

Trade Issues: Canadian Firms Acquiring US. Utilities

Presentation to the
NARUC - CAMPUT
Bilateral Roundtable



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Florida Public Service Commission
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Recent Acquisition Announcements



Goals for Investing

- Growth potential
- Steady returns
- Good value for the investment

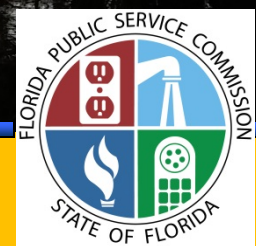


Regulated Industry

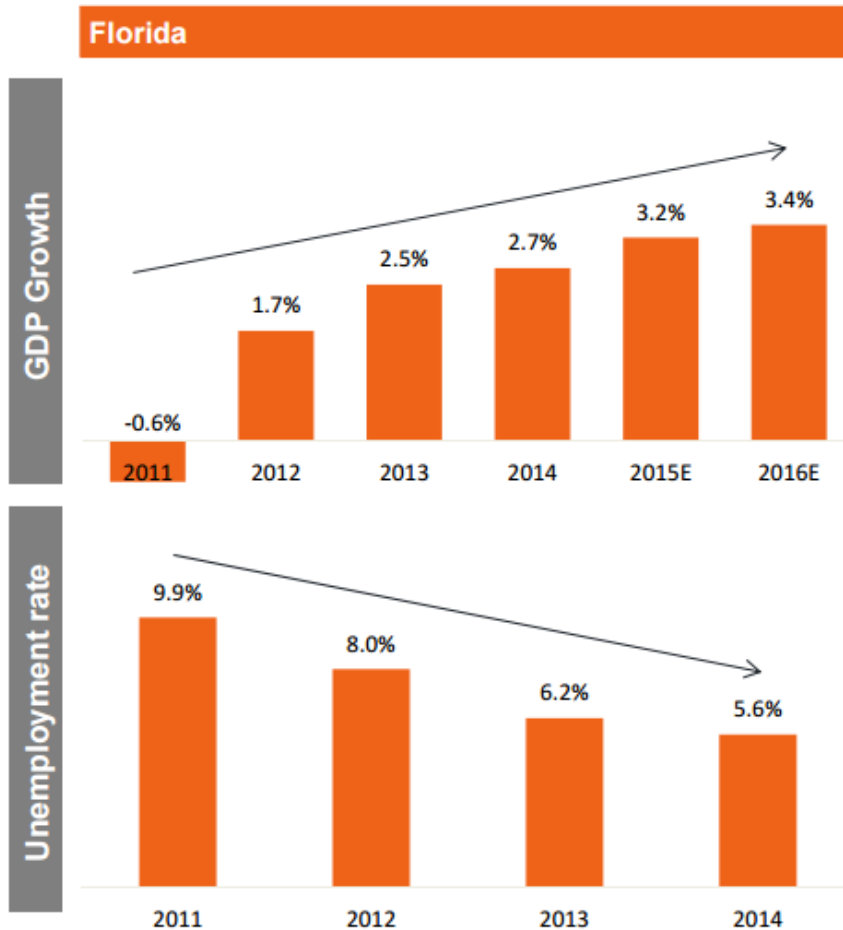
- Growth potential
 - Expand territory by acquiring other utilities
 - Exclusive service area and market
- Steady returns
 - Opportunity to earn a return on investment
- Good value for the investment
 - Utilities tend to hold market value



