Valener Inc.

Fiscal 2015 Fourth Quarter and Full Year Results

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CORPORATE PARTICIPANTS

Sophie Brochu
Gaz Métro – President and Chief Executive Officer

Pierre Despars
Gaz Métro – Executive Vice President, Corporate Affairs and Chief Financial Officer

Mariem Elsayed
Gaz Métro – Senior Advisor, Investor Relations

CONFERENCE CALL PARTICIPANTS

Ben Pham
BMO Capital Markets – Analyst

Robert Kwan
RBC Capital Markets – Analyst

Mariem Elsayed – Senior Advisor, Investor Relations, Gaz Métro

Thanks, Dan. Good afternoon and welcome to Valener's fourth quarter and full year conference call. With me today from Gaz Métro are Sophie Brochu, President and Chief Executive Officer, and Pierre Despars, Executive Vice President, Corporate Affairs and Chief Financial Officer. This call is being webcast and I encourage those on the phone to download the supporting slides which are available in the Investors section of Valener's website under Events and Presentations.

As always, certain subjects we will cover involve forward-looking information. Please refer to the ''Cautionary Note'' section which can be found on the second page of our presentation as well as in our annual MD&A which was published earlier today and is available on our website and on SEDAR.

We may also refer to certain indicators that are non-Canadian GAAP financial measures and should not be considered in isolation or as substitutes for other performance measures that are in accordance with GAAP.

I will now turn the call over to Sophie.

Sophie Brochu – President and Chief Executive Officer, Gaz Métro

Merci, Mariem. Bonjour à tous. Good afternoon everyone. 2015 was a formidable year for both Valener and Gaz Métro. Valener's adjusted net income attributable to common shareholders reached $45.3 million in 2015, the highest since the company's inception in 2010. This 23 percent increase compared to last year was driven by strong performance at the Seigneurie de Beaupré wind farms and record results at Gaz Métro. Valener generated normalized operating cash flows of $58.6 million or $1.53 per common share. This is a 50 percent increase compared to last year and a reinforcing pillar to Valener's solid and rising dividend. Accordingly, as previously announced, Valener is raising its annualized dividend from $1.04 per common share to $1.08, with the first quarterly dividend of $0.27 to be paid in January. Valener is also reiterating its target dividend increases of approximately 4 percent per year through fiscal 2018.

Let's take a look, if you wish, at Valener's wind power results. The Seigneurie de Beaupré Wind Farms 2 and 3 ran for a full 12 months in 2015 compared to only 10 months in fiscal 2014. It paid out distributions of $40.6 million, adding $9.9 million or $0.26 per share to Valener's cash flows. The commissioning of Wind Farm 4, the second phase of the Seigneurie de Beaupré wind farm project, was successfully completed last December. This addition of 28 wind turbines and 68 megawatts of capacity has already contributed $4.3 million or $0.11 per share to Valener's operating cash flows. All three wind farms performed above expectations, operating at an average utilization factor of about 38 percent.

A look now at Gaz Métro's 2015 results. Excluding non-recurring items, Gaz Métro generated net income of $192.4 million, the highest in the Company's history. This is a 10 percent increase year-over-year and these results were driven mainly by the positive impact of the appreciation of the US dollar on our US operations, higher contributions from the Energy Production segment, increased LNG sales as well as growth in our Quebec regulated activities, all of which contributed to Gaz Métro reaching a major milestone; for the first time since Valener's inception in 2010, Gaz Métro is increasing its distribution to partners. Beginning January 5, Gaz Métro will pay out $0.29 per unit per quarter, up 3.6 percent from the previous level of $0.28. By the same token, it will further contribute to supporting Valener's announced dividend increase.

Let's take a look at our growth trajectory, on to page 11. Gaz Métro announced several major initiatives this year that helped drive these solid results. First, a look at LNG, a promising new line of business. In partnership with Investissement Quebec, we are tripling the liquefaction capacity at our LSR facility and as such are investing together almost $120 million into the project. The construction started in June and the commissioning is still expected in late 2016. To date, the project is on time and on budget.

We also entered into an agreement with Hydro Quebec distribution to supply LNG to the Trans-Canada Energy Power Plant in Bécancour. The Régie de l'énergie approved the project in late October. We are currently in the process of obtaining approval from the Quebec government to build the required facilities close to the TCE power plant, and we remain in negotiation regarding the overall scope of the project.

