

**From:** Paul Hildebrand  
**To:** "Duke, Sean C"  
**Subject:** FW: Valuation Information and Update on Billing Data Extraction - email #3  
**Date:** Monday, September 19, 2016 9:16:00 AM  
**Attachments:** [2012-2014 Reg White Rock Asset Listing.xlsx](#)  
[2013-2014 Reg White Rock Asset Listing.xlsx](#)  
[150729 Deferral Account Balances .xlsx](#)  
[150729 WR Capital.xlsx](#)  
[EWR 2014 Annual Rpt Compliance Schedules FINAL.xlsx](#)  
[RBC Algonquin Acquisition.pdf](#)  
[TQWM Project Cost Forecast Detailed.xlsx](#)

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Sean,

I will be calling you about this this am.

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**From:** Manning, Darrell [mailto:dmanning@epcor.com]  
**Sent:** Thursday, October 22, 2015 3:24 PM  
**To:** Dan Bottrill; Paul Hildebrand  
**Cc:** Bissoondatt, Dana; Piercey, Carmen  
**Subject:** FW: Valuation Information and Update on Billing Data Extraction - email #3

Email #3 of information provided

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**From:** Manning, Darrell  
**Sent:** July-29-15 11:45 AM  
**To:** 'Dan Bottrill'  
**Subject:** Valuation Information and Update on Billing Data Extraction

Dan

Attached is the remaining information for the valuation – specifically:

- Capital Maintenance projection
- TWQM Detailed Projection
- Deferral Account Balances – these represent the amounts owned to EPCOR that would normally be collected (or refunded) through rates. With the sale of the utility we will not be able to collect these - so they form a part of the valuation (both at valuation date and for post valuation adjustments)

I have also enclosed some additional detailed background for previously provided information. As we have also provided a market comparable to our valuers - so I have also enclosed that.

Our IT group is also developing the billing conversion files. We are basing this on our recent conversion for one of our US sites where we converted from Diamond to another system. There will be approx. 10 csv files created. We will include a data dictionary for the files that will explain each data element and its relation to other data elements. We should have the initial data extract and data dictionaries completed by the beginning of next week.

We expect that after working with the data extract you will have some questions and will want up to

two more data extracts. One for additional testing and one for the production cut over. These will take a day or two a piece. We can provide a contact in the IT department for coordination once you are ready.

As we have not received anything from you in regards to specific requirements, we've made the assumption that we are doing the data extract only. Any transformation required so it can be imported into their system will be your responsibility.

