



# FISCAL 2013 THIRD QUARTER RESULTS

## CONFERENCE CALL



August 9, 2013



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## CAUTIONARY NOTE

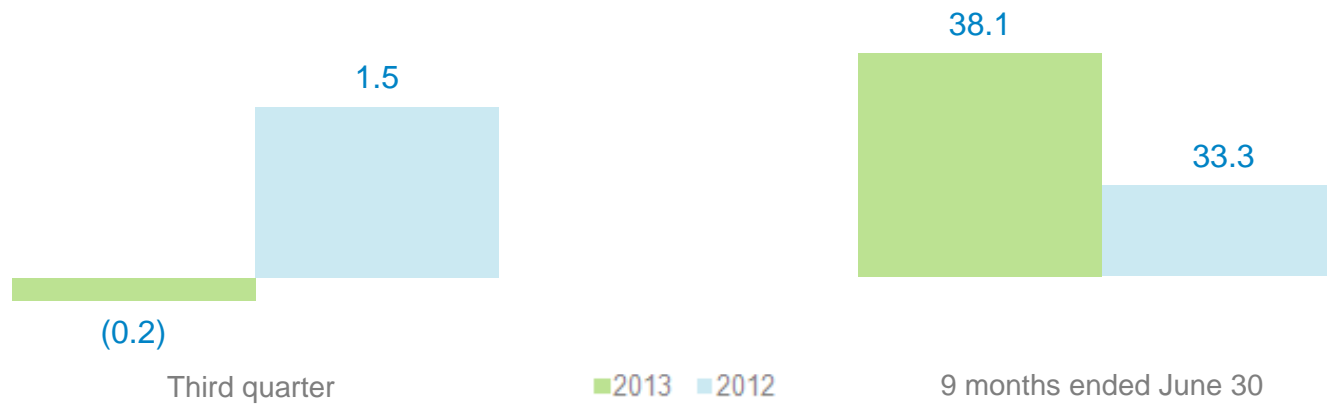
This presentation may contain forward-looking information within the meaning of applicable securities laws. Such forward-looking information reflects the intentions, plans, expectations and opinions of the management of Gaz Métro inc. (GMI), in its capacity as General Partner of Gaz Métro Limited Partnership (Gaz Métro), and acting as manager of Valener Inc. (Valener) (the management of the manager) and is based on information currently available to the management of the manager and assumptions about future events. Forward-looking statements can often be identified by words such as “plans,” “expects,” “estimates,” “forecasts,” “intends,” “anticipates” or “believes,” or similar expressions, including the negative and conjugated forms of these words. Forward-looking statements involve known and unknown risks and uncertainties and other factors beyond the control of the management of the manager. A number of factors could cause the actual results of Valener and Gaz Métro to differ significantly from the results discussed in the forward-looking statements, including, but not limited to, terms of decisions rendered by regulatory agencies, the competitiveness of natural gas in relation to other energy sources, the reliability of natural gas and electricity supply, the integrity of the natural gas and electricity distribution systems, the progress of wind power projects and other development projects, the ability to complete attractive acquisitions and the related financing and integration aspects, the ability to secure future financing, general economic conditions, exchange rate and interest rate fluctuations, weather conditions and other factors described in the “Risk Factors of Valener” and “Risk Factors of Gaz Métro” sections of Valener’s and Gaz Métro’s Management’s Discussion and Analysis for the year ended September 30, 2012 and in Valener’s disclosure filings. Although the forward-looking statements contained herein are based upon what the management of the manager believes to be reasonable assumptions, including assumptions to the effect that no unforeseen changes in the legislative and regulatory framework of energy markets in Quebec and in the New England states will occur; that the applications filed with the Régie de l’énergie (Régie) will be approved as submitted; that natural gas prices will remain competitive; that no significant event occurring outside the ordinary course of business, such as a natural disaster or other calamity, will occur; that Gaz Métro can continue to distribute substantially all of its net income (excluding non-recurring items); that the wind power projects in which Valener and Gaz Métro are indirectly involved will be completed on time and within the defined parameters; that Green Mountain Power (GMP) will be able to quickly and effectively integrate Central Vermont Public Service Corporation’s (CVPS) operations in addition to the other assumptions described in Valener’s and Gaz Métro’s Management’s Discussion and Analysis for the quarter ended June 30, 2013, the management of the manager cannot assure investors that actual results will be consistent with these forward-looking statements. These forward-looking statements are made as of this date, and the management of the manager assumes no obligation to update or revise them to reflect new events or circumstances, except as required pursuant to applicable securities laws. Readers are cautioned not to place undue reliance on these forward-looking statements.

