

EPCOR Utilities Inc.

BMO's Infrastructure and Utilities Corporate Debt Conference

February 8, 2018



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Forward-Looking Information

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Forward-looking information is based on current expectations, estimates and projections that involve a number of risks which could cause actual results to vary and in some instances to differ materially from those anticipated by EPCOR. Forward-looking information is based on the estimates and opinions of management at the time the information is presented. Actual results could differ materially from conclusions, forecasts or projections in the forward-looking information, and certain material factors or assumptions were applied in drawing conclusions or making forecasts or projections as reflected in the forward-looking information. Additional information about the material factors and risks that could cause actual results to differ materially from the conclusions, forecasts or projections in the forward-looking information and the material factors or assumptions that were applied in drawing a conclusion or making a forecast or projection as reflected in the forward-looking information is contained in the most recent interim and annual Management Discussion and Analysis filed on SEDAR (www.sedar.com) and EPCOR’s website (www.epcor.com).

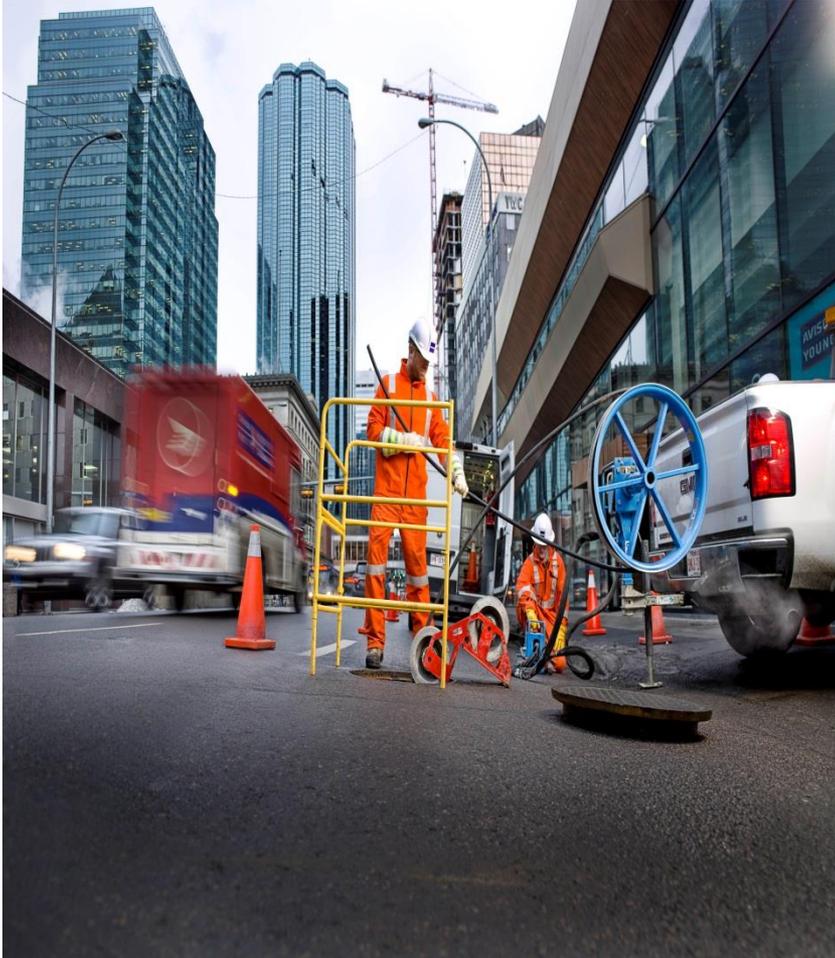
The purpose of financial outlook is to provide readers with management’s assessment of future plans and possible outcomes and may not be appropriate for other purposes. Readers are cautioned not to place undue reliance on forward-looking statements as actual results could differ materially from the plans, expectations, estimates or intentions expressed in the forward-looking statements. Except as required by law, EPCOR assumes no obligation to update any forward-looking information, should circumstances or management’s estimates or opinions change, or any other reason.

EPCOR Overview

Builder, owner, operator of electrical, natural gas, and water transmission and distribution networks, water and wastewater facilities and sanitary and stormwater collection systems in Canada and the U.S. The company also provides electricity, natural gas and water products and services to residential and commercial customers.



