



# ATCO

Scotiabank Energy Infrastructure Conference  
Toronto  
November 15 – 16, 2017



# LEGAL DISCLAIMER

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# ORGANIZATIONAL STRUCTURE

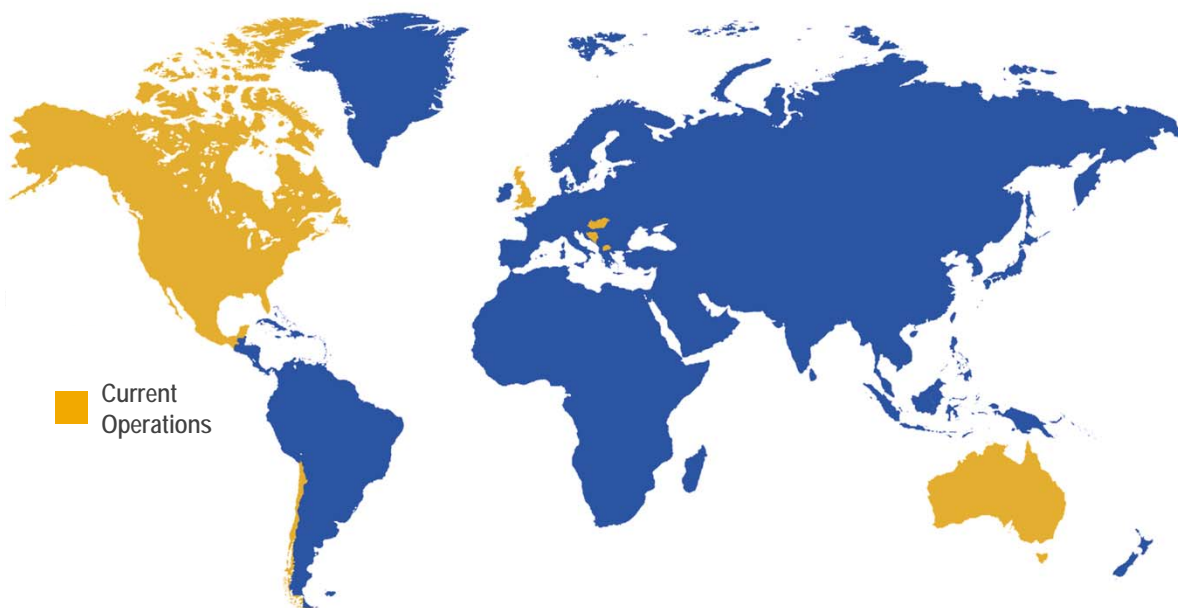


# THE ATCO GROUP OF COMPANIES

With approximately 7,000 employees and assets of \$21 billion, ATCO is a diversified corporation delivering service excellence and innovative business solutions.

## Structures & Logistics

- Operations on 4 continents
- 7 manufacturing plants and nearly 1,000,000 sq ft of manufacturing space globally



**ATCO**  
(TSX: ACO.X / ACO.Y)  
~\$5 billion common equity capitalization

**Canadian Utilities**  
(TSX: CU / CU.X)  
~\$10 billion common equity capitalization

**CU Inc.**  
~\$7 billion debt capitalization

## Electricity

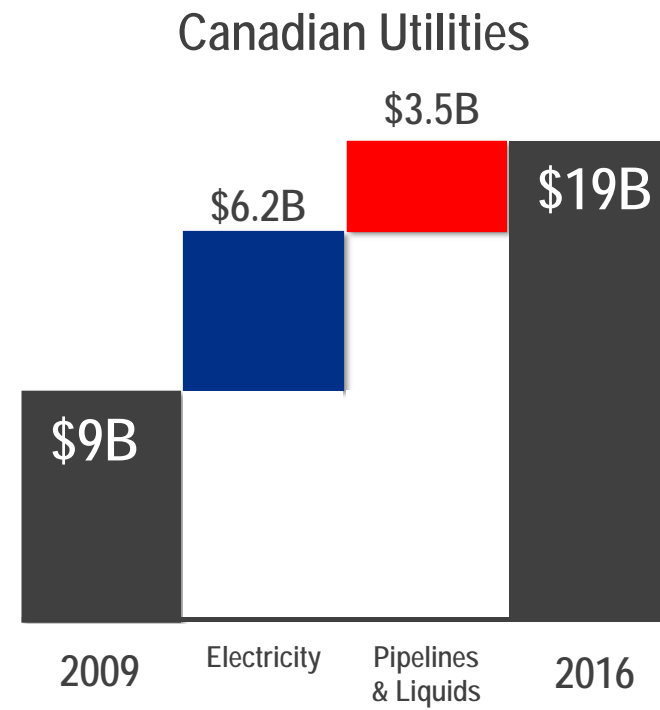
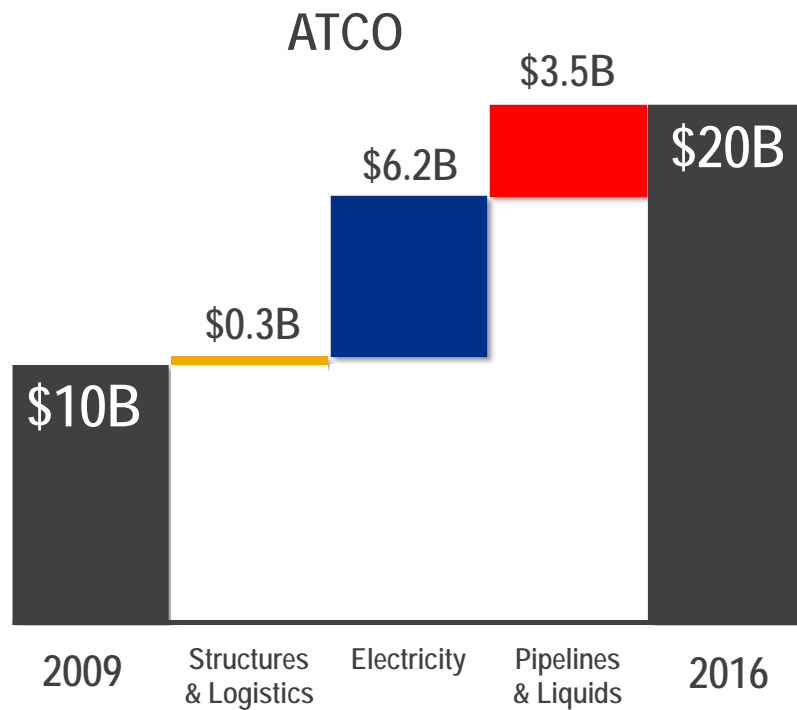
- 88,000 kms of electric power lines
- 18 power plants globally
- 2,480 MW power generating capacity

## Pipelines & Liquids

- 65,000 kms of pipelines
- 85,200 m<sup>3</sup>/d water infrastructure capacity
- 52 PJ natural gas storage capacity
- 200,000 m<sup>3</sup> hydrocarbon storage capacity