In July, we proudly witnessed the official commissioning of the first ferry to run on LNG in North America, here in Quebec, following an agreement reached in 2013 in which we were selected as the LNG supplier to fuel the three new ferries of the Société des traversiers du Quebec.

A look now at energy distribution. In July we received the approval from the Régie de l'énergie to invest approximately $80 million to improve and strengthen our natural gas transmission system in the Saguenay region. Work is expected to start in June of next year and should be completed by the fall of 2017. It will be providing reliable gas supply to customers in the area as a result of the newly added capacity and reinforced network.

We also announced a project to extend our natural gas network to the Bellechasse region, a $40 million, 71-kilometre extension project that will materialize thanks to the support of the Quebec and federal governments. Gaz Métro itself will invest $7 million in the project and subject to the Régie's approval, construction is expected to begin in spring 2016, with plans to making natural gas available by the end of the year, which will help our customers to shift the balance away from fuel oil and propane, and toward a cleaner, safer source of energy.

We obtained authorization from the Régie to purchase renewable natural gas produced by the city of Saint-Hyacinthe and to build the necessary infrastructure to link this output to our distribution network. Once the work is complete, which we expect will be in 2017, up to 13 million cubic metres of renewable natural gas will be produced by the municipality per year, most of which will be then injected in the Gaz Métro network; this over the next 20 years. This forward-thinking initiative will give Quebec consumers access to clean, renewable and locally produced energy. This is a first that will be followed by many other initiatives of this type.

In Vermont, VGS continues to develop the 66 kilometer pipeline designed to service the communities of Vergennes and Middlebury, and expects to complete the first segment by next month, by which time it will have placed an initial 17 kilometers of pipeline in the ground. To date, VGS has invested approximately $66 million USD in the project and remains fully committed to the efficient and proper management of the project. Pierre will go into more detail over the project's recent developments in a minute.

With respect to Green Mountain Power's operational integration with CVPS, efficiencies and synergies exceeded our initial expectation, with GMP reaching and surpassing the $8 million USD in synergy savings attributable to its customers of fiscal 2015. All the additional savings realized were retained by GMP as per the sharing mechanism that was put in place at the time of the acquisition. Starting in fiscal 2016, all synergies will be shared with customers on a 50/50 basis, an amount of $13.2 million USD attributable to customers has been included in GMP's rate case.

As far as wind power is concerned, Phase II of the Seigneurie is now complete; wind farm 4 has been up and running since December of last year, and it has already paid out an initial distribution of $17.6 million last September.

As you can see, 2015 was a year of both consolidation and development for Gaz Métro. It saw the highest net income in the Company's history as a result of our growth and diversification initiatives that were initiated about 10 years ago. Gaz Métro's continued development rests on our ability to look into the future, decipher what is coming and our ability to offer more natural gas and renewable energies in order to replace more emissive ones and this year's accomplishments are a stepping stone to this greener tomorrow.

As we look to the future, we see no shortage of energizing opportunities for Gaz Métro. For 2016 and future years, we intend to pursue the profitable development of our energy distribution activities in Quebec, notably by increasing our footprint in all markets and ensuring the security, reliability and sustainability of our network while keeping a firm handle on our costs.

In Vermont, Green Mountain Power is pursuing commercial efforts to establish and develop strategic partnerships as it strives to reach its goal of becoming a recognized leader in green energies. To this effect, GMP recently concluded an agreement with Tesla Motors to offer its clients what we call a *Powerwall*, a household battery capable of regenerating itself by solar panels. GMP, the small GMP, is the first company in the United States to develop this type of partnership and we are proud at Gaz Métro to be supporting them in this avant garde initiative.

We are actively seeking to repeat the success stories of our Vermont acquisitions. We are particularly interested in developing our market in the northeastern United States. That said, the elevated premiums in the regulated market and the current weakness of the Canadian dollar make transactions more expensive, yet our strategy rests on remaining disciplined and patient in order to secure the right opportunity, at the right price, at the right time.

At this time, given the above, organic growth and remains our favoured channel for new opportunities and we are also pursuing actively the strategy in the LNG market. We witnessed Gaz Métro's long-term vision in action this year: many projects that we had been working on over a long period of time transitioned into implementation and operational phases. We expect our prudent, targeted diversification strategy to continue contributing to Gaz Métro's bottom line in the years ahead as it did in fiscal 2015.

