or PBR for short, cycle. I talked about the mechanics of PBR in depth during our second quarter earnings call, so I won't discuss those details here. But I just would like to remind everyone that PBR frameworks are inherently cyclical.

The investments made in the early years of PBR to find efficiencies and to unlock additional value translate to strong earnings in the later years of PBR. These efficiencies are then, ultimately, passed on to customers in the form of long-term cost savings at the end of the PBR cycle.

To this effect, our distribution utilities unlocked significant efficiencies through the second PBR cycle, and now, 2023, we'll see these businesses enter a cost-of-service rebasing year. This cost-of-service rebasing year will then be followed by a third five-year PBR term beginning in 2024. We expect decisions on the key details of this third PBR term next year sometime.

While earnings from our Alberta distribution utilities will be reset downwards in 2023 as we pass on the efficiencies achieved to ratepayers, we still have strong expectations for performance across our utilities.

In fact, the decisions recently received from our distribution utilities on their 2023 cost-of-service applications have been positive, with our applications largely being accepted as filed.

Notably, our applications were based on the average historic costs for the period from 2018 to 2020, and this is opposed to a less favourable best year model. This highlights the regulator's desire for a supportive and constructive regulatory framework for this rebasing year.

We also have a strong track record of delivering exceptional ROE outperformance across decades and under numerous regulatory frameworks and structures. Combined with efficiency carryover mechanism within our existing regulatory framework, which will allow us to carry forward as much as 50 basis points of outperformance into '23 and '24, we believe we have a solid foundation on which to deliver continued strong performance in 2023 and beyond.

Moving on to Puerto Rico. I want to first acknowledge the terrible tragedy of Hurricane Fiona and the numerous hardships that it has caused for the people of Puerto Rico. Critical infrastructure across the territory was impacted, and many families were forced to leave their homes. In many areas, access to critical services were lost, or had to be turned off in order to ensure the safety of citizens.

Returning service to impacted customers and ensuring the ongoing safety of all of Puerto Rico citizens is LUMA's number one priority. Our teams have been working tirelessly in this effort; and less than two weeks following the hurricane, service was restored to more than 90% of customers. By October 10, this figure had increased to 99%. This is an incredible feat, given the state of electricity system in Puerto Rico.

Speaking for all of our leaders at Canadian Utilities, we are extremely proud of the work the LUMA team has done, both leading up to the hurricane, and in the days and weeks that followed. The team leveraged their local experience and resources to plan for the event and respond immediately, driving meaningful results for customers without compromising safety.

This experience highlights the key role LUMA has to play in Puerto Rico's energy future and the important work that still needs to be done to harden the electricity system to ensure it's better prepared to handle future events like this. To that end, LUMA has initiated more than 225 projects aimed at improving grid stability, reliability, and modernizing the energy system in Puerto Rico, and started construction on 29 FEMA reconstruction projects. This pace of construction and modernization well exceeds anything seen historically in Puerto Rico.

I'd also encourage everyone to look at both the LUMA Energy website and their quarterly reports, which include great details on the numerous accomplishments the team has made to date and initiatives still underway in Puerto Rico.

In terms of capital investment, we invested \$379 million in our business in the third quarter of this year. Of this \$379 million, \$295 million was invested in our core utility businesses, which will ensure continued generation of stable earnings and reliable cash flows.

As I alluded to in my earlier comments, and as Bob will elaborate on further, we made significant progress on a number of initiatives related to our energy transition strategy in the quarter. I want to congratulate Bob and his team on their acquisition of Suncor's renewable generation portfolio. This is truly a transformational step forward and exactly aligned with our energy transition strategy.

I will now turn the call over to Bob Myles, Executive Vice President, Corporate Development, to provide further details on this and more.

Bob.

Bob Myles:

Thank you, Brian. Good morning, everyone.

It's been a busy quarter, and we believe we've made excellent progress on numerous fronts, including the Alberta solar projects we discussed previously, our pumped hydro storage opportunity in Australia, and our ongoing hydrogen opportunity with Suncor. As Brian mentioned, we took a big leap forward on our energy transition strategy with the successful acquisition of Suncor's renewable generation portfolio, which we announced in early October.