EPCOR Corporate Snapshot

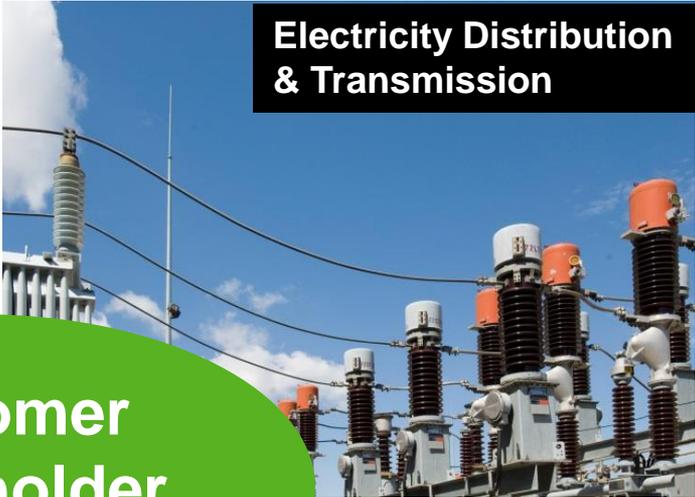


- Stand-alone corporation, owned by City of Edmonton - Governed by independent Board of Directors.
- Predominantly rate regulated business with limited commercial exposure carried out under long-term contracts with investment grade counterparties.
- Long-life, high quality, infrastructure assets in North America.
- No reliance on shareholder to fund investments - Issuer of public and private debt.
- Strong, stand-alone investment grade credit ratings:
 - S&P: A-; stable outlook
 - DBRS: A (low); stable outlook

EPCOR Business Segments



Energy Services



Electricity Distribution & Transmission

**Customer
Shareholder
Employee**



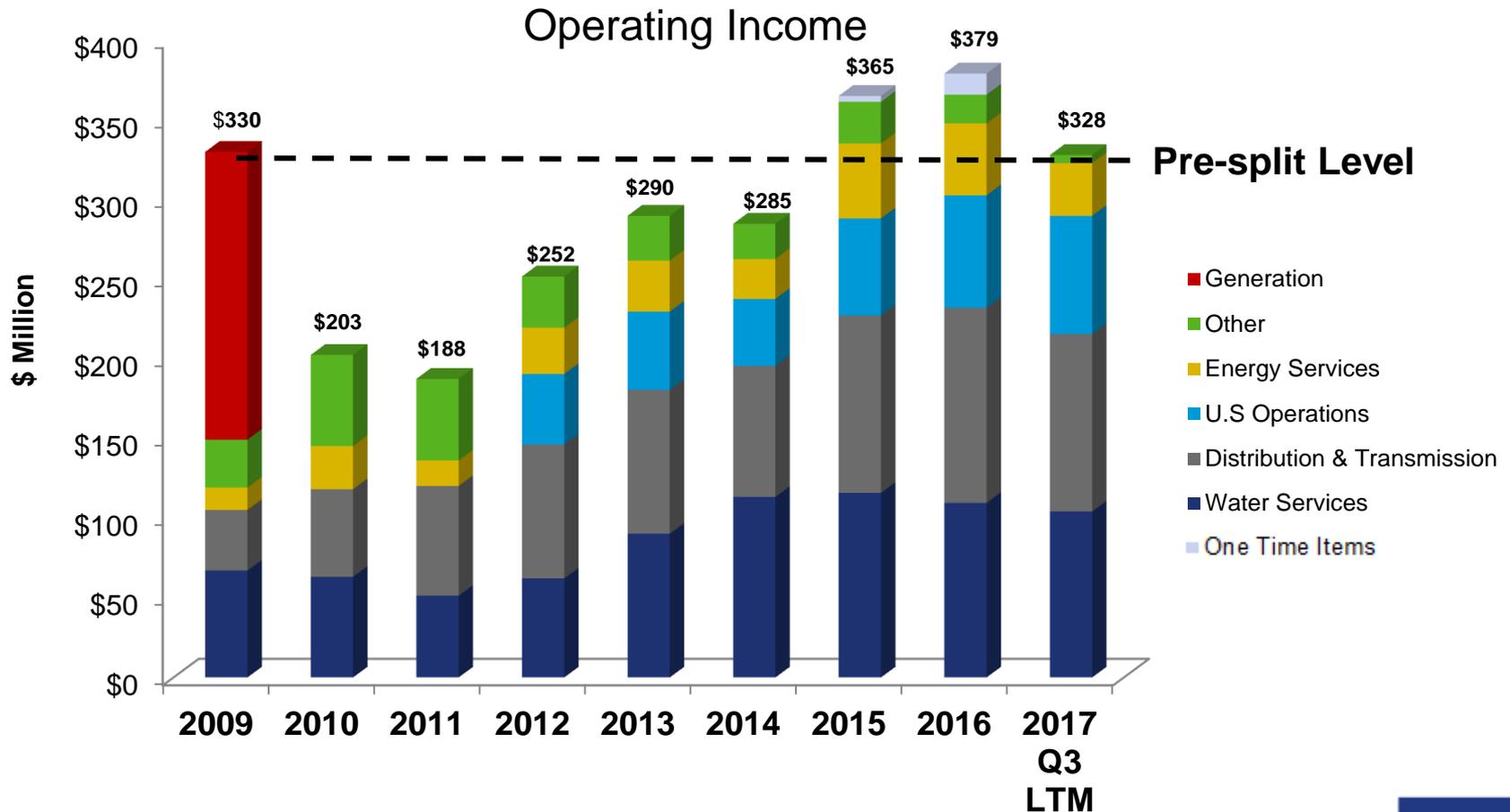
Water Services



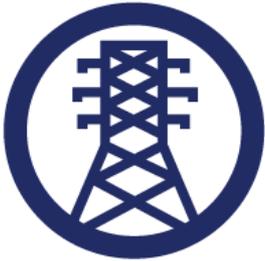
U.S. Operations

Risk Re-orientation

- Sold the power generation business in 2009, re-investing in rate regulated utility infrastructure.