FLORIDA



Population & Economy

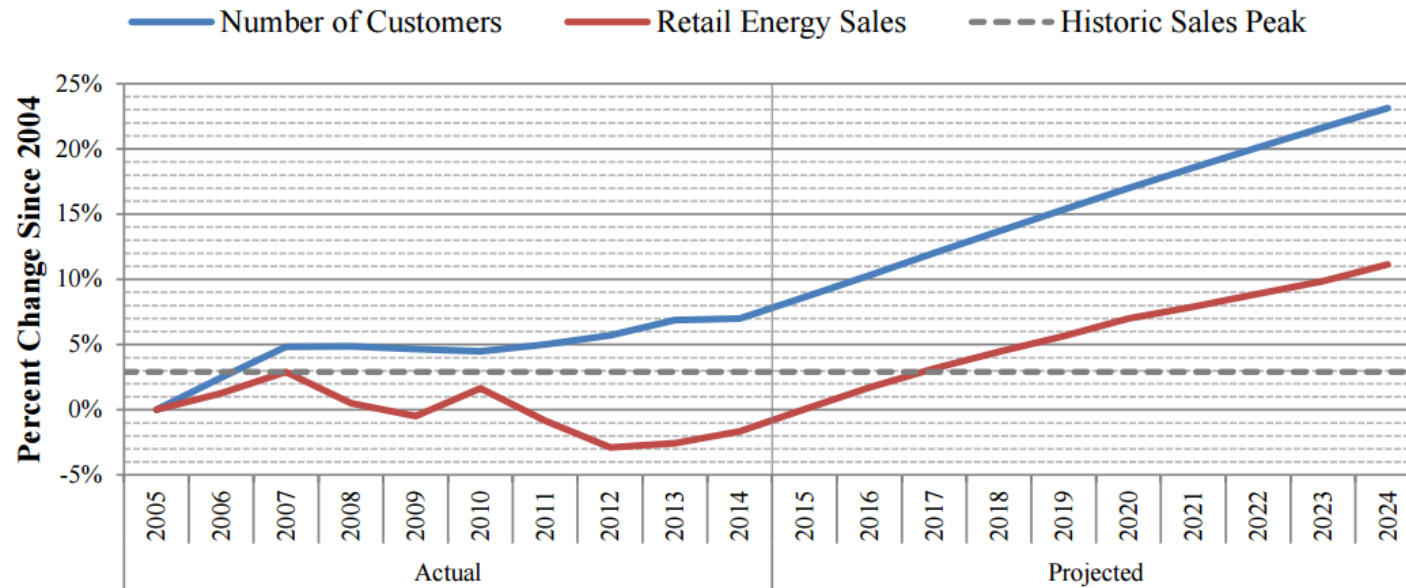


- Third most populous state with 19.9 million
- Pro-business environment
- Leadership focused on Economic development
- Constructive regulatory regime