Most will have heard me speak to our energy transition strategy previously and our three distinct pillars; renewable generation, clean fuels, and energy storage. The Suncor acquisition serves to rapidly advance the renewable generation leg of this strategy. It adds 252 megawatts of operating renewables to our portfolio, brings wind generation into our energy mix to complement our existing solar and hydro assets, and includes a development pipeline of more than 1.5 gigawatts of new opportunities.

It's also worth highlighting that the majority of the portfolio resides within our home market of Alberta. We've been in Alberta for decades and are well positioned to leverage our existing relationships and

expertise here to drive additional value through both the execution of the development pipeline and through the contracting of these assets with high-quality counterparties.

Not only will this transition drive cash flow and earnings accretion in 2023, it provides a pathway to both meeting our 2030 renewable energy ESG targets and growing our renewable energy portfolio significantly in the coming decade.

Circling back to our other Alberta initiatives, I wanted to provide a quick update on the progress we're making on both our solar developments, as well as the hydrogen opportunity we're pursuing with Suncor. While our business overall has fared well, despite the supply chain challenges being faced globally, we are seeing some delays on the acquisition of critical components needed to complete our ongoing solar initiatives in the province. While these assets are not individually significant to our overall financial results, we now expect energization of our Barlow and Deerfoot solar opportunities to shift into early 2023.

Turning to our hydrogen opportunity with Suncor. A project of this scale and complexity requires significant upfront planning and coordination. While there's still a lot to be done, we're making great progress. We are very deep into the design-basis memorandum phase of the process and have made significant decisions around technology selection, including the use of auto thermal reforming processes at this facility. Our teams are working hard to continue progressing this critical work, and we expect to make a decision to move into front-end engineering design of the development phase in the first half of 2023.

Lastly, I wanted to highlight the strong performance we've seen from our Alberta Hub storage asset that we acquired in December of last year. This asset has performed very well for us since acquisition and in the face of heightened energy price volatility. This asset, and energy storage assets more broadly, provide critical energy stability to the system, and we expect the importance of these assets to only increase as the world decarbonizes and intermittent renewables make up a larger share of the energy system. We continue to look for opportunities to optimize this asset and to expand our presence in the energy storage market.

I'll now pass the call back to Brian for any final comments.

Brian Shkrobot:

Thank you, Bob, and congratulations once again on the Suncor renewable generation acquisition.

As Bob said, it provides a pathway to achieving our 2030 ESG targets and is expected to be accretive to earnings and cash flow in its first year of operations.

I'm happy to say all of our businesses across the board have continued to perform well, contributing to the overall success of our consolidated business as we delivered another strong quarter of results.

Our core utility and long-term contracted assets provide the stability needed to pursue our energy transition strategy, and our recent renewable generation acquisition marks a meaningful step forward in this journey. This strategy remains critical to the success of our business long term, and to society more broadly, as the push to decarbonize the global energy system continues to gain momentum.

That concludes my prepared remarks. I will now turn the call 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 turn it over to the Conference Coordinator now for questions.

Operator:

Thank you.

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

Linda Ezergailis:

Thank you.

I'm curious about your Australian pump storage initiative. Do you have a sense of what still needs to be established or figured out before you get to FID? When next year do you expect to get FID? And what would be the bookends of cost estimates that you would expect for it?

Bob Myles:

Thanks, Linda. Bob here.

I can give you a pretty good update on Central West; we were just in Australia last week. We are submitting an application to the government for their long-term energy services agreement, and that application goes in this week. It's going to be based on the merit of the applicants, and assuming we get through that process, then there is a pricing phase in Q1 of 2023, with a decision from the government on the successful applicants, we believe, probably late in Q2, early in Q3. So, a final investment decision for us, we are looking at probably this time next year to give you a sense.

On the capital side, it's a little early for us to work on that. We're still finalizing capital with our construction partner, and that process will take us to the end of this year to get a better sense of capital on the project.

Hopefully, that helps, Linda.

Linda Ezergailis:

Yes. That's very helpful.

Maybe just given the opportunities in front of you and this recently announced pending acquisition of your renewable portfolio. Just as a follow-up, and maybe this is more for Brian, can you give us a sense of what your financing plans—how they might evolve? Would that potentially involve the sale of some less core assets, either in full or in part, and can you walk us through the relative attractiveness and execution risks associated with the various financing options?