I will now turn the call over to Pierre.

Pierre Despars – Executive Vice President, Corporate Affairs and Chief Financial Officer, Gaz Métro

Thank you, Sophie. Let's review the segment performance. Gaz Métro's Energy Distribution segment generated net income of $180.8 million, excluding non-recurring items in 2015, up $11.6 million, or 7 percent from the previous year. Natural gas distribution in Quebec generated $115.5 million, up $4.5 million from the previous year, as the result of new parameters in the 2015 rate case including a 3 percent increase in the average rate base to $1.96 billion as well as an increase in capitalized interest on non-rate base investments, partly offset by a lower share of overearnings in 2015. Subsequent to the Régie de l'énergie's confirmation of the renewed rate of return on deemed common equity, Gaz Métro authorized ROE will remain at 8.9 percent for fiscal 2016 and 2017. We are very pleased with the Régie's decision to renew our authorized ROE for another two years as this provides our core business with visibility and stability, and based on the 2016 rate case, we will expect our fiscal 2016 net income to be approximately $124 million.

Green Mountain Power and Vermont Gas generated a combined net income of $57.3 million during the year, down $900,000 from last year. Excluding non-recurring items, net income was $65.3 million, up $8.3 million from last year as a result of the favourable effect of the weaker Canadian dollar, VGS non-rate base investment in the Addison project and synergies realized from operational efficiencies stemming from the integration of Green Mountain Power and CVPS. Those were more than offset by the unfavourable impact of consumption variances between peak and off-peak periods at GMP, and an $8 million one-time allowance incurred by VGS in the fourth quarter for costs relating to the Addison project.

In October of this year, Vermont Gas and the Vermont Department of Public Service reached an agreement by virtue of which VGS accepted to cap the recovery of costs related to Phase 1 of the Addison project at $134 million, barring any circumstances out of its control or not provided for in the agreement. Vermont Gas subsequently recorded a $10.3 million impairment charge before tax or $8 million Canadian after tax as of September 30, 2015, to account for the uncertainty relating to project costs that could eventually be disallowed. The agreement with the Vermont Public Service Department is still pending the Vermont Public Service Board's approval of the Certificate of Public Good and we will expect to hear back by January 8, 2016. VGS Management remains confident that this project will provide long-term economic benefits to state and Governor Shumlin has reiterated his support for it.

Turning to page 13, the Natural Gas Transportation segment generated net income of $16.6 million in 2015, up 3 percent from the previous year, driven primarily by an increase in natural gas volumes shipped by PNGTS as a result of higher interruptible and short-term contracts, and higher demand for natural gas in the face of a colder than usual 2014/2015 winter, as well as the favourable effect of the weaker Canadian dollar. The increase was partly offset by a provision recorded to reflect the FERC's decision on PNGTS transportation rates.

In Energy Production, we generated net income of $1.8 million this year compared to breakeven in 2014. The improved performance stems from running wind farms 2 and 3 for a full 12 months in 2015 compared to just 10 months in 2014, the commissioning of wind farm 4 in December of 2014, and favourable wind conditions throughout the year. Wind farms 2 and 3 generated $60 million of operating cash flow in 2015 and paid a portion of these cash flows and those accumulated last year to its Partners. Gaz Métro received $10.1 million over the course of the fiscal year. Wind farm 4 generated $5.4 million in operating cash flows this year, and, on account of certain conditions surrounding its refinancing paid an initial distribution in September. Gaz Métro received $4.5 million. We continue to expect that we will receive approximately $8 million in annual distributions on a run-rate basis from the Seigneurie de Beaupré wind farms.

The Energy Services, Storage and Other segment generated net income of $2.4 million in 2015, a $5.3 million improvement from last year as a result of improved sales of liquefied natural gas, improved profitability at Gaz Métro Plus and lower supply costs for CCUM.

On Page 14, over the course of the year Gaz Métro issued 15.5 million units through two private placements for total proceeds of $255 million. Valener subscribed to 4.5 million of those units for approximately $75 million, keeping its proportionate share in Gaz Métro unchanged.