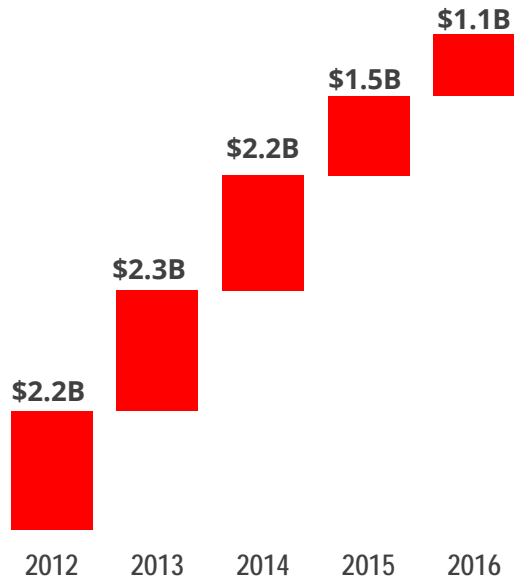
# ASSET GROWTH

We have doubled in size since 2009

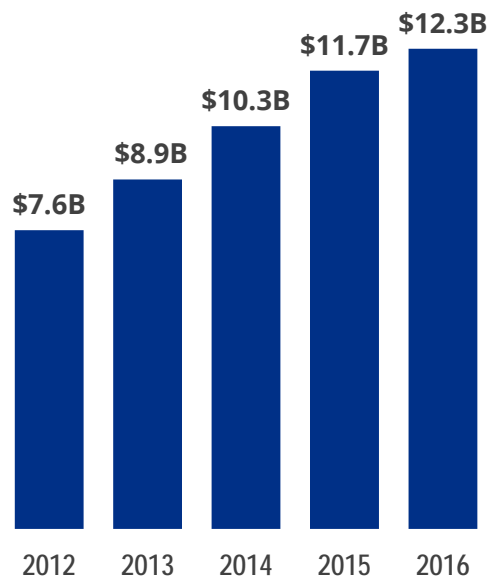


# REGULATED UTILITY GROWTH

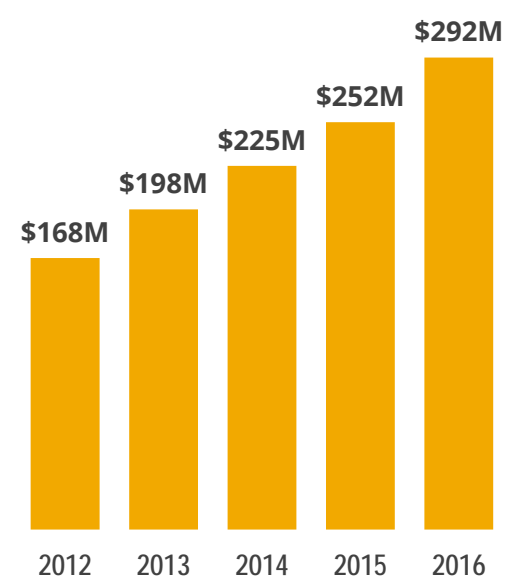
## Regulated Capital Investment



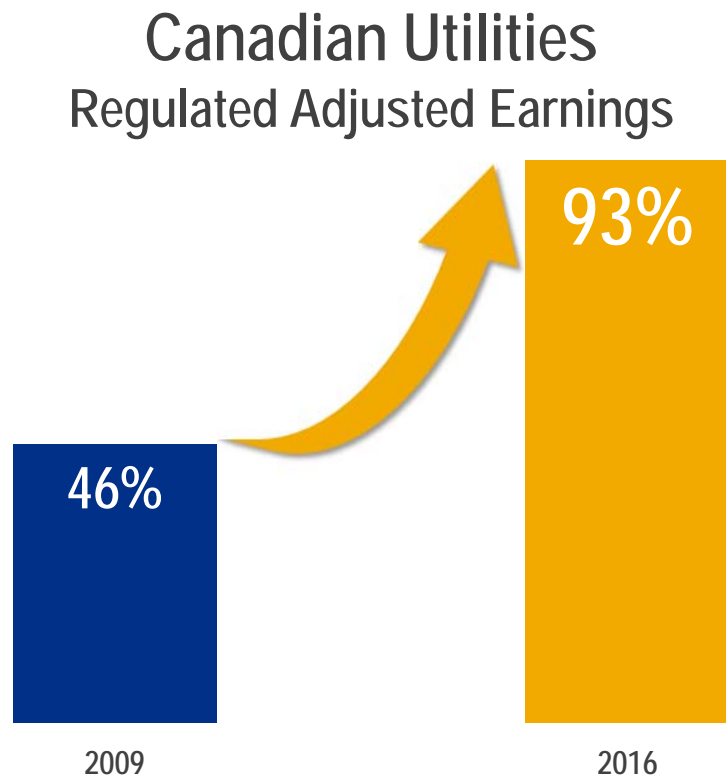
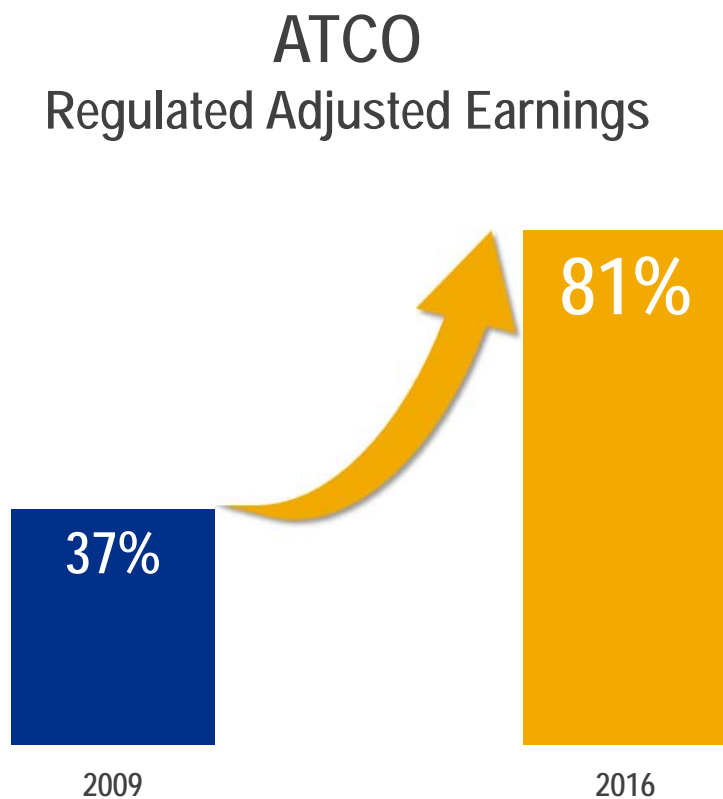
## Mid-Year Rate Base