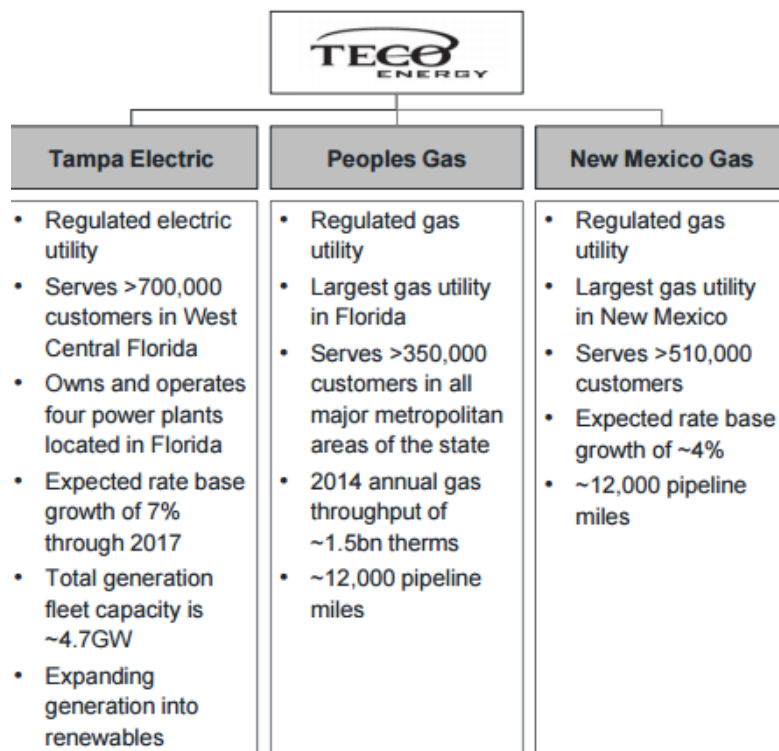
Florida – A Growth State

Figure 1: State of Florida - Growth in Customers and Sales

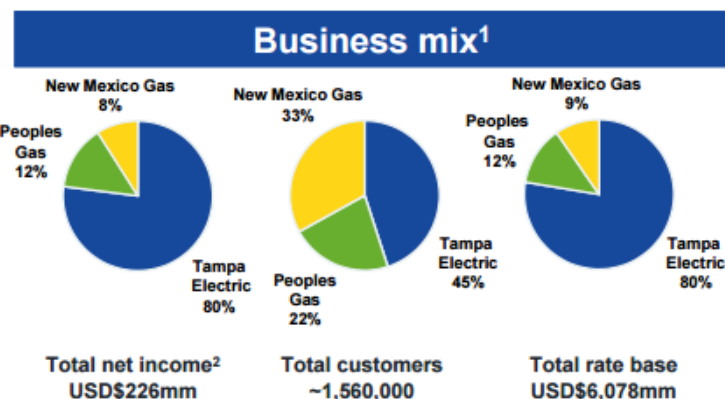
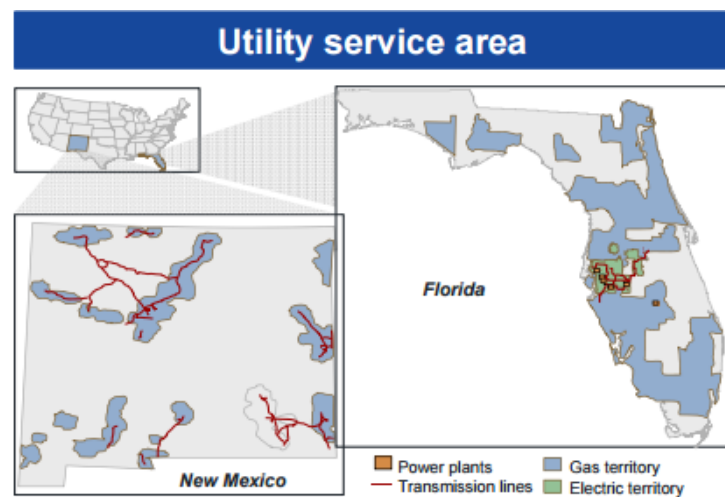