### Non-GAAP financial measures

In the opinion of the management of the manager, certain indicators, such as net income attributable to the Partners of Gaz Métro, excluding non-recurring items, and net income attributable to the common shareholders, excluding the share in the non-recurring items of Gaz Métro, net of income taxes, provide readers with information it considers useful for analyzing the financial results of both Valener and Gaz Métro. However, these indicators are not standardized in accordance with Canadian generally accepted accounting principles (GAAP) and should not be considered in isolation or as substitutes for other performance measures that are in accordance with GAAP. The results obtained might not be comparable with similar indicators used by other issuers and should therefore only be considered as complementary information.



## VALENER'S RECURRING NET INCOME<sup>(1)</sup> (\$ Millions)



## DRIVERS



Impact on Gaz Métro's earnings of its growth in Vermont

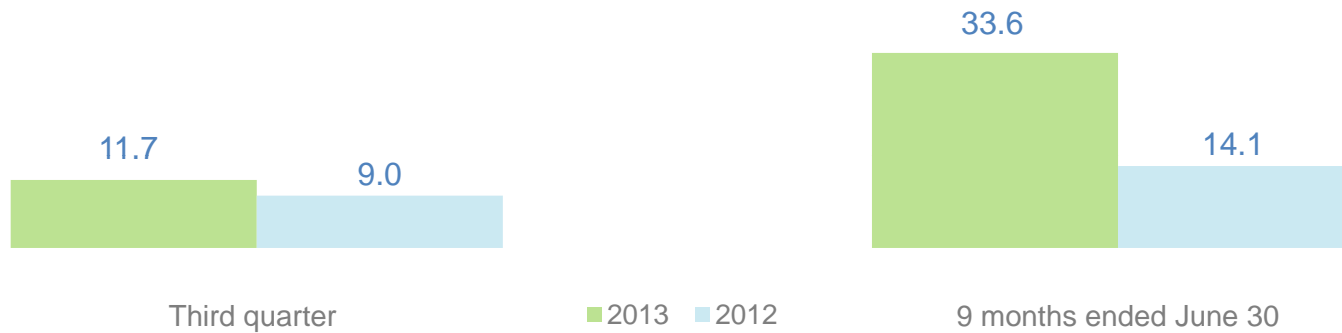


Impact on Gaz Métro's earnings of Régie's decision on 2013 rate case  
Dividends on preferred shares issued in June 2012

(1) Net income attributable to the common shareholders, excluding the share in the non-recurring items of Gaz Métro, net of income taxes. Please refer to Non-GAAP measures in sections A and J of MD&A



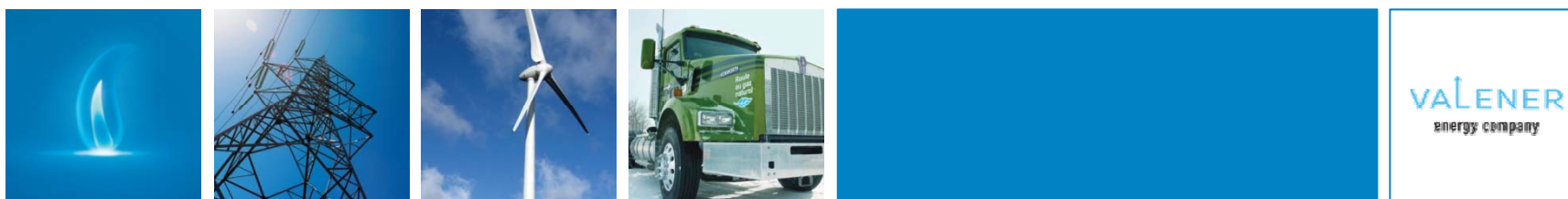
## VALENER'S CASH FLOWS RELATED TO OPERATING ACTIVITIES (\$ Millions)