Brian Shkrobot:

Yes. Thank you, Linda. Happy to do that.

I guess, in terms of financing, we continue to place a significant value on liquidity, given the heightened broad market volatility right now and our near-term growth plans, both at the utility level and the non-utility spaces. For this reason, we're currently contemplating the use of a short-term, say, 12-month bridge to fund the acquisition on close.

Immediately following close, we would anticipate having project financing in place on the contracted assets and the ability to take out approximately half of this initial bridge loan. We look to take out the remainder of the bridge loan and evaluate a number of different avenues, whether it's strategic partners, ships on existing assets, or other capital recycling initiatives. In an event that these initiatives

are not executable within the bridge period, we'd look to utilize our existing balance sheet capacity to settle the bridge.

Yes, basically, we're keeping our options open. We see value in partnerships, but it's the timing. We do have some flexibility in that, given the strength that we have in our balance sheet.

Hopefully, that answers your question, Linda.

Linda Ezergailis:

Yes. 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:

Thanks and good morning.

My first question is about renewables versus utilities. It's clear that there is quite a bit of build-out that you can do, due to Suncor acquisition. Unless you tell me otherwise, this build-out, along with hydrogen opportunity, all these things will probably outpace the growth that you have in regulated utility business. From being about 95% utilities now and then 5% energy infrastructure, what do you envision this mix to be, say, by the end of the decade once you hit your ESG target?

Brian Shkrobot:

Yes. Thanks, Maurice. Maybe I'll start.

Yes, I think we've been very clear that the energy transition, we view that as a significant growth vehicle for Canadian Utilities. Bob kind of alluded to in his presentation and in previous calls, the three pillars of clean fuels; renewable, generation, and energy storage. We've been quite active on that front. Bob mentioned the Alberta Hub facility that we purchased, and obviously this renewable Suncor acquisition.

Yes, we do expect the non-reg to take a bigger portion of—growing portion of our overall mix over the next 10 years, and it will outpace the utility growth, which is right now in that 1% to 2%. So, yes, I would say that it will still be a high percentage, but nowhere near we're at to date.

Maurice Choy:

Got it. Just to give us some range, are we talking about a 60/40, or are we talking a 50/50 type of mix? I know there's no such as the target mix.

Brian Shkrobot:

Yes. Good question. Obviously, it depends on how the renewables build out and a lot of different factors, but it would probably be more in that 80% regulated, 20% non-regulated; but obviously, that percentage will depend on the build-out and supportive government policies.

Maurice Choy:

Got it. My final question is about—just more about the regulatory environment that you have in Alberta. I'm sure you would have heard what happened in Nova Scotia and the rate cap that was proposed over there. Given that you're heading into the PBR discussions now that COS ones are pretty much done, any thoughts on what you think happened in Nova Scotia and how that may or may not relate to your rate case and building relationships in Alberta?

Brian Shkrobot:

Yes. Good question. Nova Scotia recently announced that it placed a rate cap on electricity rate hikes, I believe it was 1.8% over the next two years for non-fuel costs, so we really believe that the rate cap is essentially on the wires portion, excluding retail.

Needless to say, the rate cap situation in Nova Scotia is very troubling for the utility there, as it truly undermines the overriding principles associated with recovering costs needed to provide utility service and with the fair return standards. That's really at the heart of a well-functioning regulated system.

Certainly, we're sensitive to the fact that there's high fuel and electricity costs, but looking in our jurisdiction, certainly, we don't see any talk about that in Alberta. In fact, when we look at our '23 cost-of-service application, which we're very happy with, it was pretty much proved as filed, that's very supportive. Our regulator has been very supportive.

The only other thing I'd note, given that we're going through a rebasing year for next year, our rates will actually be declining by approximately 8% in our electricity customers and about 4% of our gas. So, we definitely do not have a rate increase, we have a rate decrease, and I believe in Nova Scotia there was a quite a significant rate increase proposed at that time. I think we're in a different situation here in Alberta than down in Nova Scotia.

Maurice Choy:

Great. Thank you very much.

Operator:

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

Mark Jarvi:

Thanks. Good morning, everyone.