In January, Gaz Métro increased its credit facility from $600 million to $800 million and extended its maturity date out to 2020. Gaz Métro and its affiliates expect to invest about $485 million in property, plant and equipment in 2016, in particular for the extensions and improvements of the energy distribution systems in Quebec and Vermont as well as for the LSR plant expansion project.

CAPEX will be funded primarily from operating cash flows, credit facility and a contribution from Investissement Quebec, representing its share of costs in the LSR plant expansion project. Gaz Métro does not expect it will issue equity in 2016 and therefore Valener should not have to inject funds into

Gaz Métro in the coming year. As such, all of Valener's excess cash will be used to reimburse its credit facility.

Note that as of next quarter Valener and Gaz Métro will no longer present their financial statements according to Canadian GAAP, but will be presenting them in accordance with US GAAP as opposed to IFRS, as this will better reflect the economic reality of Gaz Métro's rate-regulated activities, reduce the volatility of its consolidated financial results, and allow for easier comparison to financial statements published in previous years, as well as with other rate regulated Canadian entities that have opted to present their financial statements in accordance with US GAAP. As such, we will be restating both our quarterly and annual 2015 financials starting with Q1 2016—as of next quarter, sorry. Q1 2015 as of next quarter. This may impact quarterly net income throughout the year in Gaz Métro QDA but the impact on our annual consolidated net income will be non-significant. For more information on the impact of our upcoming US GAAP conversion, please refer to the MD&A we filed on SEDAR earlier today.

During the fourth quarter, Valener recorded a $2.7 million non-cash income tax gain as a result of a temporary difference between the book and taxable values of its investment in Gaz Métro. Put simply – if it's possible – the book value of Valener's investment in Gaz Métro is currently higher than its taxable value because of timing differences. As such, Valener is required to calculate the gain that would have been realized had it sold its investment in Gaz Métro and record the tax on the deemed capital gain as a future tax liability. Since Valener has no intention of divesting its participation in Gaz Métro, it will be reporting its recurring net income excluding this element going forward.

On pages 18 to 20, we present Gaz Métro QDA's expected net income for fiscal 2016 based on the rate case filed with the Régie. As shown, we are expecting approximately $8 million more in net income in fiscal 2016 compared to 2015, driven by growth in rate base and non-rate base investments.

On Page 21, we discuss GMP and VGS's 2016 rate case parameters, which were approved by the Vermont Public Service Board last September and November, respectively. GMP's authorized ROE for the 2016 fiscal year is 9.44 percent with an equity ratio of 49.6 percent and VGS's authorized ROE is 10.1 percent with an equity ratio of 55 percent.

These parameters are similar to those of 2015, as such, growth in net income is expected to be driven mainly by the $48 million US increase in the average rate base of Vermont Gas relating to investments for the Addison County project and by additional synergies for Green Mountain Power resulting from its operational integration with CVPS.

As a result of Gaz Métro's excellent results in 2015, we are increasing, as of January 5 our quarterly distribution from $0.28 per unit to $0.29 per unit, an increase of almost 4 percent, and accordingly, providing further support to Valener's announced dividend increase from $0.26 per share per quarter to $0.27 per share per quarter, starting January 15.

Our strong financial situation, solid balance sheet and enviable credit rating put us in an ideal situation to execute on our future growth strategy and we are very well positioned heading into 2016.

Mariem Elsayed – Senior Advisor, Investor Relations, Gaz Métro

Dan, we'll take questions now.

Operator

At this time, I'd like to remind everyone that in order to ask a question via phone, you must dial star then the number one on your telephone keypad. We'll pause for a few moments now to compile the Q&A roster.

Your first question comes from the line of Ben Pham with BMO Capital Markets. Your line is now open.

Ben Pham – Analyst, BMO Capital Markets

Thanks a lot. I'm just wondering just with your dividend increase for 2016 and just at the VNR level, was the payout ratio as a percent of EPS—I mean, is the range kind of generally consistent with what we've been seeing the last few years?

Pierre Despars – Executive Vice President, Corporate Affairs and Chief Financial Officer, Gaz Métro

I'm sorry. You're talking about Gaz Métro or Valener there?

Ben Pham – Analyst, BMO Capital Markets

At the Valener level.

Pierre Despars – Executive Vice President, Corporate Affairs and Chief Financial Officer, Gaz Métro

At the Valener level, we announced the growth in the distribution over the coming years. So, I'll refer you more to the growth that we announced and that we're very comfortable to support over the coming year. So, 1.04 for this year; another $0.04 for the next three years.