### DRIVERS



Increase in distributions received from Gaz Métro  
 Favourable change in non-cash working capital items (mainly due to payment of fiscal 2011 income taxes in fiscal 2012)



## QUARTERLY DIVIDENDS DECLARED

AMOUNT PER SHARE	RECORD DATE	PAYABLE	DISCOUNT UNDER DRIP
<b>Common shares</b>			
\$0.25	September 30, 2013	October 15, 2013	5% on new shares issued
<b>Series A preferred shares</b>			
\$0.271875	October 8, 2013	October 15, 2013	Not applicable

**Annualized dividend of \$1 per common share to be maintained for fiscal 2014**



## UPDATE ON WIND FARM PROJECTS IN QUÉBEC

VALENER  
24.5%

GAZ MÉTRO  
25.5%

PROJECTS	EXPECTED COSTS (\$ Millions)	EXPECTED IN SERVICE DATE	COST INDICATOR	SCHEDULE INDICATOR
<b>Seigneurie de Beaupré projects 2 &amp; 3 (272 MW)</b>	750 (incl. financing costs)	December 1 <sup>st</sup> , 2013	<b>On Budget</b>	<b>On Time</b>

More than 59 wind turbines completed  
 Collector system buried  
 Interconnection line to Hydro-Québec's transmission system completed  
 Initial energization took place in July



## UPDATE ON WIND FARM PROJECTS IN QUÉBEC

VALENER  
24.5%

GAZ MÉTRO  
25.5%

PROJECTS	EXPECTED COSTS (\$ Millions)	EXPECTED IN SERVICE DATE	COST INDICATOR	SCHEDULE INDICATOR
<b>Seigneurie de Beaupré project 4 (68 MW)</b>	190 (incl. financing costs)	December 1 <sup>st</sup> , 2014	<b>On Budget</b>	<b>On Time</b>

Creation of Seigneurie de Beaupré Wind Farm 4 General Partnership  
 Final agreement with Borea Construction signed last May  
 By the end of work season:  
 Implement financing  
 Complete all foundations, roads and significant portion of collector system



## GAZ MÉTRO'S RECURRING NET INCOME<sup>(1)</sup> (\$ Millions)



DRIVERS	
↑	Growth in net income generated by Gaz Métro's activities in Vermont
↓	Régie's decision on 2013 rate case for Gaz Métro-QDA

(1) Please refer to Non-GAAP measures in sections A and J of MD&A





## UPDATE ON GROWTH INITIATIVES IN VERMONT

PROJECTS	DETAILS	SCHEDULE INDICATOR
<b>GMP-CVPS operational integration</b>	Three-year plan for merging the processes of the two entities	Ahead of schedule
<b>VGS system development project (~ US\$100 M investment)</b>	Extension to Addison County (Phase I)	Regulatory approval pending Decision expected by end of 2013 such that construction may begin in 2014
	Extension to International Paper mill in NY (Phase II)	Regulatory filing expected by end of 2013