Obviously, the Suncor acquisition beefs up your renewable power ambition. Just wondering, as you look forward, sort of the priorities there, would you do more M&A? Would you be more focused on organic development? You've increased scale in Alberta, do you want to look and broaden your sort of footprint look in the US, or, I guess, maybe do more in Australia?

Bob Myles:

Thanks, Mark. Bob Myles here.

I think all of the above, what you said, is probably the easy answer, but the Suncor acquisition for us on the renewables, we really like it. As I said in my remarks, it gives us a good balance between wind/solar to add into our hydrogen assets right now. We really also sought to get us better established in the renewable generation sector; building it in our own backyard in Alberta was a very prudent thing for us to do, we thought. But we have always looked into the US, and that will be something we'll look going forward. Because we have a big presence in Australia, we're going to continue to look in Australia.

We won't do an acquisition just for the sake of doing an acquisition. It really needs to align nicely with our strategy. If it does, then we'll pursue those opportunities as they arise.

Brian Shkrobot:

Yes. It's Brian here.

The only thing else I would add, Mark, is that the acquisition did come with a great development pipeline, so that's the other thing, that's not just having the operating assets, having that development pipeline in place really gives us a great growth platform.

Mark Jarvi:

Right. When you think about the US market, is that something you guys could do greenfield, or do you think you'd have to do an acquisition of some development portfolio or maybe development and operating to gain entrance in the market there?

Bob Myles:

I would say to just start complete greenfield will be very difficult. We definitely have looked at partnering with companies to bring us into the US, that, or an acquisition. But to just try to start greenfield, we feel it will be very, very difficult.

Mark Jarvi:

Understood. Just coming back to the customer affordability, I know you guys commented about how you see the setup differently relative to what happened in Nova Scotia. But at the UCP convention, they talked—one of the resolutions was about trying to reduce transmission and distribution costs. When you hear that from the politicians, what has to be done from educating from your perspective, and then when you do hear that, where do you think they could try to push back on you at all in terms of either adjusting rates somehow or deferrals or anything like that?

Brian Shkrobot:

Yes. Good question, Mark.

Listen, the utility costs are front of mind for everyone right now in the face of the global turmoil, the commodity shortage, and the inflation driving up prices. Looking specifically at the situation here in Alberta, it's important to recognize that transmission and distribution charges are just two of the many charges that make up a customer's utility bill.

First, the commodity prices rose sharply in the face of the global supply chain pressures and rising geopolitical tensions more than doubling since last year. Using an average customer's gas bill as an example, these commodity costs can account for more than 40% of the total utility bill. These higher commodity prices were compounded with higher gas usage across the province in the first few months of this year.

Franchise fees, which is another part of the bill, are also going up. For an average gas bill, this could account for about 8% to 15% of the bill. So, I guess all that being said, obviously, education is an important part, and if you look at our website, we're trying to put on some education material for our customers. The best things that we can do, and we've kind of announced it at our AGMs, is just run our business as efficiently as possible, and we'd note that our gas distribution utility offers customers the lowest monthly distribution charges in North America.

In our electricity business, we continue to drive out efficiencies, and we note that our operating and maintenance costs per kilometre have been reduced by 17% over the last six years. So, that's what we bring forward, and we're very mindful of any new project. It has to support customers, and affordability is definitely something that we've been communicating to everyone that we talk to. It's a very important concern, reliability and affordability and safety.

Mark Jarvi:

Okay. Thanks for that, Brian. Appreciate it.

Operator:

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

Ben Pham:

Hi. Thanks. Good morning.

I was wondering, you mentioned your returns in Alberta distribution. They're going to come down, but still remain attractive. How do those returns compare to this renewable portfolio that you're moving forward with, or will be moving forward with?

Brian Shkrobot:

Good question, Ben.

Yes, what I mentioned on utility returns is we've done very well in the last two PBR terms as we drive out efficiencies for customers. I always go back to the regulated versus non-regulated. Certainly, we look to contract, have some long-term PPAs with a lot of renewable business, so it takes some of the risk away. So, when you compare a risk between our regulated business versus our non-reg business to the extent that we're adding on some more merchant or take more risk on a business, we would expect internally that we would come up with a higher return.