Strategic Direction



Balanced Growth Profile

- Disciplined approach to operations, business development and capital placement.
- Investments heavily weighted towards rate regulated utility infrastructure.
 - 80% of capital investment is in regulated businesses.
 - 2018 capital investment forecasted at \$725 - \$825.
- Develop new operating hubs in Ontario and Texas.
- Public–private partnership (P3) / concession projects.



Market Reputation

- Continue to build reputation as a trusted developer and operator of utility assets.
- Zero injury culture.
- Service reliability.
- Environmental responsibility.

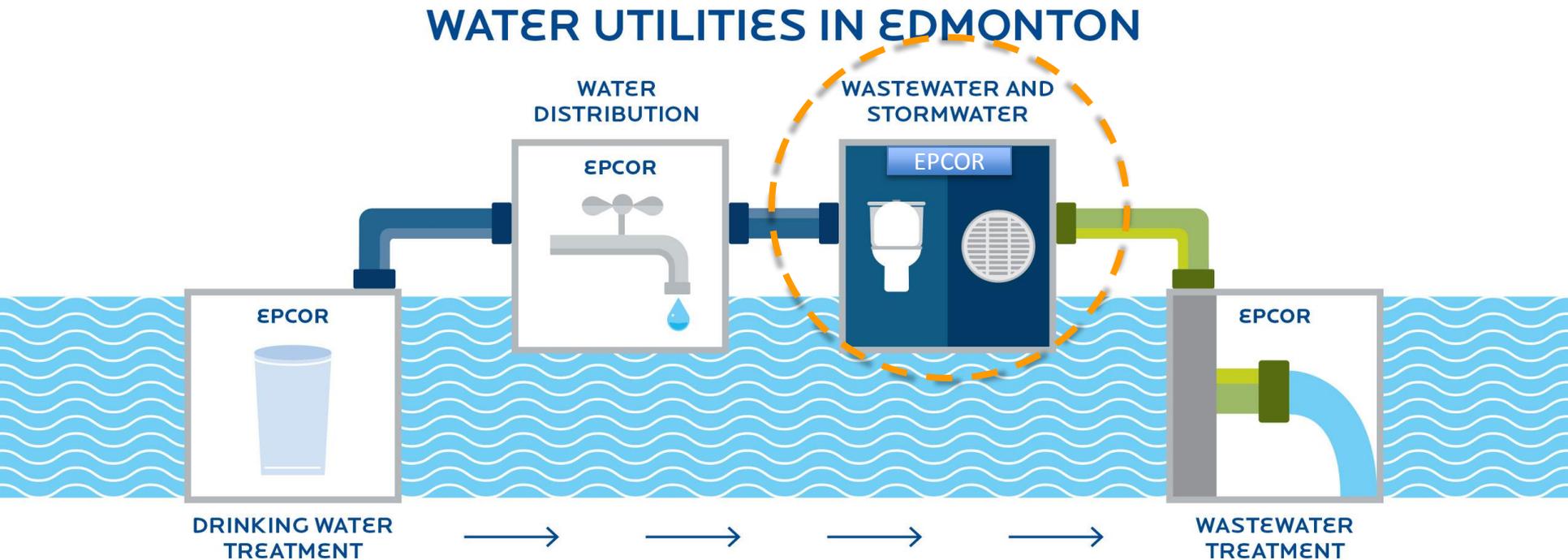


2017 Developments

- Drainage assets transferred from City of Edmonton
 - Transfer took place on September 1, 2017.
 - 684 City of Edmonton employees transferred.
- Expansion into regulated natural gas distribution
 - Texas - Acquired Hughes Gas Resources Inc. on June 2, 2017.
 - Ontario - Acquired assets of Natural Resource Gas Limited (NRG) on November 1, 2017.
- Ontario LDC (Collus PowerStream)
 - Pending OEB approval, EPCOR would serve approximately 18,000 electricity customers in Collingwood, Ontario.
- Debt issuance
 - Issued \$400 million 30-year MTN in November 2017, ahead of January 2018 maturity, with coupon rate of 3.554%.
 - Issue was oversubscribed and was the second tightest 30-year spread for a regulated utility post-financial crisis at the time of issuance.
- U.S Operations
 - U.S income tax reduced from 35% to 21% after January 1, 2018.

Drainage Transfer

- Brings all of Edmonton's water utility operations under one roof.
- Approximately doubles EPCOR's water operations in Edmonton. Gross assets of \$3.6 billion with \$2.2 billion contributed.