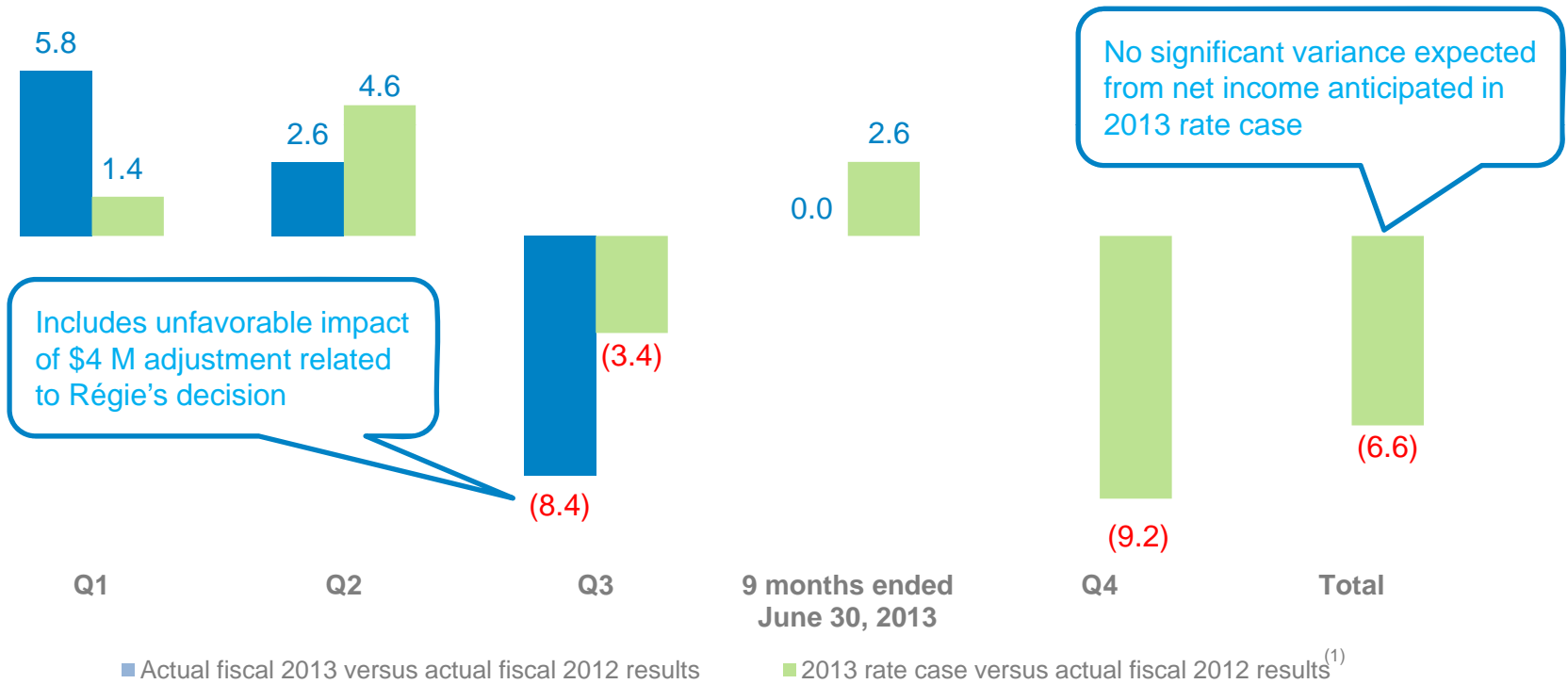


## REGULATORY MATTERS IN QUÉBEC

SUBJECT	FILING	OUTCOME
<b>2013 rate case (Phase II)</b>	December 14, 2012	<p>July 15, 2013</p> <p>Régie's decision:</p> <ul style="list-style-type: none"> <li>• Cost of service reduced by \$5 M;</li> <li>• Sharing mechanism:               <ul style="list-style-type: none"> <li>Overearnings:                   <ul style="list-style-type: none"> <li>• 0 - 50 bps: 50% Gaz Métro 50% customers</li> <li>• &gt; 50 bps: 100% customers</li> </ul> </li> </ul> </li> </ul> <p>Shortfalls: 100% Gaz Métro</p>
<b>2014 rate case (Phase I)</b>	<p>April 9, 2013</p> <p>Request: ROE of 8.90%</p>	<p>June 6, 2013</p> <p>Régie's decision: ROE of 8.90%</p>



