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**ATCO**

# 2018 INVESTOR DAY PRESENTATION

SEPTEMBER 14, 2018

# REGULATED UTILITIES



ELECTRIC TRANSMISSION  
\$5,227M Rate Base



ELECTRIC DISTRIBUTION  
\$2,476M Rate Base



NATURAL GAS DISTRIBUTION  
\$2,537M Rate Base

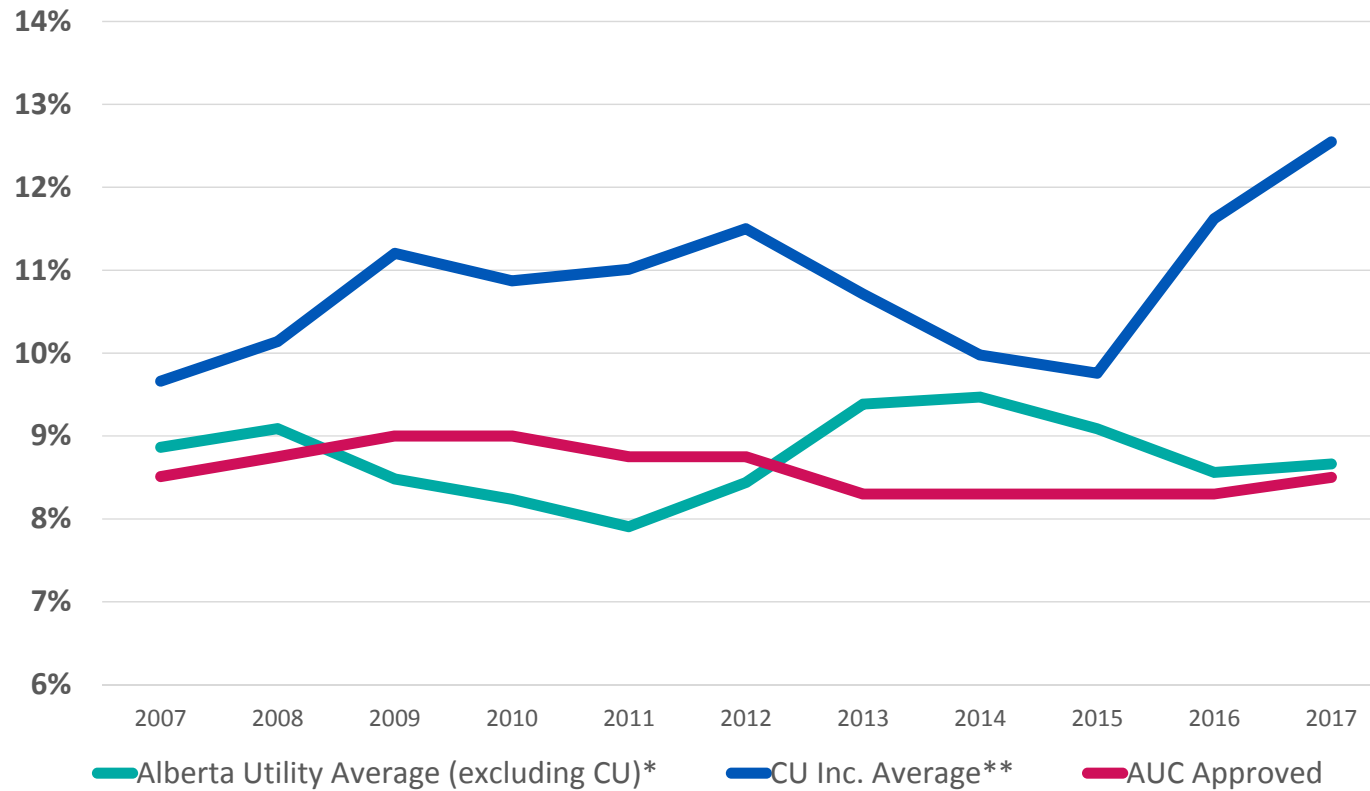


NATURAL GAS TRANSMISSION  
\$1,633M Rate Base



INTERNATIONAL NATURAL GAS  
DISTRIBUTION  
\$1,177M Rate Base