New Business Developments

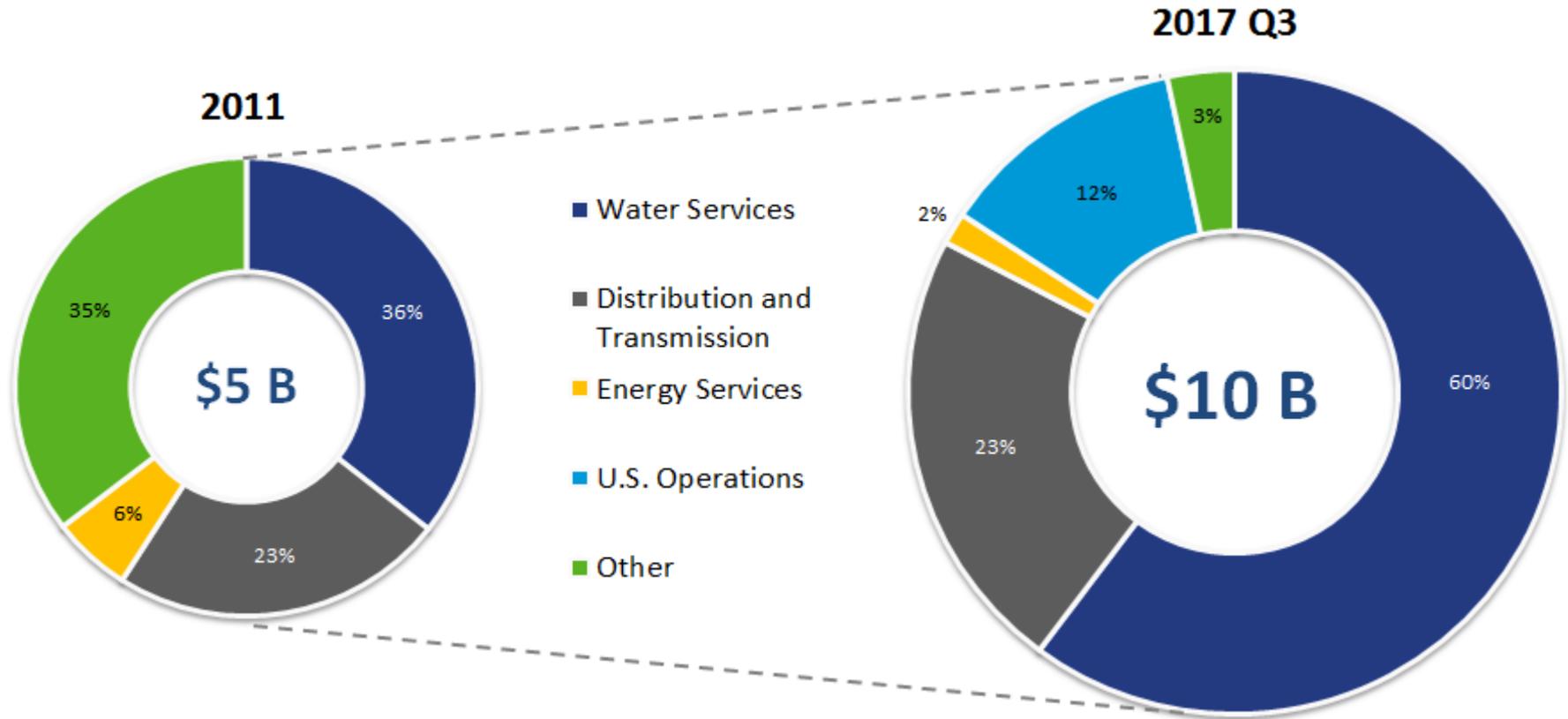


- NRG acquisition completed on November 1, 2017.
 - Rate Regulated by OEB.
 - ~8,700 natural gas customers.
 - Cash consideration of \$22 million.
- Collus PowerStream expected to close mid-2018. Subject to OEB Approval.
 - Local electric distribution company in Collingwood, Ontario.
 - ~18,000 customers.
 - Cash consideration of \$25 million and assumption of \$14 million in third party debt.
- Approval of greenfield natural gas distribution system in Southern Bruce area is before OEB.