## Regulated Normalized Adjusted Earnings



# GROWING A HIGH QUALITY EARNINGS BASE

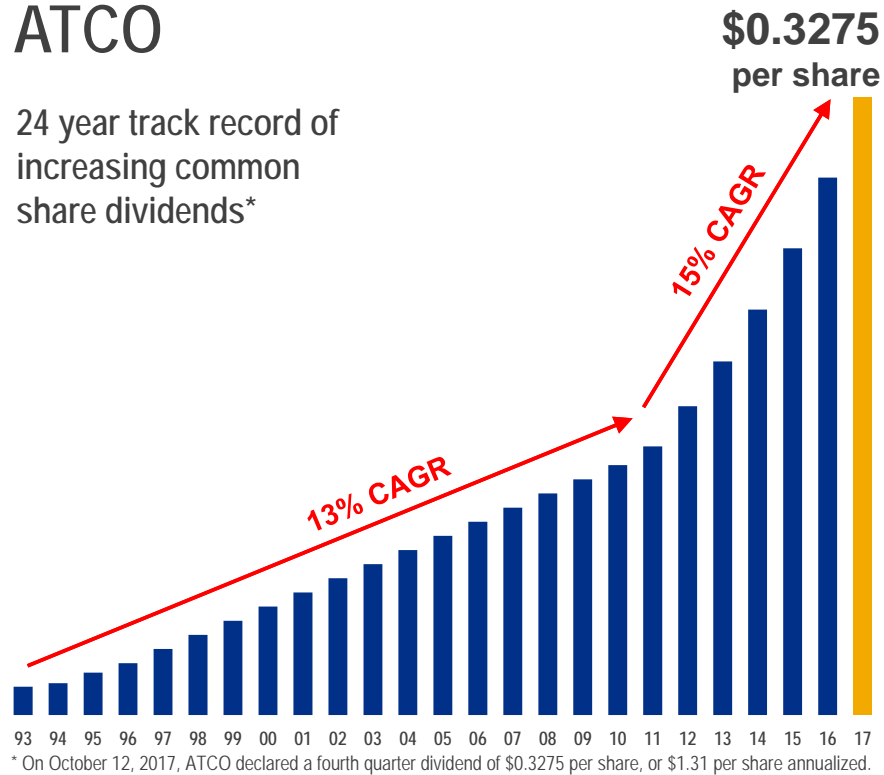




# CONTINUED DIVIDEND GROWTH

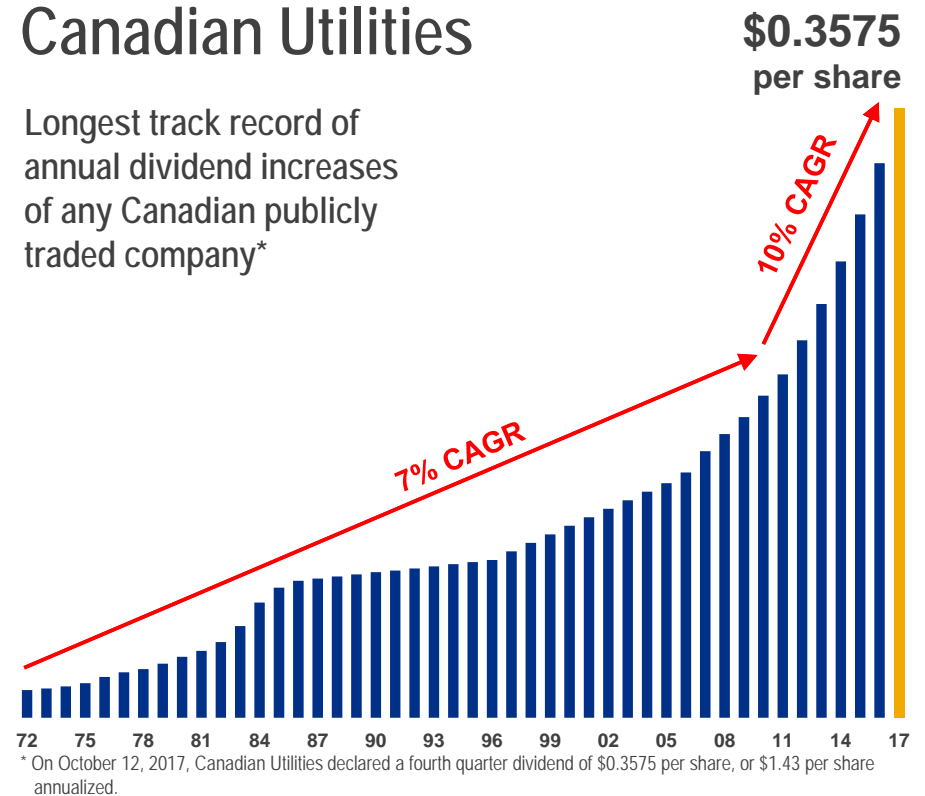
## ATCO

24 year track record of increasing common share dividends\*

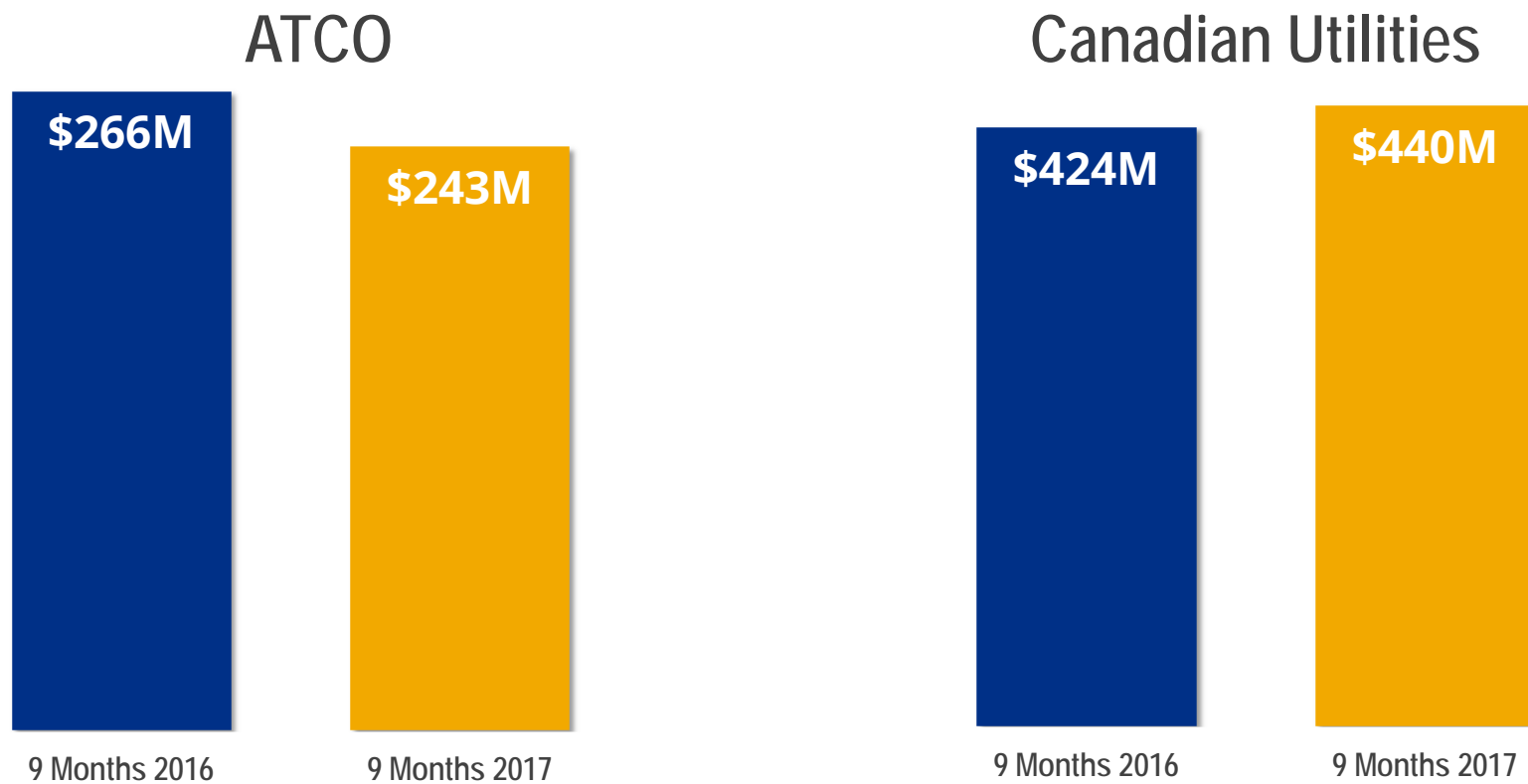


## Canadian Utilities

Longest track record of annual dividend increases of any Canadian publicly traded company\*