# UTILITIES ACHIEVE TOP TIER RETURNS ON EQUITY



**CU Inc. ROE +2.33% on average above AUC approved ROE from 2007-2017**

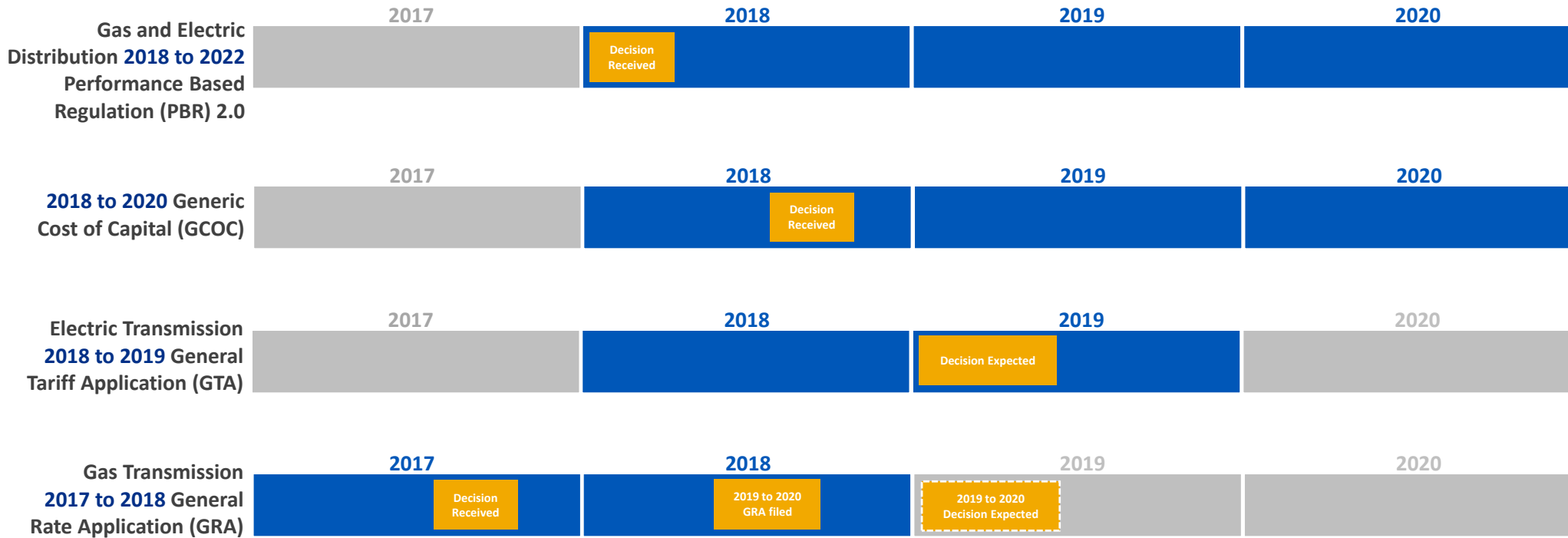
- Alberta Utility average is a simple average and includes: AltaGas, AltaLink, Enmax Distribution, Enmax Transmission, EPCOR Distribution, EPCOR Transmission, and Fortis Alberta.
- \*\* CU Inc. average is a simple average and includes: Electric Distribution, Electric Transmission, Natural Gas Distribution, and Natural Gas Transmission. Further details on the individual ROEs can be found in this Appendix.