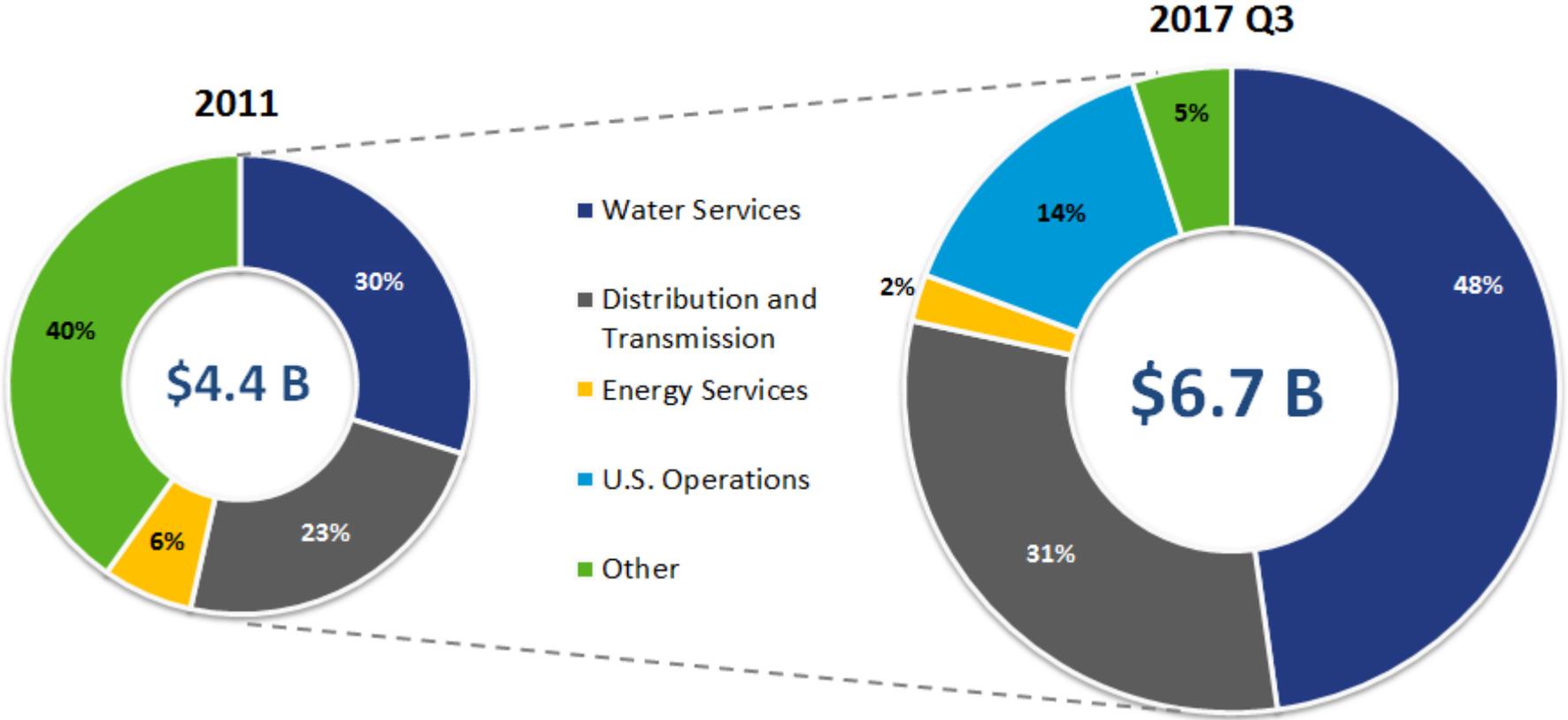


- Hughes Gas closed on June 2, 2017.
 - Regulated by the Texas Railroad Commission - supportive regulatory regime.
 - ~4,300 natural gas customers.
 - Cash consideration of \$54 million and assumption of \$14 million in third party debt.
 - Natural gas distribution and transmission services located in the northwest suburbs of Houston; close to our water pipeline.
 - Area expected to have strong economic and population growth; major highway extension should increase residential development.
 - Large number of small natural gas and water utilities available in Texas.

Gross Asset Growth



Net Asset Growth*



*Net of Contributions

EPCOR Financial Profile

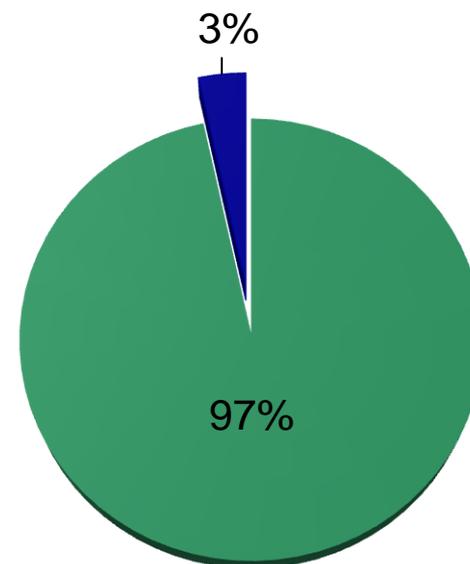
Excellent risk profile

- >95% of EBITDA comes from rate regulated business.
- Good sector and geographic diversity – enhanced by entry into the natural gas sector in Texas and Ontario.
- Exposure to Capital Power will end in 2018 – recently received \$163 million of back-to-back obligation with final \$10 million payment in June.

Strong credit profile

- Strong balance sheet.
- Solid operating cash flow and solvency metrics.
- Strong Credit Ratings.