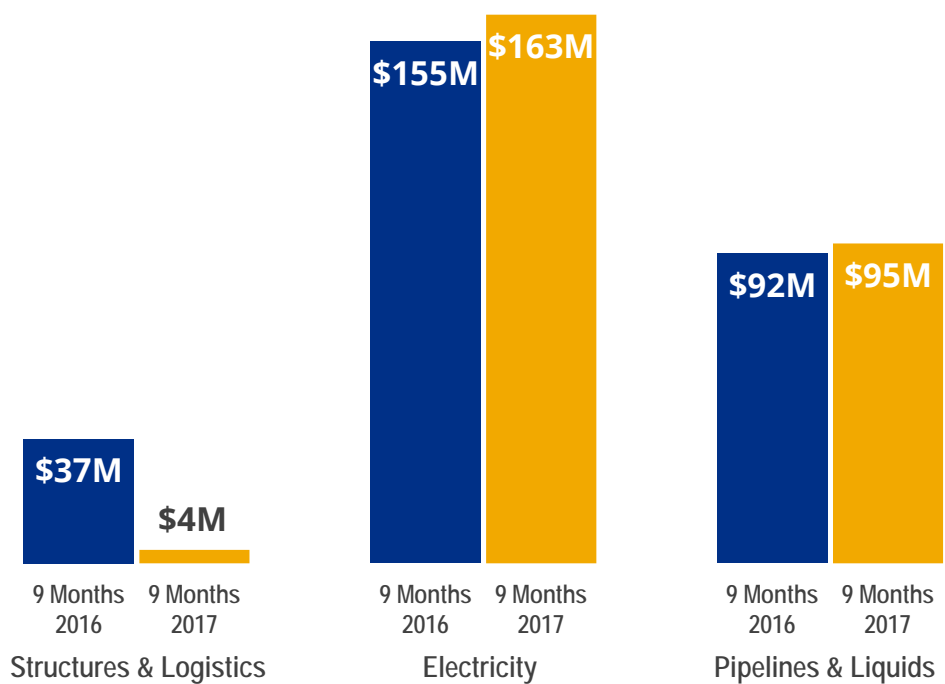
# FIRST NINE MONTHS 2017 ADJUSTED EARNINGS



# GROWING EARNINGS IN 2017

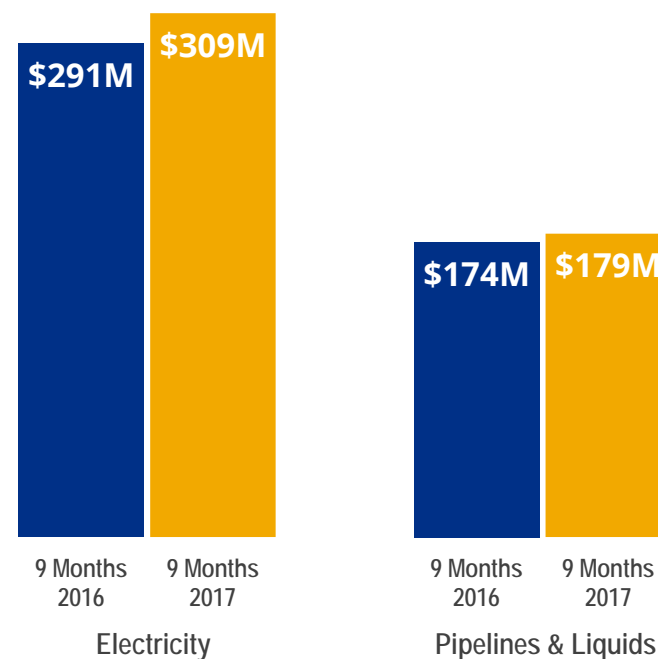
## ATCO

### Global Business Unit Earnings



## Canadian Utilities

### Global Business Unit Earnings



# FINANCIAL FOCUS FOR THE FUTURE

We are taking a focused and disciplined approach to pursue cost savings and efficiencies in every part of the organization to ensure we deliver the most competitive solution to our customers