# PBR 2.0 HIGHLIGHTS

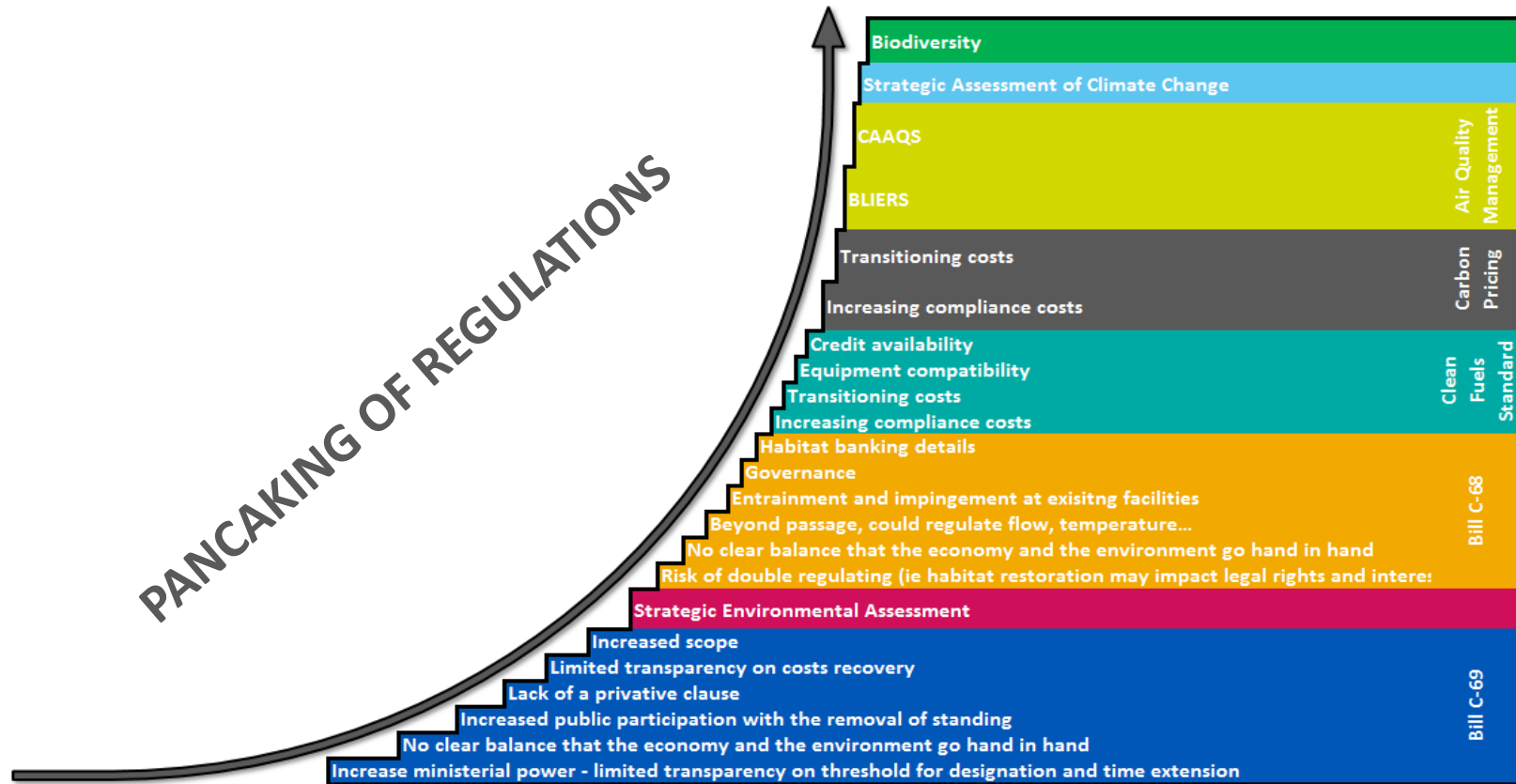
	PBR	PBR 2.0
<b>Efficiency Carry-over Mechanism (ECM)</b>	ECM up to 0.5% additional ROE for the years 2018 and 2019 based on certain criteria	ECM up to 0.5% additional ROE for the years 2023 and 2024 based on certain criteria
<b>Productivity Adjuster (X Factor)</b>	1.16%	0.30%
<b>Treatment of Capital Expenditures</b>	<p>Recovered through going-in rates inflated by I-X</p> <p>Significant capital expenditures not fully recovered by the I-X formula and meeting certain criteria recovered through a K Factor</p>	<p>Recovered through going-in rates inflated by I-X and a K Bar that is based on inflation adjusted average historical capital expenditures for the period 2013-2016. The K Bar is calculated annually and adjusted for the actual WACC</p> <p>Significant capital costs that are extraordinary, not previously incurred and required by a third party recovered through a "Type I" K Factor</p>
<b>O&amp;M</b>	Based on approved 2012 forecast O&M levels; inflated by I-X thereafter over the PBR term	Based on the lowest annual actual O&M level during 2013-2016, adjusted for inflation, growth and productivity to 2017 dollars; inflated by I-X thereafter over the PBR term