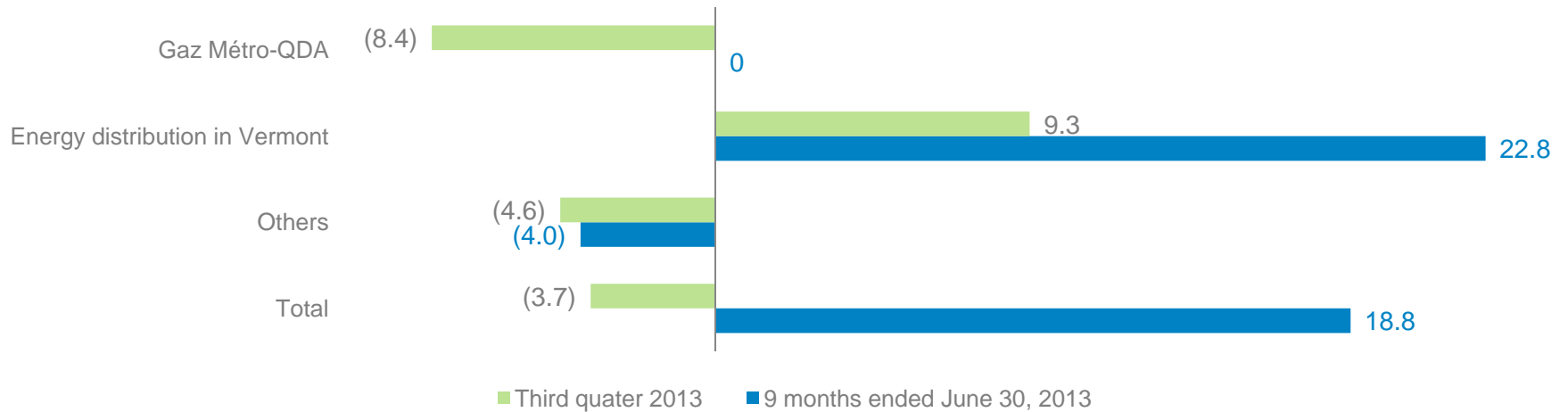
## GAZ MÉTRO-QDA NET INCOME VARIATION FOR FISCAL 2013 (\$ Millions)



<sup>(1)</sup> 2013 rate case based on authorized ROE of 8.90% and cost of service as filed



## GAZ MÉTRO'S RECURRING NET INCOME<sup>(1)</sup> VARIANCE (\$ Millions)



	GAZ MÉTRO-QDA	ENERGY DISTRIBUTION IN VERMONT	OTHER
↑	Lower transportation costs	CVPS acquisition	Short-term sales of PNGTS
↓	<ul style="list-style-type: none"> <li>Régie's decision</li> <li>Authorized ROE</li> <li>GEEP incentive</li> </ul>		<ul style="list-style-type: none"> <li>Sale of stake in HydroSolution</li> <li>Allocation of income tax expense for TQM and Intragaz at Gaz Métro's level</li> </ul>

(1) Please refer to Non-GAAP measures in sections A and J of MD&A



# Q & A





## APPENDIX A - CURRENT COMPETITIVE POSITION OF NATURAL GAS IN QUÉBEC

MARKET	MAIN COMPETITORS	HOW COMPETITIVE IS NATURAL GAS? <sup>(1)</sup>
<b>Industrial</b>  Ex.: Large companies in petrochemical, metallurgy, etc. industries	#6 Fuel Oil	67% cheaper
<b>Commercial &amp; Institutional</b>  Ex.: Hospitals, schools, restaurants, etc.	Electricity	Small business: 25% cheaper Large business: 45% cheaper
	#2 Fuel Oil	Small business: 45% cheaper Large business: 61% cheaper
<b>Residential heating<sup>(2)</sup></b>	Electricity	10% to 26% cheaper
	#2 Fuel Oil	31% to 43% cheaper

(1) As at August 1<sup>st</sup>, 2013 (Current market prices)

(2) Using high efficiency equipment