## FINANCIAL PRIORITIES FOR 2017 AND BEYOND



# OPERATIONAL EXCELLENCE: STRUCTURES & LOGISTICS



Offering complete infrastructure solutions worldwide

Diversifying the global customer base

Adding projects for workforce housing accommodations and modular buildings

Acquiring assets and expanding geographically

# CONTINUED CAPITAL INVESTMENT



ELECTRIC DISTRIBUTION



NATURAL GAS DISTRIBUTION



STRUCTURES & LOGISTICS



WATER INFRASTRUCTURE



ELECTRIC TRANSMISSION



NATURAL GAS TRANSMISSION



ELECTRICITY GENERATION

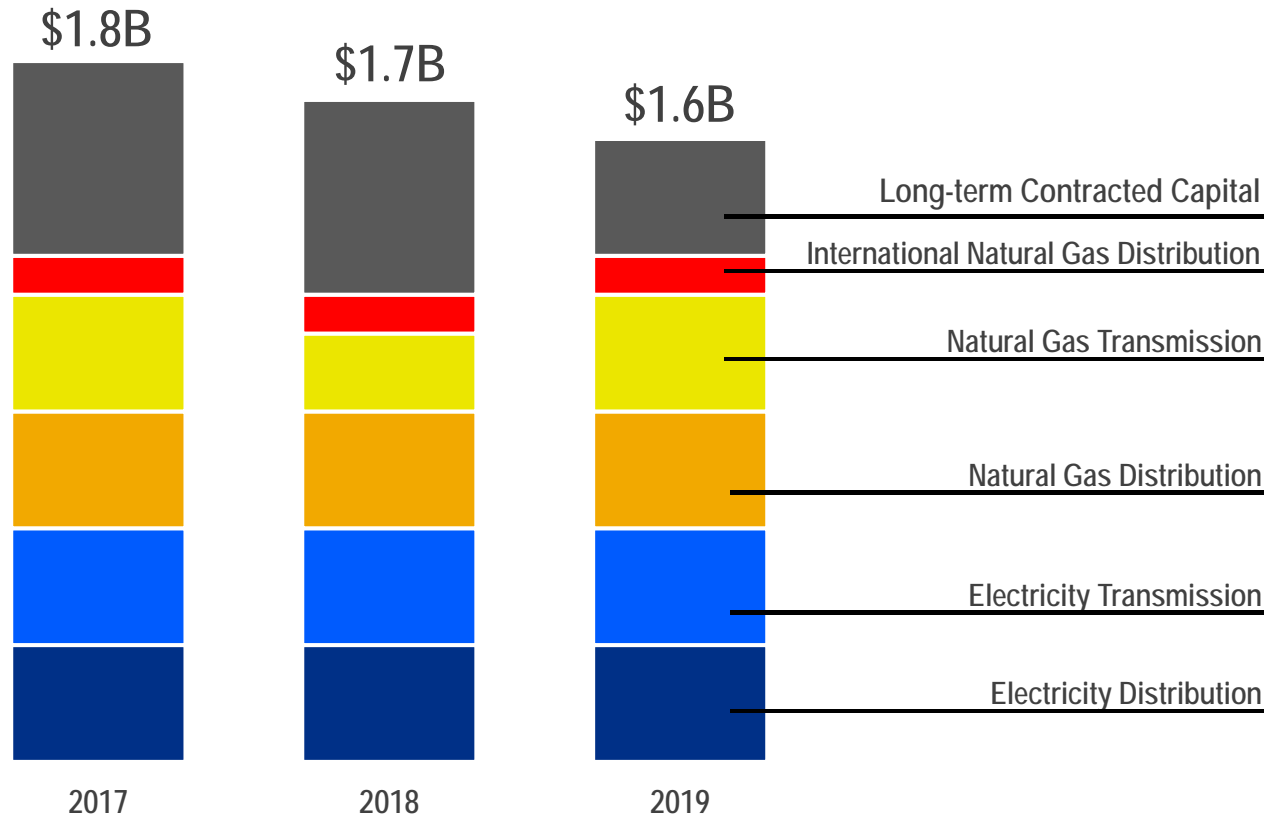


HYDROCARBON STORAGE

REGULATED UTILITY

LONG-TERM CONTRACTS

# CONTINUED CAPITAL INVESTMENT



# REGULATED UTILITY CAPITAL INVESTMENT



ELECTRIC DISTRIBUTION



ELECTRIC TRANSMISSION



NATURAL GAS  
DISTRIBUTION



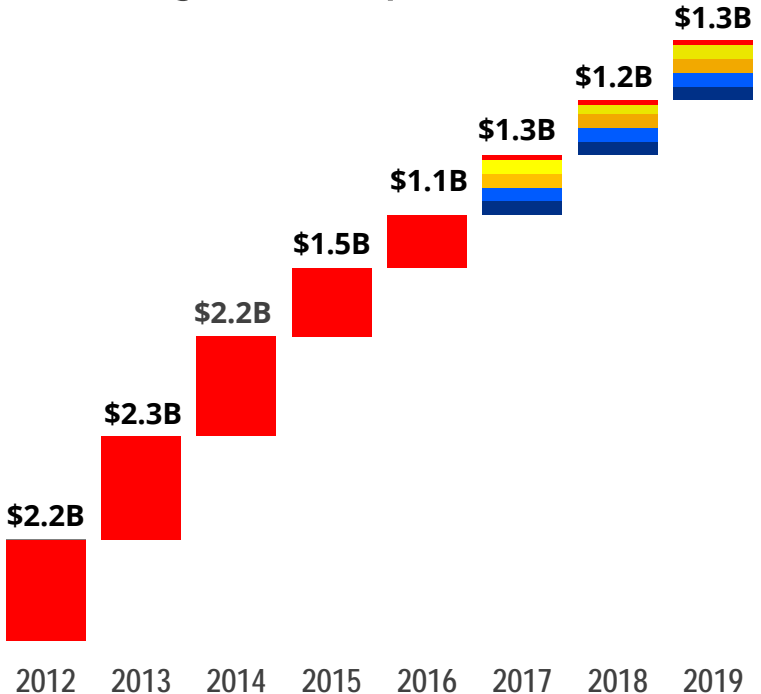
NATURAL GAS  
TRANSMISSION

\$3.8 BILLION (2017-2019)

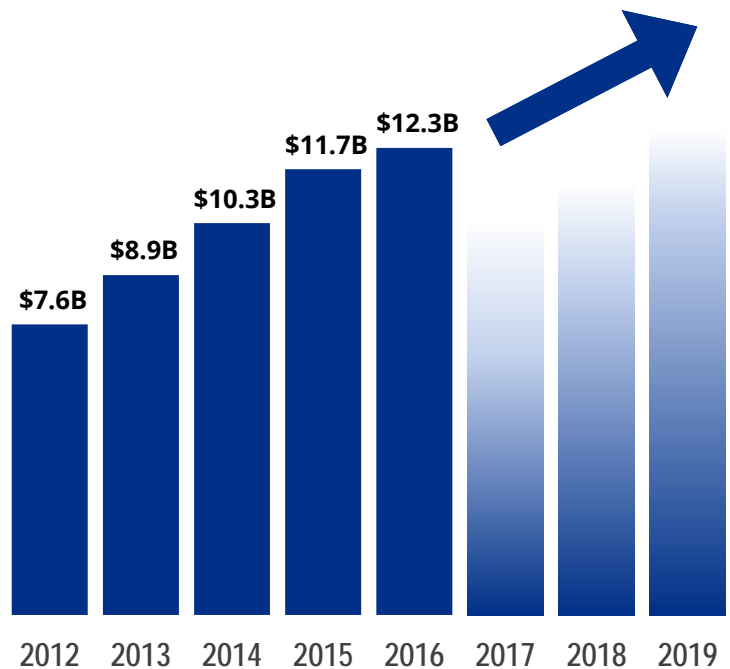


# RATE BASE GROWTH

Regulated Capital Investment



Mid-Year Rate Base



# LONG-TERM CONTRACTED CAPITAL INVESTMENT



FORT MCMURRAY WEST  
500 KV TRANSMISSION



HYDROCARBON STORAGE



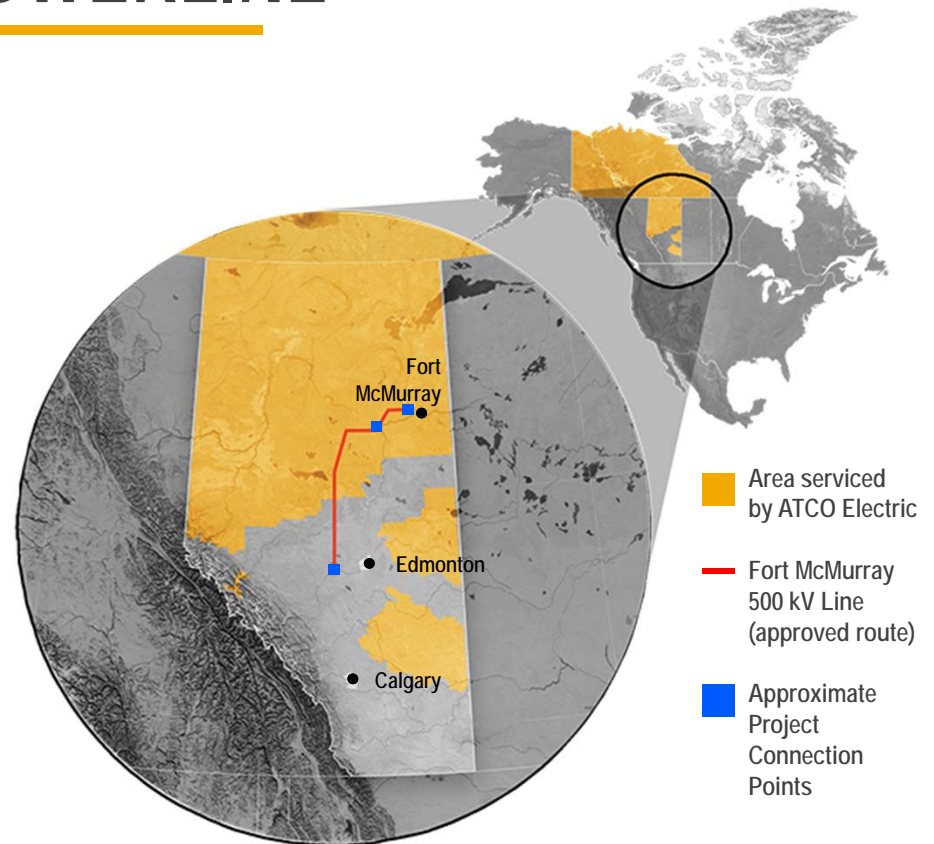
DISTRIBUTED GENERATION

\$1.3 BILLION (2017-2019)