# REGULATORY UPDATE



# CUMULATIVE EFFECTS ON RISK / UNCERTAINTY / COSTS



# LONG-TERM CONTRACTED CAPITAL INVESTMENT



HYDROCARBON STORAGE



COGENERATION



HYDROELECTRIC  
GENERATION



FORT MCMURRAY WEST  
500 KV TRANSMISSION

**\$1.0 BILLION (2018–2020)**

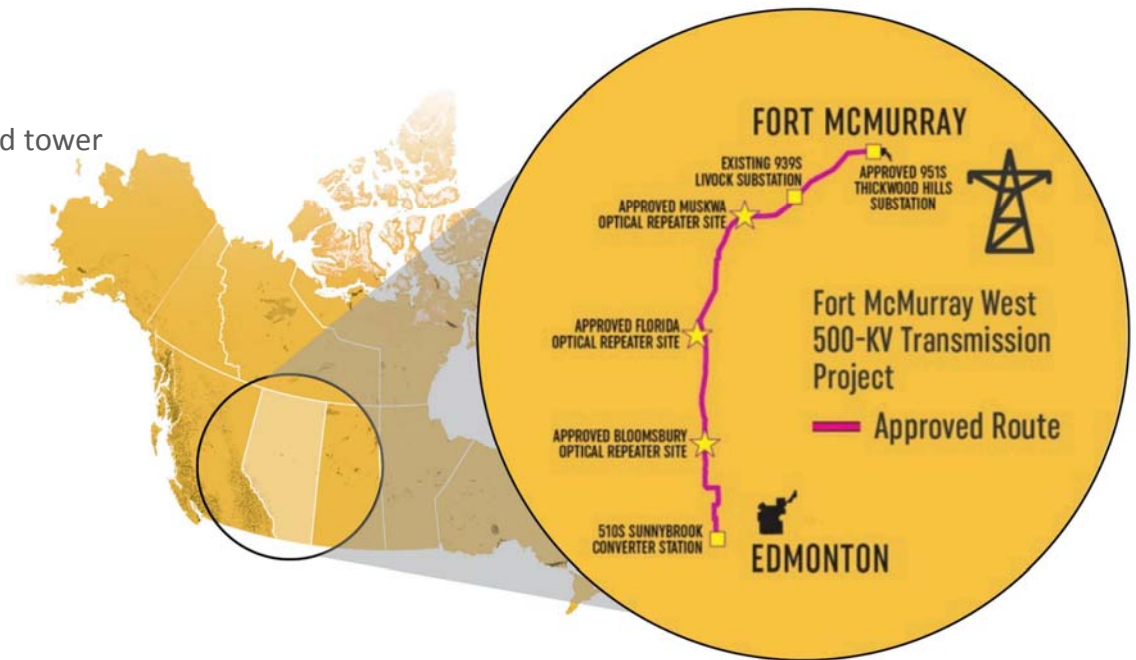
# ALBERTA POWERLINE

## Fort McMurray West 500 kV Transmission Project

- The design and planning phases were completed and construction commenced in August 2017.
- Land preparation and tower foundation installation and tower assembly is proceeding ahead of schedule. The target energization date of June 2019 remains on track.



\* More information is available at [www.albertapowerline.com](http://www.albertapowerline.com).





# COAL TO GAS CONVERSION STRATEGY

## Battle River

- Partial conversion (50%) completed on BR4 Mar 2018
- Proceeding with “Dual Fuel” conversion of BR5 with commercial operation date (COD) of Dec 2019
- Proceeding with increasing natural gas interconnection to the site to support the conversion work with COD Nov 2019 with firm gas transport commitment for Nov 2021
- Pursuing further conversion opportunity on BR3 & BR4

## Sheerness

- Proceeding with increasing natural gas interconnection to the site with COD Nov 2019 and firm natural gas transport commitment for Apr 2022
- Pursuing the opportunity of “Dual Fuel” conversion of both units to align with natural gas transport commitment or earlier.