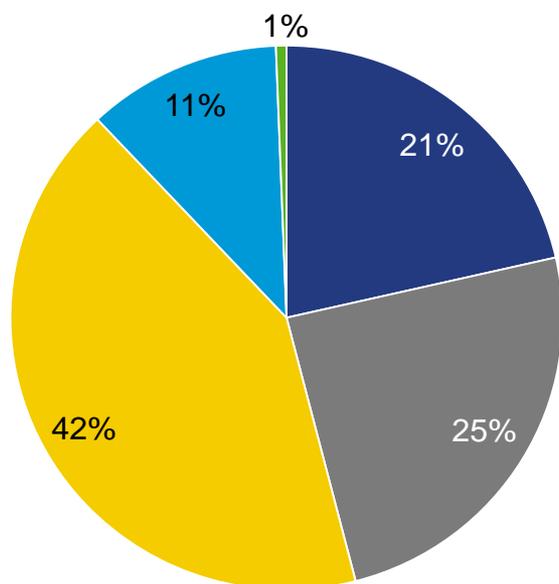
Earnings Mix



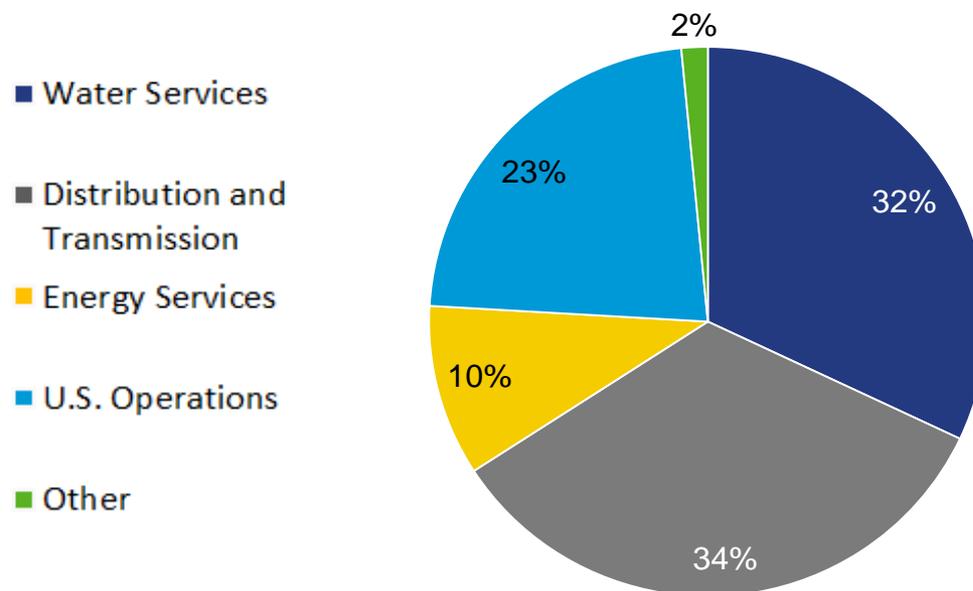
■ Regulated ■ Non-Rate Regulated/Contracted

2017 Q3 – Financial Overview

Consolidated Revenue - \$1,949 Million



Consolidated Operating Income - \$328 Million



All amounts in millions of CDN dollars, as of the quarter ending September 30, 2017

Overview of Financial Results

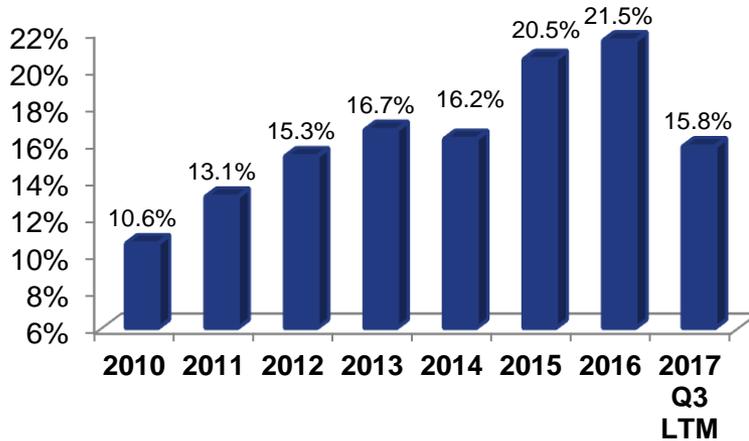
(\$ millions)	2015	2016	2017Q3 Last 12M
Revenue	\$2,018	\$1,946	\$1,951
Net Income	260	309	257
Net Income from Core Operations	245	255	220
Funds From Operations	433	412	407
Investment in Capital Power	167	6	0
Total Debt	2,117	1,920	2,571
Gross Assets	6,088	6,161	9,876
Debt to Capitalization	46%	42%	42%
FFO/Debt	20.5%	21.5%	*15.8%

*Drop in 2017 FFO/Debt caused by full debt burden of the drainage transfer but only one month of FFO.