If any questions, please advise

Regards

Darrell Manning

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Asset Description	Date Placed in Service		Cost		Filing Rate		Life in Years		New Rates eff 2014		Accumulated Depreciation		Net Book Value	
	31-Dec-12	2013	2013	2014	Rate	Years	Rate	Years	Rate	Years	31-Dec-12	2014	31-Dec-12	31-Dec-14
<b>Calculations (over 100)</b>	970,803	970,803	970,803	970,803	1.69%	67	1.67%	60	1.69%	60	(186,591)	(186,591)	784,212	784,212
<b>Wells &amp; Springs Total</b>	693,589	693,589	693,589	693,589	2.00%	50	2.00%	40	2.00%	40	(289,255)	(289,255)	404,334	404,334
<b>1991 Wells &amp; Equipment Total</b>	155,675	155,675	155,675	155,675	2.00%	50	2.00%	40	2.00%	40	(63,145)	(63,145)	92,530	92,530
<b>Structures &amp; Improvements Total</b>	542,695	542,695	542,695	542,695	3.00%	33	3.00%	25	3.00%	25	(278,858)	(278,858)	263,837	263,837
<b>Electric Powering Equipment Total</b>	365,283	365,283	365,283	365,283	2.50%	40	2.50%	30	2.50%	30	(146,441)	(146,441)	218,842	218,842
<b>Water Treatment Equipment Total</b>	2,100	2,100	2,100	2,100	3.00%	33	3.00%	25	3.00%	25	(811,321)	(811,321)	1,288,679	1,288,679
<b>Pre/Post / Parking Total</b>	24,122	24,122	24,122	24,122	3.00%	33	3.00%	25	3.00%	25	(9,412)	(9,412)	14,710	14,710
<b>Retaining Wall Total</b>	13,485	13,485	13,485	13,485	10.00%	10	10.00%	10	10.00%	10	(12,573)	(12,573)	912	912
<b>Fencing &amp; Gates Total</b>	32,573	32,573	32,573	32,573	10.00%	10	10.00%	10	10.00%	10	(30,438)	(30,438)	2,135	2,135
<b>Landscaping Improvements Total</b>	39,438	39,438	39,438	39,438	20.00%	5	20.00%	5	20.00%	5	(38,188)	(38,188)	1,250	1,250
<b>Leasehold Improvements Total</b>	209,218	209,218	209,218	209,218	3.00%	33	3.00%	25	3.00%	25	(19,439)	(19,439)	189,779	189,779
<b>Equipment Total</b>	3,210	3,210	3,210	3,210	14.30%	7	14.30%	7	14.30%	7	(3,210)	(3,210)	-	-
<b>Backflow Devices Total</b>	45,529	45,529	45,529	45,529	5.00%	20	5.00%	15	5.00%	15	(18,542)	(18,542)	26,987	26,987
<b>Tool Shop &amp; Storage Equipment Total</b>	37,468	37,468	37,468	37,468	10.00%	10	10.00%	10	10.00%	10	(37,468)	(37,468)	-	-
<b>Power Operated Equipment Total</b>	129,233	129,233	129,233	129,233	25.00%	4	20.00%	5	20.00%	5	(129,233)	(129,233)	-	-
<b>Tractor Total</b>	119,839	119,839	119,839	119,839	14.30%	7	14.30%	7	14.30%	7	(119,839)	(119,839)	-	-
<b>Computer Software Total</b>	254,007	254,007	254,007	254,007	14.30%	7	14.30%	7	14.30%	7	(254,007)	(254,007)	-	-
<b>Transportation &amp; Equipment Total</b>	66,116	66,116	66,116	66,116	1.00%	100	2.00%	50	2.00%	50	(66,116)	(66,116)	-	-
<b>Reserve &amp; Standby Concrete Total</b>	5,920,715	425,641	6,346,356	6,346,356	2.00%	50	1.67%	60	1.67%	60	(1,895,768)	(1,895,768)	4,450,588	4,450,588
<b>Mixes - Ion Total</b>	3,624,715	320,774	3,945,489	3,945,489	3.00%	33	2.00%	25	2.00%	25	(1,315,750)	(1,315,750)	2,629,739	2,629,739
<b>Mixes - Non Ion Total</b>	2,295,315	104,867	2,400,182	2,400,182	3.00%	33	4.00%	25	4.00%	25	(1,579,718)	(1,579,718)	820,464	820,464
<b>Meters Total</b>	720,832	50,024	770,856	770,856	2.50%	40	2.00%	50	2.00%	50	(341,651)	(341,651)	429,205	429,205
<b>Land &amp; Land Rights Total</b>	15,664	15,664	15,664	15,664	-	-	-	-	-	-	-	-	15,664	15,664
<b>Distribution Total</b>	15,664	15,664	15,664	15,664	-	-	-	-	-	-	-	-	15,664	15,664
<b>Total before Contributions</b>	15,146,662	1,956,549	16,972,211	16,972,211	-	-	-	-	-	-	(6,256,239)	(6,256,239)	10,715,972	10,715,972
<b>Total Contributions</b>	(5,629,943)	(610,840)	(6,240,783)	(6,240,783)	-	-	-	-	-	-	322,376	322,376	5,918,189	5,918,189
<b>Construction Work-in-progress</b>	1,246,575	(69,919)	1,176,656	1,176,656	-	-	-	-	-	-	(281,068)	(281,068)	895,588	895,588
<b>Total Property, Plant &amp; Equipment</b>	10,363,279	935,826	11,299,105	11,299,105	-	-	-	-	-	-	(6,088,783)	(6,088,783)	5,210,322	5,210,322