Battle River Generating Station



Sheerness Generating Station

# MEXICO EXPANSION

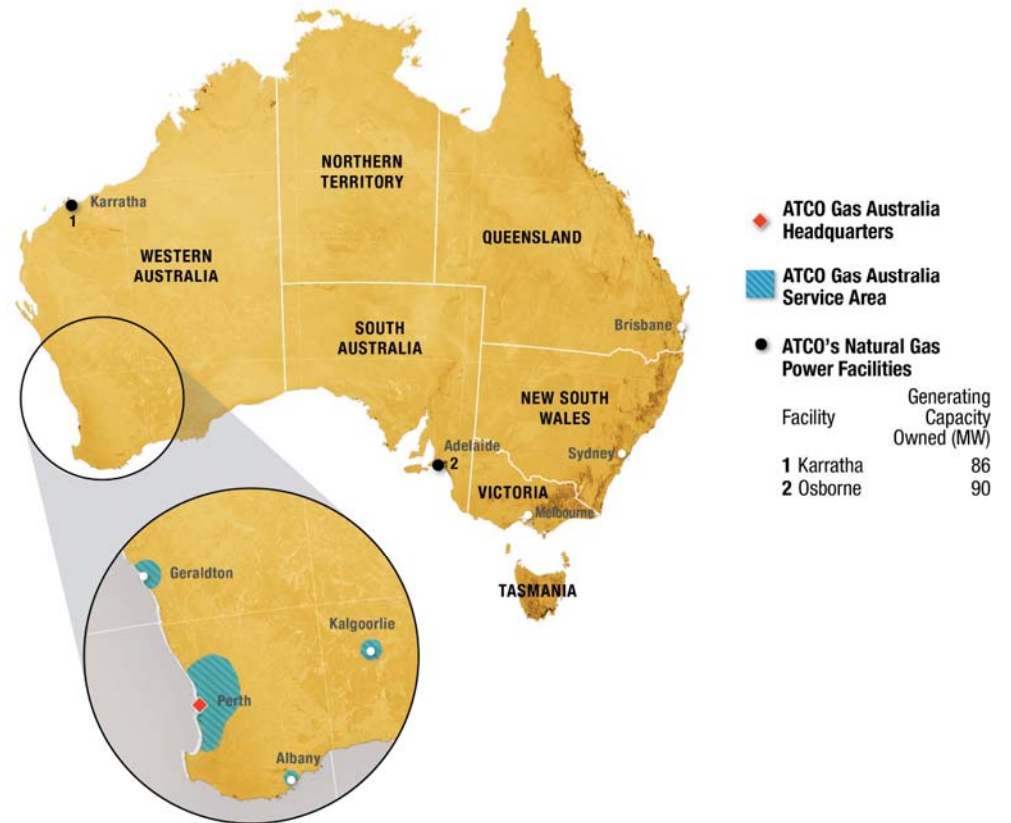
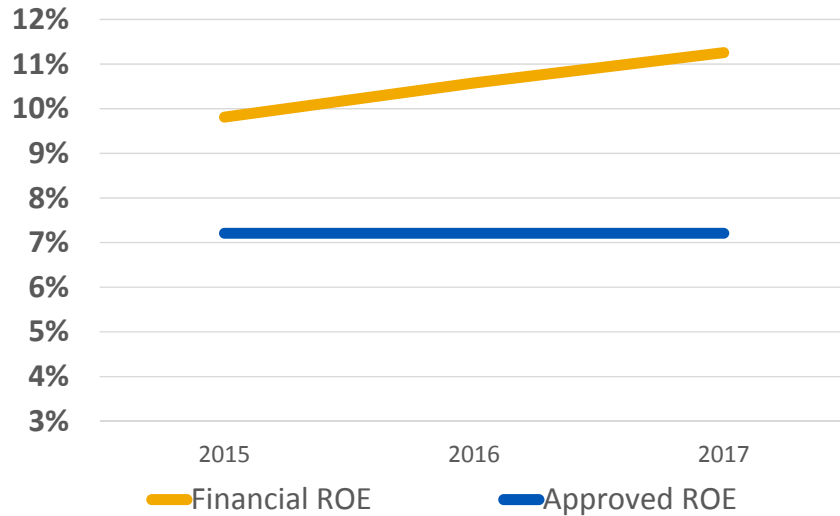
## Mexico Attractiveness

- Energy Reform offers opportunities for energy infrastructure investment
- Attractive GDP growth forecast
- Acquired and built a total of 46 MW of electricity generation, including hydroelectric generation; contacted to build 26 MW of natural gas cogeneration



# AUSTRALIA SUCCESS

ATCO Gas Australia ROE +3.34% on average above ERA approved ROE from 2015-2017



# STORAGE & INDUSTRIAL WATER GROWTH

We build, own and operate non-regulated industrial water, natural gas storage, hydrocarbon storage, and NGL related infrastructure

- 85,200 m<sup>3</sup>/day water infrastructure capacity
- 400,000 m<sup>3</sup> hydrocarbon storage capacity
- 52 PJ natural gas storage capacity
- ~ 116 km pipelines

## Industrial Water

- Long-term commercial agreement to provide water services commencing in 2020 to Inter Pipeline's newly announced PDH plant

## Natural Gas & Hydrocarbon Storage

- Potential to develop up to 40 additional salt caverns for NGL and hydrocarbon storage



Heartland Industrial Water System



Heartland Salt Caverns



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