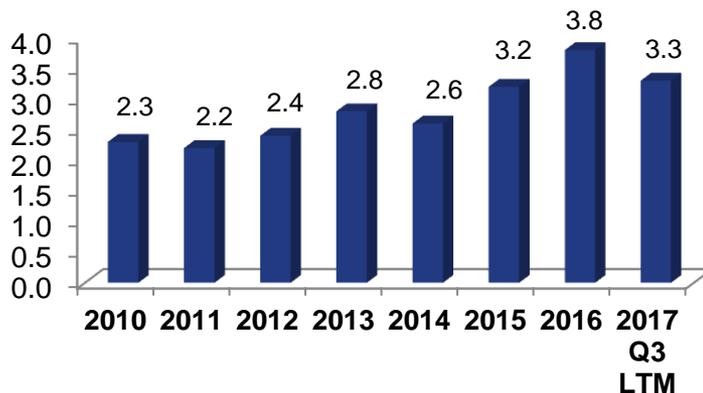


Financial Strength

FFO to Debt



EBIT Interest Coverage

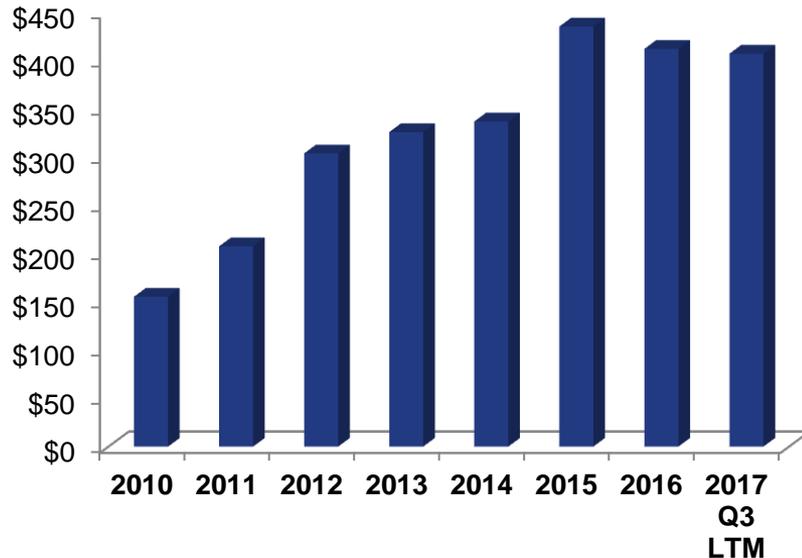


- Drop in 2017 FFO/Debt caused by full debt burden of the drainage transfer but only one month of FFO.
- Financial capacity and flexibility evident with improving coverage ratios.
- Strengthening cash flow and earnings, driven by BU performance.
- Reinvestment of Capital Power divestiture into core businesses.

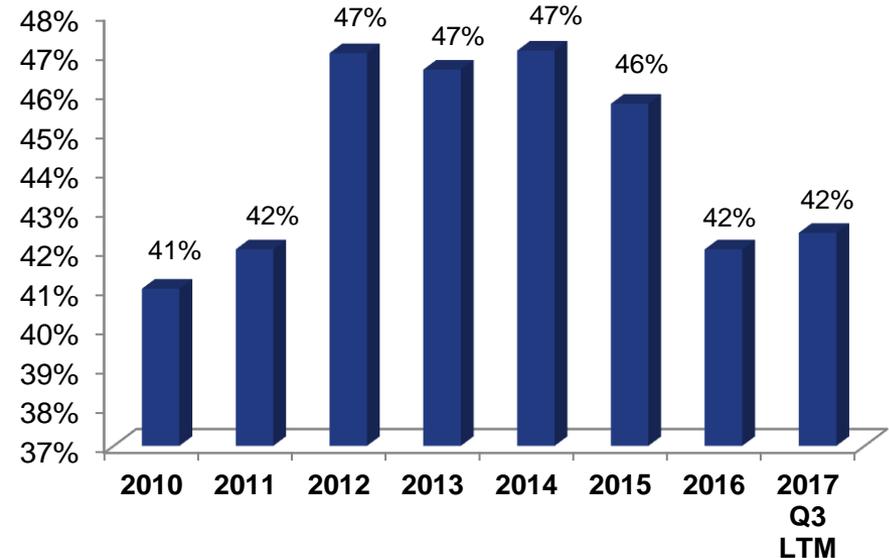
Cash Flow and Leverage

Funds from Operations

\$millions



Debt to Capitalization



- FFO compound average annual rate of 17% since 2010.
- FFO largely funding sustainable capital program and dividends.
- Prudent leverage provides capacity to add debt.

Financing and Liquidity

- Good access to capital and short-term liquidity.
 - Fully undrawn committed credit facility:
 - Increased from \$350 million to \$600 million to support growth.
 - Back stops commercial paper program.
 - Matures December 2022.
 - Five \$40 million uncommitted facilities:
 - Limited to letter of credit issuance.
 - Approximately 70% undrawn.
 - Replaced \$200 million committed credit facility.
 - Capital growth will be financed with a combination of cash flow and debt issuances.
 - Unutilized \$2 billion Medium Term Note program.
 - Market supportive of additional EPCOR debt issuance.
- Dividend payments increased to \$166 million for 2018 from \$153 million in 2017.