# ALBERTA POWERLINE

## Fort McMurray West 500 kV Transmission Project

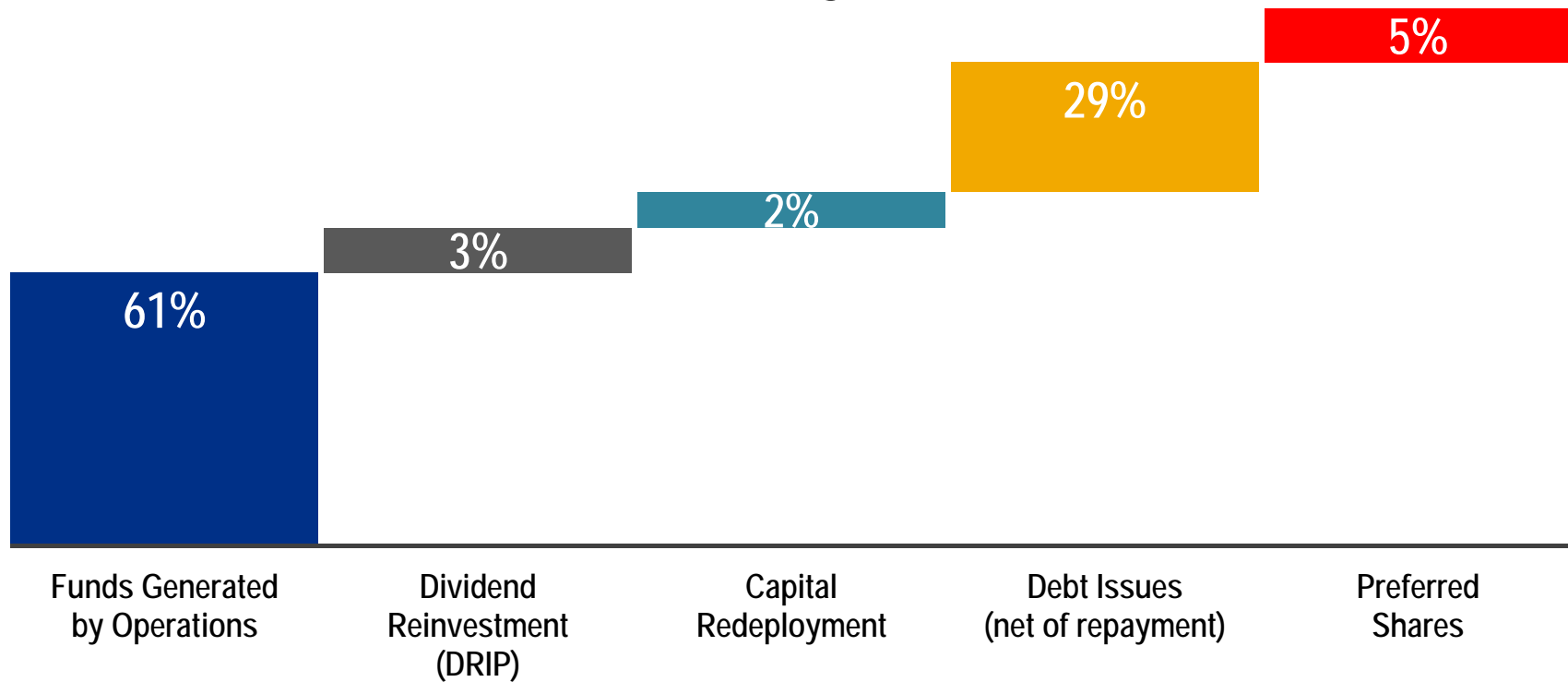
- The Alberta Electric System Operator (AESO) undertook a competitive process to develop, design, build, finance, own, operate and maintain the Fort McMurray West 500 kV Transmission Project with a total distance of 500 kms
- Alberta PowerLine LP (APL), a partnership between Canadian Utilities Limited and Quanta Capital Solutions, Inc., selected as the Successful Proponent
- APL has responsibility to develop, design, build and finance the Project, and to own, operate and maintain it for a 35 year term



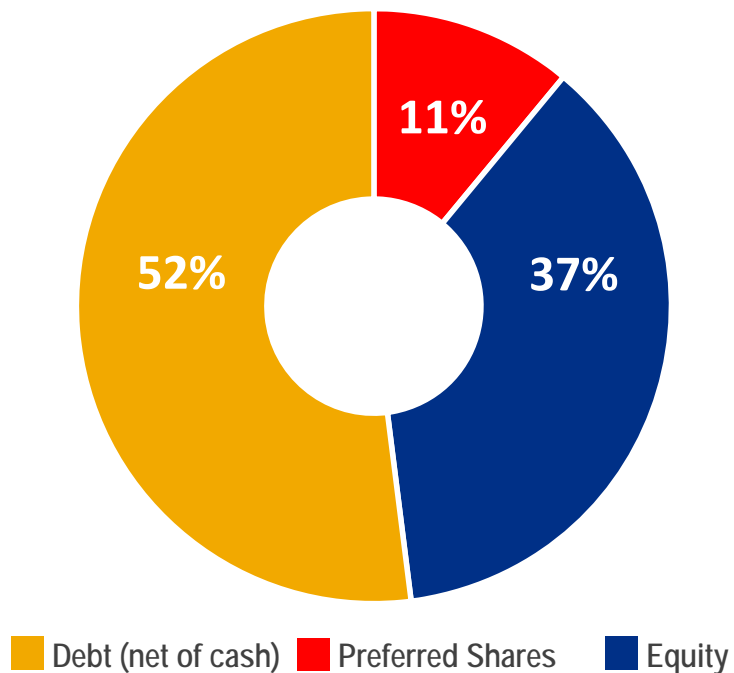
\* More information is available at [www.albertapowerline.com](http://www.albertapowerline.com).

# FINANCIAL STRENGTH: FUNDING SOURCES

Canadian Utilities Funding Sources 2011 – 2016



# FINANCIAL STRENGTH: BALANCE SHEET



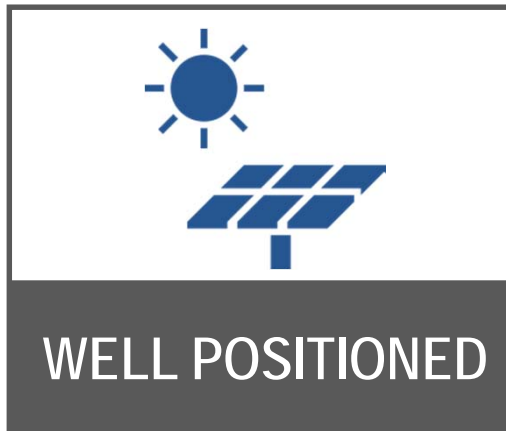
- Strong financial position supports access to capital
- "A-" credit rating
- \$3 billion of credit facilities, of which \$2.2 billion is available

# ALBERTA POWER MARKET DEVELOPMENTS



## Capacity Market in Alberta

- **Market design discussions** → under way with the AESO
- **Capacity market framework** → expected to be in place in 2021



## Phase-in of Renewable Generation

- **75MW Solar NRFP** → awaiting response from the Government of Alberta
- **400MW Clean Power Call** → participated but did not advance to the RFP stage; plan to participate in the second call
- **Hydro** → continue to explore potential developments in Northern Alberta

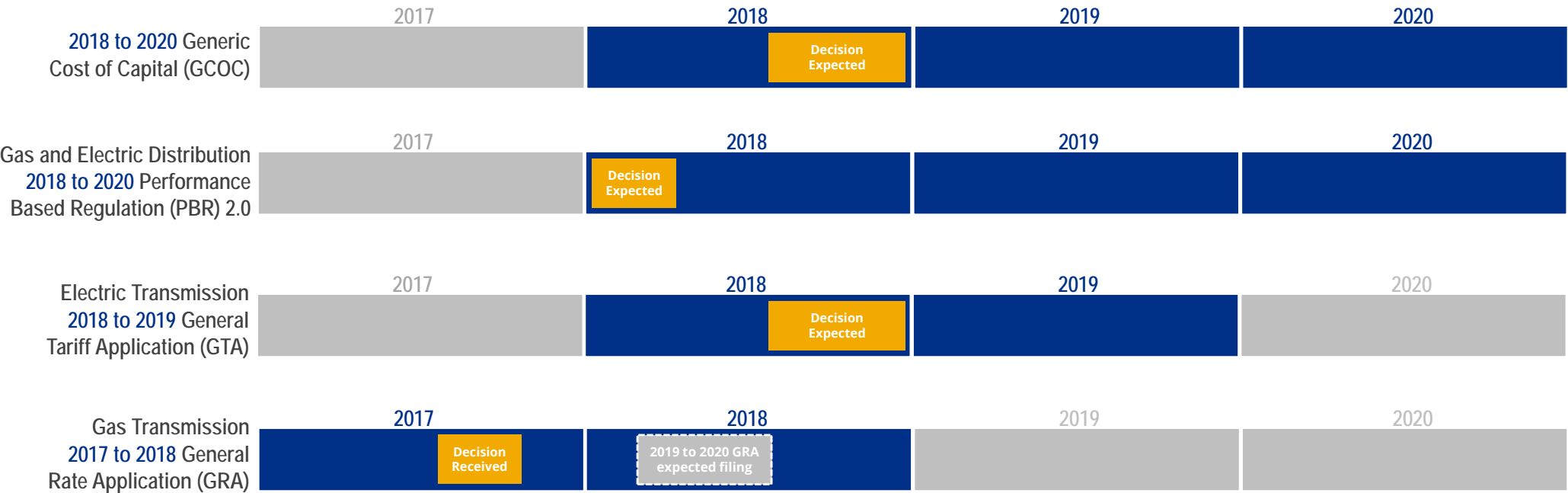


## Carbon Tax

- **Compliance costs** → recovered through Thermal PPAs
- **Longer term** → anticipate carbon costs will largely be recovered through the Alberta power market
- **GHG emission** → expected to be recovered in rates on a go-forward basis