That said, we have to start somewhere, and strategically what we purchased for the Suncor assets with the development pipeline, over the long term with the development pipeline, we expect those returns to be quite healthy.

Ben Pham:

Okay. So, it sounds like this renewable portfolio, the returns maybe not as great near term, but it sounds like there's a lot of upside longer term.

Brian Shkrobot:

Yes, I think the development pipeline has, again, great growth in that portfolio. I'd say that they would be somewhat aligned with what we got for regulated, given that we are going to contract a good portion of the offtake.

Ben Pham:

Okay. I understand. Maybe sticking with returns, maybe going to Australia, how should we think about calculating a realized return in Australia? Because I think it's 5% allowed; but when your rate base goes up with inflation, your earnings goes up. Do you actually adjust it to when you're calculating your return? Then if CPI goes down to 2% next year, then how does that work? I guess earnings start to creep lower into next year?

Brian Shkrobot:

Yes, I think we've tried to be helpful and give everyone a rule of thumb. The rule of thumb is that every 10 basis-points change and inflation translates into about \$1 million of earnings for Australia. If you take a base approved rate of 5% and buried within the regulatory mechanisms, in A5 was just over 1% inflation. To the extent that inflation goes up to 2%, that's 100 basis points, and that's \$10 million of earnings.

Obviously, when you note that—I noted earlier that if inflation is going to be at 7%, and next year is going to go down to, say, roughly 3%. So, if that were to happen, that's a 4% change and you could do the math on the rules of thumb that I gave you.

Yes, you take a look at your regulated return, your actual rate of return that's approved in Australia, to the extent that inflation goes up or down, it would be indexed accordingly with just that rule of thumb that I gave.

Ben Pham:

Okay. I know I'm only allowed two questions, I just want to make sure I understand this. I got the earnings situation okay, but I'm more wondering with your approved rate base of 1.4%. So, when you calculate the ROE, does that denominator actually change? Because if not, you're earning like a 15% realized ROE? I was just trying to make sure I get my math correct.

Brian Shkrobot:

Yes, in the current year, basically, we recognize the fact that when inflation is higher, our rate base gets indexed higher, and so we are allowed to collect that over a longer period of time, over 40 years, but we recognize an earnings whenever we index that rate base in year, we take those into earnings, knowing that's going to be collected over a long period of time, and that forms a new basis for going forward in an x-axis arrangement in terms of how returns will be calculated on. The approved rate of return will be applied to that new inflated rate base.

Certainly, our team here can work with you offline and we'll give you a little bit more of that mechanics.

Ben Pham:

Okay. 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 following-up a little bit on some comments about growing the renewables and how the energy transition strategy is expected to kind of grow in the portion of earnings going forward. How do you see that kind of adding to the run rate growth of the business and outpacing the growth in the utilities? Have there been any conversations about maybe increasing the payout a little bit on the dividend?

Brian Shkrobot:

Thank you, Matthew. Thanks for the question.

Yes, in terms of our dividend policy, broadly, what we say is that our dividend growth would be in line with the underlying growth of our portfolio. So, at this time, no, we're going to keep it pretty much at the moderate kind of increases. But, over time, we may adjust that given the pace of earnings growth. But for now, that will probably be a little ways in the future.

Matthew Weekes:

Okay. Thank you. Just in terms of the renewable power portfolio, and you talked about the growth outlook there and the good backlog of projects and return potential, so do you see the returns in terms of the development portfolio maybe being higher than the current operating portfolio, based on your views of power market and the outlook for PPAs and the carbon tax going forward, etc.?

Bob Myles:

Yes, Matthew, Bob here.

Absolutely, we do. That's how we do see things going forward. The other thing I was going to comment earlier on one of the other questions is just we're also looking a lot on our renewable portfolio, as well as all of our energy transition portfolios. As we bring in new partners, the ability to actually increase our returns through that process, and then also as we develop projects as we look to potentially sell down, we feel we'll have a good potential of increasing returns from that mode of operation, as well.

Matthew Weekes:

Okay. Thanks. That's helpful commentary. I'll turn the call back. Thank you.

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 soon. Thanks.

I'll now turn it back to the Operator.

Operator:

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