Ben Pham – Analyst, BMO Capital Markets

Okay. Can you talk about kind of the payout ratio ranges? Is it similar to the past or is it different next year?

Pierre Despars – Executive Vice President, Corporate Affairs and Chief Financial Officer, Gaz Métro

The payouts will be similar to the past, if you look at the recent past.

Ben Pham – Analyst, BMO Capital Markets

Okay.

Pierre Despars – Executive Vice President, Corporate Affairs and Chief Financial Officer, Gaz Métro

In previous years, the payout was close to 100 percent, so that payout was reduced over time, but if you look at, for example this year, the payout was lower than 90—than 100 percent. So, it will decrease over time, but, yes.

Ben Pham – Analyst, BMO Capital Markets

Okay. Can you remind us, do you have a stated payout policy? I can't remember if you do, or do you?

Pierre Despars – Executive Vice President, Corporate Affairs and Chief Financial Officer, Gaz Métro

No, we didn't publish any policy on that, on the payout ratio.

Ben Pham – Analyst, BMO Capital Markets

The one last thing I wanted to check is with your balance sheet leverage at the VNR level, the debt pretty much doubling from last year. There was some commentary about you guys being comfortable with that level. I was just wondering how far can you guys actually push the balance sheet debt at the VNR level?

Pierre Despars – Executive Vice President, Corporate Affairs and Chief Financial Officer, Gaz Métro

So, we have to be careful with the level of debt at Valener, and as you know, Valener is the vehicle for investing in Gaz Métro, so there's already a significant amount—a good amount of debt at the Gaz Métro level, so the objective is to limit the double leverage at Valener level but use the credit facility that we have in place to benefit any opportunities we have for making investments. So, we're managing that credit facility in a way where we have margin to manoeuvre to support the growth of Gaz Métro, but this year Gaz Métro needed $74 million from Valener so we had the ability, the capacity to do it, and over the coming years with what we expect in terms of growth in the distribution and the cash flow to be generated, we'll be in a situation where we'll be able to reduce that credit facility and regenerate that ability to support the growth of Gaz Métro.

Ben Pham – Analyst, BMO Capital Markets

Okay, so that 120 mil, that's going to trend lower over time.

Pierre Despars – Executive Vice President, Corporate Affairs and Chief Financial Officer, Gaz Métro

Oh yes, for sure.

Ben Pham – Analyst, BMO Capital Markets

Okay. Okay. All right, that's it's for me. Thank you.

Operator

Again, if you would like to ask a question, please dial star, one now. Your next question comes from the line of Robert Kwan with RBC Capital Markets. Your line is now open.

Robert Kwan – Analyst, RBC Capital Markets

Hey, good afternoon. Just on the new 2016 disclosure for QDA, you've got the $10 million in investments. I guess with the rate base they'll be going up by $17 million, I suspect. Most of this is unregulated, is that correct?

Pierre Despars – Executive Vice President, Corporate Affairs and Chief Financial Officer, Gaz Métro

No. In the QDA, most of it is regulated as a matter of fact and it can come from either growth in the rate base or growth or investments that are not in the rate base but on which we capitalize interest. As you've probably seen in our MD&A, we have a large amount of those deferral accounts, actually, that bear return on it, and so that explains part of that growth.

Robert Kwan – Analyst, RBC Capital Markets

Sorry. So, if I'm trying—so you were spending, you did not have—you were not getting AFUDC treatment by the Régie in rates.

Pierre Despars – Executive Vice President, Corporate Affairs and Chief Financial Officer, Gaz Métro

Oh, okay. There's difference. If there's investment in power plant and equipment, we can get AFUDC. What I'm referring to when it's the carbon credit related to the greenhouse gas emission, so we invested up to $300 million. We have up to $300 million at the end of this year in that—which is a deferral account which is not included in the rate base but on which we have a return on it. And, because the rate mechanism is different. We had just the rate on the monthly basis related to that.

Robert Kwan – Analyst, RBC Capital Markets

Got it. So, you will start to collect on that going forward. And just to be clear then – and I'm sure it is based on how you presented it – but the $10 million is net of the reversal of the capitalized interest as it comes back onto the income statement.