Final Thoughts

- Strong financial performance across all business units.
 - Divestment of Capital Power completed.
- Drainage transfer enhances EPCOR's regulated business activities.
 - Approximately 95% of earnings will now come from rate regulated businesses.
- Improved industry and geographic diversity.
 - Enhanced by entry into the natural gas sector in Texas and Ontario.
- Strong capital placement.
- Supportive regulatory environment.



Thank you for your time



Appendix

Regulatory Updates

Electricity Distribution & Transmission

- AUC 2016 Generic Cost of Capital decision:
 - Approved ROE increased from 8.3% to 8.5% for 2017 with an equity thickness of 37%.
- AUC Generic Cost of Capital proceeding underway for 2018-2019.
 - 2018 currently using placeholder rate of 8.5%.
- Distribution 2018-2022 Next Generation PBR (PBR rebasing) decision in early 2018.

Energy Services

- Filed Energy Price Setting Plan (2018-2021) application in Jan 2017 including new auction methodology and market-based commodity risk compensation mechanism.
- Non-Energy filing (2018-2020) filed August 1, 2017.
- Legislative Changes:
 - RRO rate cap of 6.8 cents per kilowatt hour effective June 2017 until 2021. Providers compensated if RRO rates exceed the cap.
 - Alberta will transition to a capacity market structure in 2021.

Regulatory Updates (cont.)

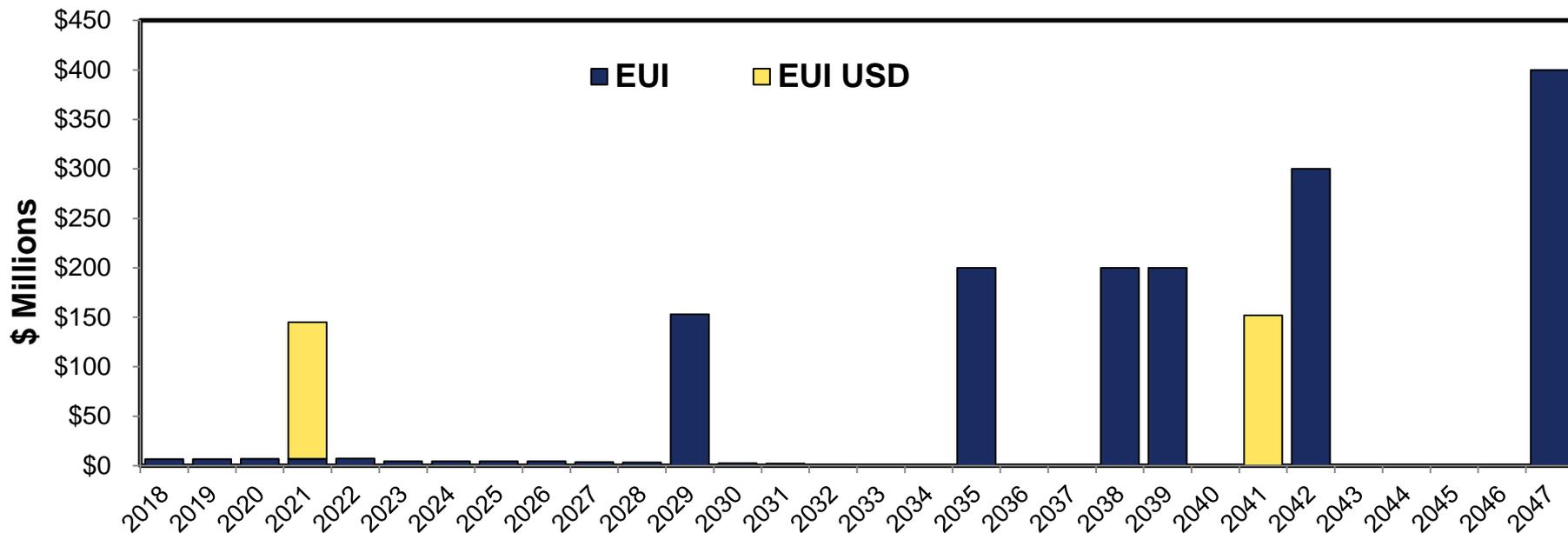
Water Services (including Drainage)

- 2017-2021 PBR for Edmonton application approved. Drainage will be folded into the same PBR regime.
- All Water Services capital and operating costs for the upcoming five year period were approved as filed with a return on equity of 10.175% and equity thickness of 40%.
- Drainage rate increase limited to 3% annually through 2021 with a return to regulated Water Canada return on equity expected in following period under PBR (I-X) framework

U.S. Operations

- The Arizona Corporation Commission recently approved EPCOR's application to consolidate five wastewater districts over a five year period along with a 10% increase in allowed revenue.
- A similar rate application filed in 2017 that will seek to consolidate some or all of EPCOR's water districts.
- Natural gas business regulated by Texas Railroad Commission.

Debt Maturities



- Debt maturities are well spaced without any notable pressure points.