Source: 2015 FRCC Load and Resource Plan

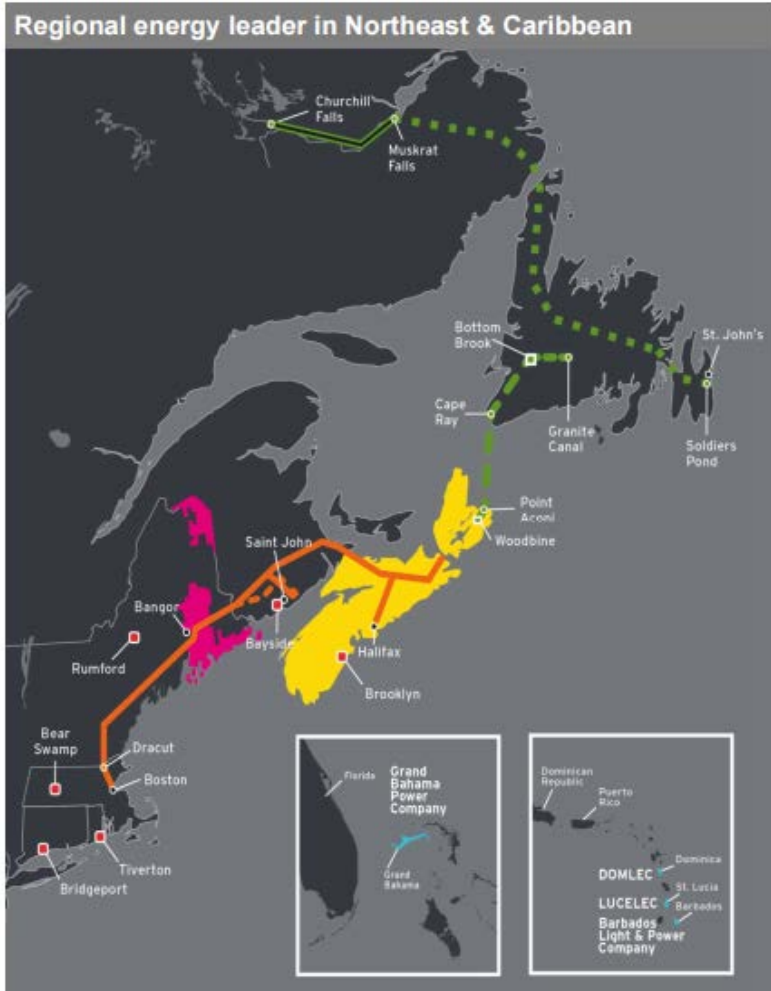
Emera Inc. Case Study – TECO



- Divestiture of TECO Coal is expected prior to transaction close



Emera Inc. Case Study – Geographic Expansion



Emera Inc. Case Study – Growth Opportunities

Pro forma regulatory snapshot

Nova Scotia Power	
Rate base	CAD\$3.7bn
Allowed ROE	8.75% – 9.25%
Equity capitalization	37.5 – 40.0%
Emera Maine (Transmission / Distribution)	
Rate base	CAD\$400mm / CAD\$300mm
Allowed ROE	10.57% – 11.74% / 9.55%
Equity capitalization	62.0% / 49.0%
Emera Caribbean	
Rate Base	CAD\$0.9bn
Allowed Return on Rate Base	10.0% – 15.0%
Emera Newfoundland /Labrador Transmission (estimated 2017)¹	
Rate Base	~CAD\$2.0bn
Allowed ROE	9.0% (ML) / 8.8% (LIL)
Equity capitalization	30.0% (ML) / 100.0% (LIL)
Tampa Electric	
Rate base	~USD\$4.8bn ²
Allowed ROE	9.25% – 11.25%
Equity capitalization	54.0%
Peoples Gas	
Rate base	USD\$715mm ²
Allowed ROE	9.75% – 11.75%
Equity capitalization	54.7%
New Mexico Gas	
Rate base	USD\$517mm ²
Allowed ROE	10.0%
Equity capitalization	52.0%

- Stable regulatory environments in Florida and New Mexico
- Constructive rate design with complementary adjustment mechanisms
 - Cost Recovery Clauses
 - Purchase Gas in FL & NM
- Peoples Gas and New Mexico Gas adds entry into natural gas LDC market

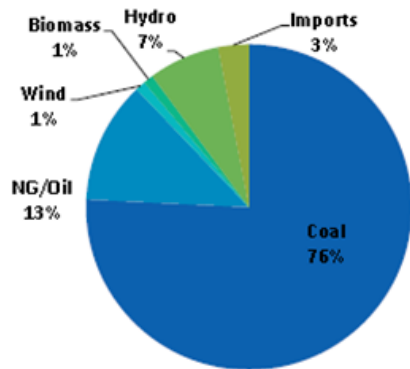


Emera Inc. Case Study – Renewable Experience

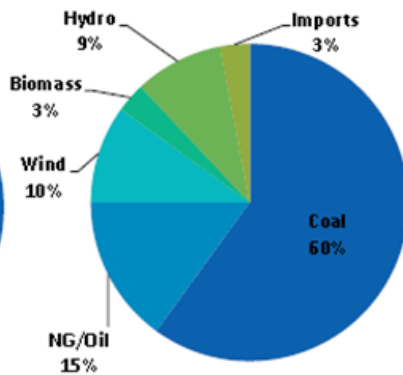
Nova Scotia's Renewable Energy Transformation

- 25% Renewable Energy by 2015
- 40% Renewable Energy by 2020

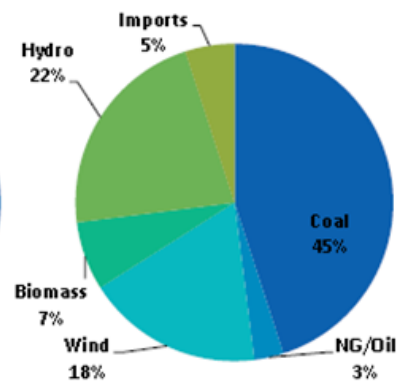
2007



2014



2020 forecast



- Emera moved Nova Scotia toward a cleaner energy mix
- Emera strategy is built on transitioning from high carbon to low carbon energy
- Leverage clean energy expertise to enable the move to renewables

Discussion