Pierre Despars – Executive Vice President, Corporate Affairs and Chief Financial Officer, Gaz Métro

Yes.

Robert Kwan – Analyst, RBC Capital Markets

Okay, perfect. Just turning to Vermont, do you have what the number is in terms of the actual synergies for 2015 net of the $8 million that you returned to shareholders. Or sorry, rate payers.

Pierre Despars – Executive Vice President, Corporate Affairs and Chief Financial Officer, Gaz Métro

So, if you look at what we have in the rate case for next year, I think it's $26 million that we've mentioned.

Robert Kwan – Analyst, RBC Capital Markets

Yes.

Pierre Despars – Executive Vice President, Corporate Affairs and Chief Financial Officer, Gaz Métro

Or $27 million, so we were close to that number. I don't have—by heart, I don't have it with me.

Robert Kwan – Analyst, RBC Capital Markets

Okay. So—no, no. Then that's fine. So, if it's similar, so essentially you generated $26 million roughly in cost saves in 2015 of which you put 8 back to rate payers?

Pierre Despars – Executive Vice President, Corporate Affairs and Chief Financial Officer, Gaz Métro

Yes.

Robert Kwan – Analyst, RBC Capital Markets

So that means—sorry, go ahead.

Pierre Despars – Executive Vice President, Corporate Affairs and Chief Financial Officer, Gaz Métro

On an after tax basis. You have to check on an after tax basis.

Robert Kwan – Analyst, RBC Capital Markets

Yes.

Pierre Despars – Executive Vice President, Corporate Affairs and Chief Financial Officer, Gaz Métro

For the impact.

Robert Kwan – Analyst, RBC Capital Markets

Right, but on a pre-tax basis, there was roughly $18 million kept by the utility.

Pierre Despars – Executive Vice President, Corporate Affairs and Chief Financial Officer, Gaz Métro

Yes, I would say approximately $18 million. Yes.

Robert Kwan – Analyst, RBC Capital Markets

Yes. So, all things being equal as you roll forward into 2016, based on the increased level of sharing, is that fair then that you're $5 million worse off? Assuming no incremental cost saves.

Pierre Despars – Executive Vice President, Corporate Affairs and Chief Financial Officer, Gaz Métro

If there's no incremental costs, yes, you're right to say that.

Robert Kwan – Analyst, RBC Capital Markets

On a pre-tax basis obviously.

Pierre Despars – Executive Vice President, Corporate Affairs and Chief Financial Officer, Gaz Métro

On a pre-tax basis, but that's the assumption that you have to take, and we'll work…

Robert Kwan – Analyst, RBC Capital Markets

Right. And, any incremental cost saves though over—over and above what was in the rate will still be shared 50/50, correct?

Pierre Despars – Executive Vice President, Corporate Affairs and Chief Financial Officer, Gaz Métro

Yes.

Robert Kwan – Analyst, RBC Capital Markets

Okay, perfect. I guess just the last question and I know, Sophie, you mentioned really this focus on organic growth which is probably the most visible stuff. But, as you think about potential M&A and you'd highlighted something in the US Northeast, can you talk about what appetite you have for size? How big would you like to go or could go? And, then if you can just a little bit around your acquisition parameters with respect to do you need to see immediate accretion? Are you looking at EPS, FFO or both, and anything else that kind of factors into your approach?

Sophie Brochu – President and Chief Executive Officer, Gaz Métro

Do you feel like taking a beer?

Robert Kwan – Analyst, RBC Capital Markets

Maybe.

Sophie Brochu – President and Chief Executive Officer, Gaz Métro

You're pushing your luck on the Black Friday. I'm just kidding you, Robert. Hi everyone. So, I think generally speaking, what we want to do, you know, we don't want to grow just for growing, we want to grow in order to be profitable and to actually create value, not only for our shareholders, which are important, but also for the customers we serve. I will say that directionally speaking we—and, I'm not saying that we would never, never do a small acquisition, we could do a small acquisition, but what we're looking is at something that has materiality, what we did last time around being probably something that was very attractive; maybe a little north of that in terms of amplitude. The big challenge is in creating the value. If you look back at what we did when we bought Green Mountain Power, we were about at par on an EPS basis, knowing that we were creating this platform, knowing that our goal was to eventually move onto the second acquisition where we would have the big bucks for our strategy. So, if we were to make another acquisition, it depends in which it was going to be. Would that be in natural gas distribution, in power distribution? Would that be in transmission? In storage? So, the idea is to say are we building on the existing industrial platform that we have, or are we opening a new platform that is complementary to our existing activities, and depending on that, the parameters would be a bit different. But that said, again, we're not into growing for growing. When we look at the multiples that are out on the street right now, it is beyond what we are willing to make, and we're not into the plays where pure pension fund type of investors would come in by themselves. This is not what we are trying to do. We are trying to create something from an industrial standpoint.