White Rock  
Detailed Assets Listing  
At December 31, 2014 and 2013

Filing Category	Asset Description	Date Place in Service	Cost				Filing Rate	Life in Years	Accumulated Depreciation				Net Book Value	
			31-Dec-13	2014 Additions	2014 Retirements	31-Dec-14			31-Dec-13	2014 Depreciation	2014 Retirements	31-Dec-14	31-Dec-13	31-Dec-14
Collection & Impound Total			970,803	-	-	970,803	1.67%	60	(201,080)	(16,995)	-	(218,075)	769,722	752,727
Wells & Springs Total			1,664,135	6,772	-	1,670,907	2.50%	40	(304,785)	(58,927)	-	(363,712)	1,359,350	1,307,195
1991 Wells & Equipment Total			155,675	-	-	155,675	2.50%	40	(68,335)	(4,721)	-	(73,056)	87,340	82,619
Structures & Improvements Total			542,695	-	-	542,695	2.00%	50	(413,445)	(5,275)	-	(418,721)	129,250	123,974
Electric Pumping Equipment Total			365,263	-	-	365,263	4.00%	25	(288,089)	(77,174)	-	(365,263)	77,174	(0)
Other Pumping Equipment Total			2,100	-	-	2,100	4.00%	25	(1,267)	(72)	-	(1,340)	833	760
Paving / Parking Total			24,122	-	-	24,122	7.69%	13	(24,122)	-	-	(24,122)	-	-
Retaining Wall Total			13,485	-	-	13,485	10.00%	10	(13,485)	-	-	(13,485)	-	-
Fencing & Gates Total			32,573	-	-	32,573	10.00%	10	(32,573)	-	-	(32,573)	-	-
Leasehold Improvements Total			39,438	-	-	39,438	20.00%	5	(39,438)	-	-	(39,438)	-	-
Structures & Improvements Total			209,218	-	-	209,218	2.00%	50	(131,903)	(2,402)	-	(134,305)	77,314	74,912
Equipment Total			72,805	-	-	72,805	6.67%	15	(62,925)	(1,162)	-	(64,087)	9,880	8,718
Backflow Devices Total			3,210	-	-	3,210	14.29%	7	(3,210)	-	-	(3,210)	-	-
Tool Shop & Garage Equipment Total			45,529	-	-	45,529	6.67%	15	(37,818)	(3,152)	-	(40,970)	7,711	4,559
Power Operated Equipment Total			37,468	-	-	37,468	10.00%	10	(37,468)	-	-	(37,468)	-	-
Computer Hardware Total			129,233	-	-	129,233	20.00%	5	(88,521)	(7,067)	-	(95,588)	40,712	33,645
Computer Software Total			458,681	(19,879)	-	438,802	10.00%	10	(236,862)	(67,440)	-	(304,301)	221,819	134,501
Transportation & Equipment Total			254,047	-	-	254,047	14.29%	7	(195,179)	(11,774)	-	(206,953)	58,868	47,095
Reserve & Standpipe Concrete Total			66,116	-	-	66,116	2.00%	50	(34,974)	(22,686)	-	(57,660)	31,143	8,457
Mains - Iron Total			6,273,593	859,632	(41,586)	7,091,639	1.67%	60	(2,043,109)	(103,498)	41,586	(2,105,021)	4,230,484	4,986,618
Services Total			4,277,134	420,774	(44,821)	4,653,088	2.00%	50	(1,636,474)	(70,592)	44,821	(1,662,246)	2,640,660	2,990,842
Meters Total			591,429	83,764	(5,006)	670,187	4.00%	25	(350,993)	(19,498)	5,006	(365,484)	240,436	304,703
Hydrants Total			749,896	24,516	(486)	773,926	2.00%	50	(344,170)	(13,085)	486	(356,768)	405,726	417,158
Land & Land Rights Total			2,953	-	-	2,953	-	-	-	-	-	-	2,953	2,953
Distribution Total			15,664	-	-	15,664	-	-	-	-	-	-	15,664	15,664
Total before Contributions			16,997,263	1,375,581	(91,899)	18,280,945			(6,590,225)	(485,521)	91,899	(6,983,847)	10,407,038	11,297,098
Total Contributions			(6,080,762)	(361,801)	-	(6,442,563)			501,442	196,397	-	697,839	(5,579,320)	(5,744,724)
Construction Work-in-progress			676,656	760,343	-	1,436,999			-	-	-	-	676,656	1,436,999
Total Property, Plant & Equipment			11,593,157	1,774,123	(91,899)	13,275,381			(6,088,783)	(289,124)	91,899	(6,286,008)	5,504,374	6,989,373



## RBC Capital Markets

September 22, 2014

# Algonquin Power and Utilities Corp.

## Paying top dollar for attractive water utilities

**Our view:** The Park Water acquisition was at a large premium to previous regulated utility acquisitions completed by Algonquin. However, we believe the premium is justified by the utility's strong organic growth rate, and we expect the acquisition will be immediately accretive to cash flows.