# REGULATORY UPDATE

Getting back to prospective rate making
































# PBR 2.0 HIGHLIGHTS

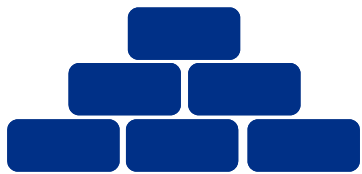
	PBR	PBR 2.0
<b>Productivity Adjuster (X Factor)</b>	1.16%	0.30%
<b>O&amp;M</b>	Based on approved 2012 forecast O&M levels; inflated by I-X thereafter over the PBR term	Based on the lowest annual actual O&M level during 2013-2016, adjusted for anomalies, inflation and growth to 2017 dollars; inflated by I-X thereafter over the PBR term
<b>Treatment of Capital Expenditures</b>	Recovered through going-in rates inflated by I-X  Significant capital expenditures not fully recovered by the I-X formula and meeting certain criteria recovered through a K Factor	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  Significant capital expenditures that are extraordinary, not previously incurred and required by a third party recovered through a "Type I" K Factor
<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



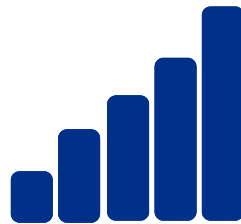
# GLOBAL EXPANSION POTENTIAL

TARGET MARKETS		CURRENT OPERATIONS			POTENTIAL TARGETS
		Structures & Logistics	Electricity	Pipelines & Liquids	
	<b>Canada</b>				<ul style="list-style-type: none"> <li> Bolt-on Structures &amp; Logistics acquisitions</li> <li> Distributed generation expansion</li> </ul>
	<b>Australia</b>				<ul style="list-style-type: none"> <li> Electricity utility acquisitions</li> <li> Natural gas utility acquisitions</li> </ul>
	<b>Mexico</b>				<ul style="list-style-type: none"> <li> Cogen plant: working with Pemex</li> <li> Distributed generation expansion &amp; renewable</li> <li> Tula pipeline: working on land access rights</li> </ul>
	<b>Chile</b>				<ul style="list-style-type: none"> <li> Distribution utility companies</li> </ul>
	<b>United States</b>				<ul style="list-style-type: none"> <li> Bolt-on Structures &amp; Logistics acquisitions</li> </ul>

# SUMMARY



GROWING A HIGH  
QUALITY EARNINGS  
BASE



CONTINUED  
DIVIDEND GROWTH



FUTURE CAPITAL  
INVESTMENT



FINANCIAL  
STRENGTH

A large-scale construction project is underway at dusk. A prominent red crane with 'SHANPEI' written on its boom is lifting a massive, dark-colored pipe. The pipe is supported by a yellow tracked crawler crane on the right. The scene is illuminated by site lights, and the sky is a deep blue with scattered clouds. In the background, other construction equipment and a body of water are visible.

# ATCO

## APPENDIX

# STRUCTURES & LOGISTICS

We offer workforce housing, innovative modular facilities, construction, site support services, and logistics and operations management

- 7 manufacturing plants globally
- Nearly 1,000,000 sq ft of manufacturing space
- Subsidiary: Sustainable Communities



With sales offices around the world and operations on four continents, ATCO Structures & Logistics has the expertise to rapidly deliver turnkey solutions anywhere they are needed.

- ◆ Global head office
- Manufacturing facilities
- Offices and/or operations
- Alaska Radar System sites



# ELECTRICITY DISTRIBUTION & TRANSMISSION

We build, own and operate electrical distribution and transmission facilities

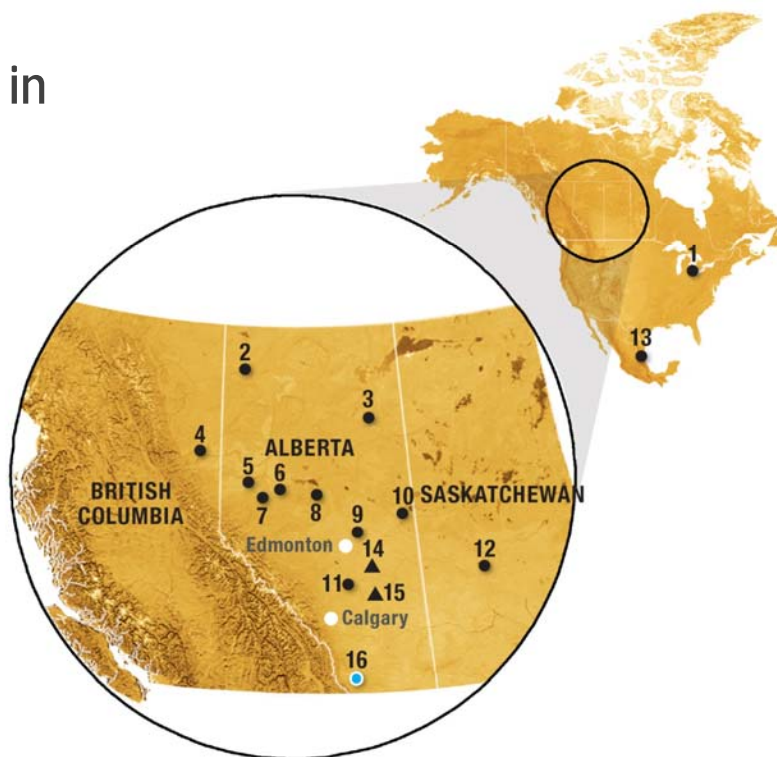
- 224,000 farm, business and residential customers in 245 Alberta communities
- Approximately 12,000 km of transmission lines and 72,000 km of distribution lines
- Subsidiaries:
  - ATCO Electric Yukon
  - Northland Utilities



# ELECTRICITY GENERATION

We have an ownership position in 16 power generation plants in Alberta, British Columbia, Saskatchewan, Ontario and Mexico

- Electricity Market Exposure Portfolio:
  - 1,570 MW Contract (68%)
  - 734 MW Merchant (32%)



Facility	Generating Capacity Owned (MW)
<b>● NATURAL GAS</b>	
1 Brighton Beach	290
2 Rainbow Lake 4 & 5	45
3 Muskeg River	119
4 McMahon	60
5 Poplar Hill	45
6 Valleyview 1 & 2	90
7 Karr	3
8 House Mountain	6
9 Scotford	170
10 Primrose	42
11 Joffre	192
12 Cory	130
13 San Luis Potosi	9
<b>▲ COAL-FIRED</b>	
14 Battle River 3, 4 & 5	689
15 Sheerness 1 & 2	390
<b>● RUN-OF-RIVER HYDRO</b>	
16 Oldman River	24
<b>Total</b>	<b>2,304</b>

# ELECTRICITY GENERATION

We operate two power generation facilities with a combined capacity share of 176 MW

- Provides energy infrastructure for thousands of public sector, domestic and industrial clients across Australia
- Electricity Market Exposure Portfolio:
  - 176 MW Contract (100%)



◆ ATCO Power Australia Headquarters

● ATCO Power Australia Natural Gas Facilities

Facility	Generating Capacity Owned (MW)
1 Karratha	86
2 Osborne	90

# NATURAL GAS DISTRIBUTION

## We build, own and operate natural gas distribution facilities in Alberta

- Alberta's largest natural gas distribution company
- Serves more than 1.1 million customers in nearly 300 Alberta communities
- We build, maintain, and operate 41,000 km of natural gas distribution pipelines
- Utility rates among the lowest in Canada