So long story short, all your questions are very good and the exact parameters would be determined by the nature of the acquisition we make. But as you know, looking at an acquisition of $50 million, or $500 million, it's the same motion, it's the same complexity, so we try to look at things that make a difference, and this is where organic is so beautiful and we have these opportunities in our backyard. When you do organic there is no *''achalandage''*, there is no goodwill. We have plenty of opportunities in Vermont. We have plenty of opportunities with Green Mountain Power. You know, when your problem is just to manage the timing of it when you support your subsidiary in order to make the evolution of the rates for our customers acceptable, it's a pretty nice problem.

Here in Quebec, given the displaying of natural gas in the market, given the appetite that people have at the industrial level, given what we're doing with LNG, this type of organic growth is very important. You're opening a door there that I would say is everything that is happening right now at the environmental level, it's quite fascinating to see that the investment community doesn't pay or doesn't ask any more questions about what's happening in Paris? What's happening with COP21? Why does Gaz Métro believe that it has an advantage? This is where everything we do on the LNG, it's so great as an opportunity in itself and a beautiful defence because then the virtue of our product is essentially based on displacing a more polluting, more emissive fuel, and this on the long run basis is going to be perfect for Gaz Métro, but again, it's just a step at a time.

So, the growth opportunities are there. Acquisitions, we remain very on top of what is being discussed. We look at them and we let them go.

Robert Kwan – Analyst, RBC Capital Markets

Okay. That's fair, and when you stepped into Central Vermont, even though it was a competitive situation, I think you were a very logical buyer. I guess just as you think about something else it may be not a huge step up but maybe a bit of a step out.

I guess related to that last question here, how do you think about it given you sit obviously from a Gaz Métro perspective and then you have Valener here, a smaller vehicle? How do you approach acquisitions if you're thinking about say an equity financing at the Valener level given its relative size? Or put differently, are you fixated on a, you know, call it 29 percent ownership interest up at the Gaz Métro level or could we see that drop and Valener basically just be dragged along if something larger is done at Gaz Métro and then driven by the partners?

Pierre Despars – Executive Vice President, Corporate Affairs and Chief Financial Officer, Gaz Métro

This is why I answered earlier to Ben about the importance of having availability, credit availability at Valener's level. Valener has stated many times that their objective is to maintain their ownership at 29 percent in Gaz Métro. If a large acquisition occurs at Gaz Métro and large equity is required from GMI and Valener, Valener will have different options for raising capital and the objective that the financial discipline that is in place at Valener is really to have that margin of manoeuvre if that occurs, not to be diluted within their investment in Gaz Métro.

Robert Kwan – Analyst, RBC Capital Markets

I guess though, Pierre, with the partners in Gaz Métro have very, very deep pockets and I can only assume with your answer to the earlier question about how much leverage or double leverage you want to have, you'd only want to take that credit facility so far and I guess it's just more of, you know, if we get into a market where maybe things aren't quite as receptive in the equity markets yet there is a good opportunity that moves forward, how should we be thinking about this from the Valener level?

Pierre Despars – Executive Vice President, Corporate Affairs and Chief Financial Officer, Gaz Métro

Yes.

Sophie Brochu – President and Chief Executive Officer, Gaz Métro

But the goal—I think what Pierre said is important. You know, the goal of Valener is definitely to follow on acquisitions that come in and Valener has geared itself to be able to follow pretty significant development opportunities within the Gaz Mét—as far as the Gaz Mét family, and frankly speaking, if we get there it's going to be a heck of a nice problem.

Robert Kwan – Analyst, RBC Capital Markets

Fair enough. Okay, thank you very much.

Sophie Brochu – President and Chief Executive Officer, Gaz Métro

Happy, happy Black Friday, if you don't have any more questions. Okay, ciao. Thanks for being with us. Ciao.