### Key points:

**US\$327 acquisition of Park Water.** Algonquin announced that it has agreed to acquire the regulated water distribution utility Park Water Company (Park Water) from Carlyle Infrastructure. The purchase price of US\$327 million (includes assumption of US\$77 million of debt) implies an EV/EBITDA multiple of 9.6x, and 1.95x the net regulated rate base. The premium reflects a general increase in utility valuations and also the strong organic profile of the utility, which reduces the effective premium on rate base once growth is factored in. Please refer to Exhibit 3 for valuation metrics regarding Algonquin's previous utility acquisitions.

**Strong organic growth.** Park Water consists of three utilities located in Montana and Southern California. The utilities serve a total of 74,000 customers, and management expects to invest US\$195 million into the utility over the next five years, driving EBITDA growth of approximately 7.5% CAGR from 2016 through 2020.

**Montana dispute may muddy the waters, but the situation is manageable.** We should note that the City of Missoula, Montana has been trying to acquire its water utility (Mountain Water) from Carlyle Infrastructure. If the city is successful in acquiring Mountain Water over the next year, the asset will get carved out of the transaction. Algonquin has extensive experience owning and operating small utilities, and we believe the situation is manageable if the issue is not resolved by the completion of the transaction (late 2015). Mountain Water reflects less than one-third of Park Water's rate base.

**Expecting another wind transaction.** Consistent with our previous note, we continue to believe that Algonquin will announce another 200 MW PTC-qualified wind transaction near-term. Algonquin has a number of wind facilities (with PPAs) under development, and the pending Park Water acquisition will balance Algonquin's mix of regulated utility and contracted power assets.

**Modestly accretive acquisition.** We have increased our 2016 FFO/share estimate to \$1.08 (from \$1.05) to reflect the Park Water acquisition. Please refer to Exhibit 2 for our accretion analysis.

RBC Dominion Securities Inc.  
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## Outperform

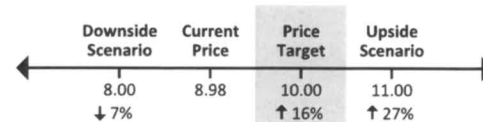
TSX: AQN; CAD 8.98

Price Target CAD 10.00

### WHAT'S INSIDE

<input type="checkbox"/> Rating/Risk Change	<input type="checkbox"/> Price Target Change
<input type="checkbox"/> In-Depth Report	<input checked="" type="checkbox"/> Est. Change
<input type="checkbox"/> Preview	<input checked="" type="checkbox"/> News Analysis

### Scenario Analysis\*



\*Implied Total Returns

### Key Statistics

Shares O/S (MM):	226.3	Market Cap (MM):	2,032
Dividend:	0.38	Yield:	4.2%
Float (MM):	171.6	Avg. Daily Volume:	682,117
Strategic Ownership: Emera Inc. owns approximately 24.2% of commons shares outstanding			

### RBC Estimates

FY Dec	2013A	2014E	2015E	2016E
<b>FFO/Sh, Ops Diluted</b>	0.69	0.84	0.86	1.08
Prev.				1.05
<b>P/FFO</b>	13.0x	10.7x	10.4x	8.3x
<b>Div Yield</b>	3.7%	4.0%	4.5%	4.9%
<b>P/FFO</b>	13.0x	10.7x	10.4x	8.3x
<b>EBITDA, Adj</b>	207.0	261.0	294.0	396.0
Prev.				361.0
<b>DPS</b>	0.33	0.36	0.40	0.44
<b>FFO/Sh, Ops Diluted</b>	<b>Q1</b>	<b>Q2</b>	<b>Q3</b>	<b>Q4</b>
2013	0.23A	0.16A	0.10A	0.21A
2014	0.33A	0.17A	0.13E	0.20E

All values in CAD unless otherwise noted.