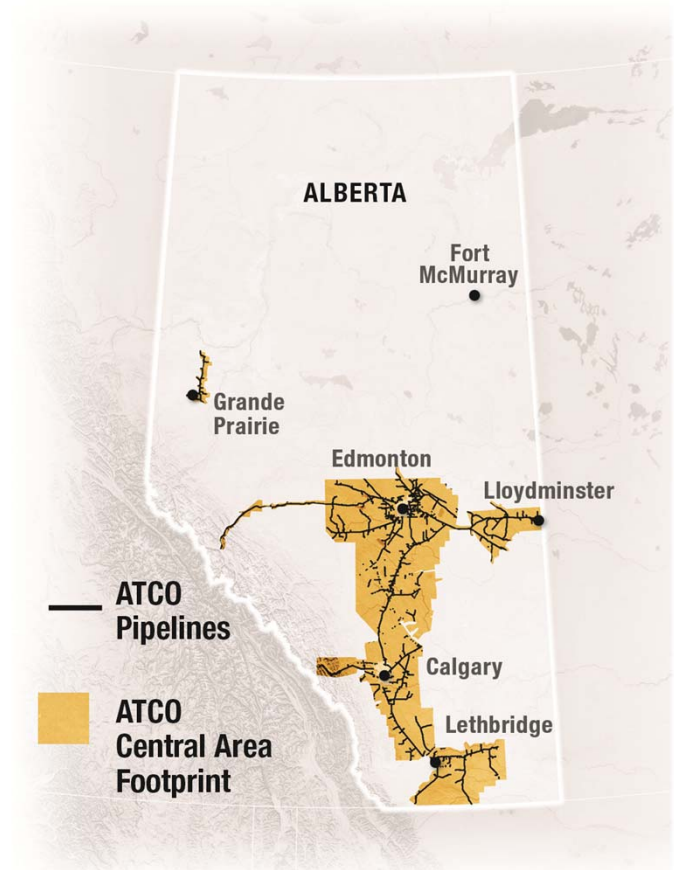




# NATURAL GAS TRANSMISSION

## We build, own and operate key high-pressure natural gas transmission facilities in Alberta

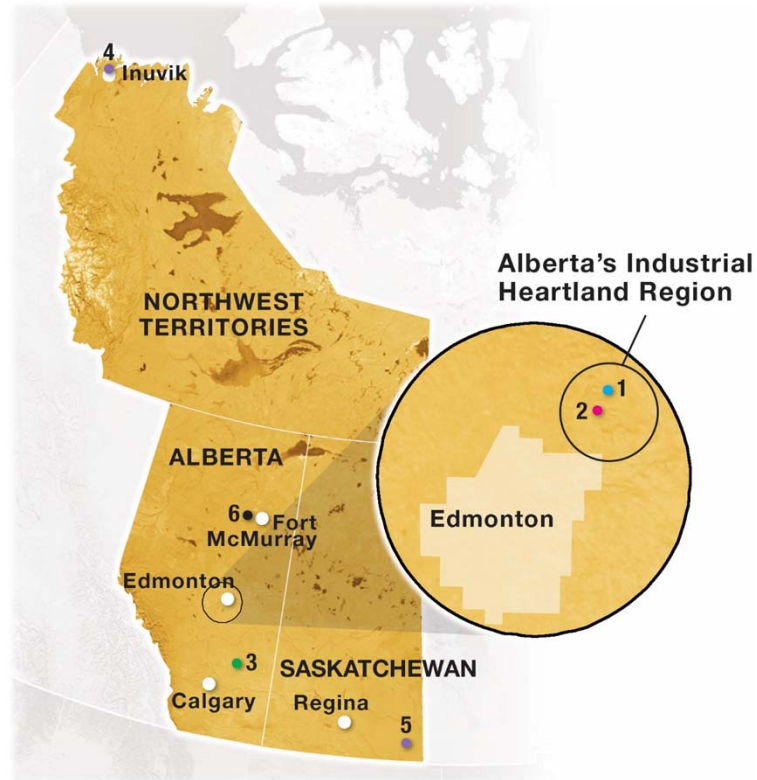
- Transports clean, efficient energy from producers and other pipelines to utilities, power generators and major industries
- Owns and operates 9,400 km of pipeline
- Delivers a peak of 3.8 billion cubic ft/day of natural gas to customers
- ~ 4,000 receipt and delivery points
- Interconnections facilitate access to multiple intra-Alberta and export markets
- 24/7 monitoring of pipelines and facilities via a specialized control centre



# STORAGE & INDUSTRIAL WATER

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
- 200,000 m<sup>3</sup> hydrocarbon storage capacity
- 52 PJ natural gas storage capacity
- ~ 300 km pipelines
- 4 million cubic ft/day natural gas gathering and processing capacity

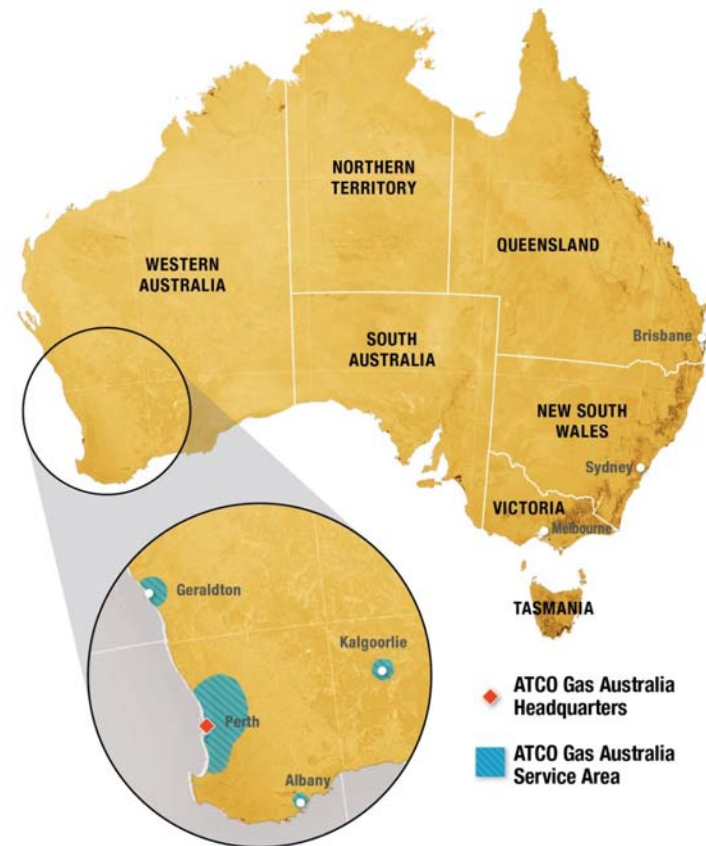


- **INDUSTRIAL WATER SERVICES**
  - 1 Alberta Heartland Industrial Water System
- **HYDROCARBON STORAGE**
  - 2 Salt Cavern Storage Facility
- **NATURAL GAS STORAGE FACILITY**
  - 3 Carbon Natural Gas Storage Facility
- **GAS GATHERING & PROCESSING FACILITIES**
  - 4 Ikhil Gas Plant
  - 5 Nottingham/Wolstitor Gas Gathering System
- **NON-REGULATED NATURAL GAS TRANSMISSION**
  - 6 Muskeg River Pipeline

# INTERNATIONAL NATURAL GAS DISTRIBUTION

We provide safe and reliable natural gas service to the Perth metropolitan area and the wider Western Australian community

- Approximately 741,000 customers
- 14,000 km of gas distribution pipelines





# ATCO

[www.ATCO.com](http://www.ATCO.com)

[www.canadianutilities.com](http://www.canadianutilities.com)

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