

GAS OPERATIONS
PROJECTED OPERATING STATEMENT
(In Millions of Dollars)

<i>For the year ended March 31</i>	Current Outlook 2019	Approved Budget 2020
REVENUES		
Domestic Revenue		
Cost of Gas	193	174
Non-Gas Costs *	153	149
Furnace Replacement Program Funding	(4)	(1)
Late Payment Charges and Broker Revenue	1	1
	<u>343</u>	<u>323</u>
additional revenue requirement***	-	-
	<u>343</u>	<u>323</u>
Weighted Average Cost of Gas Sold **	193	174
Gross Margin	150	149
Other	2	2
	<u>152</u>	<u>151</u>
EXPENSES		
Operating and Administrative	63	61
Finance Expense	22	23
Depreciation and Amortization	24	25
Capital and Other Taxes	17	17
Other Expenses	12	11
Corporate Allocation	12	12
	<u>150</u>	<u>149</u>
Net Income before Net Movement in Regulatory Deferral	2	2
Net Movement in Regulatory Deferral **	2	1
Net Income	<u>4</u>	<u>3</u>

* The Non-Gas Costs reflect the proposed discontinuance of FRP funding and removal of associated costs from rates for the SGS class, effective Aug 1, 2019

** The adjusted gross margin reflects the cost of gas charged to customer through rates (WACOG). The PGVA has been reclassified to the gross margin from net movement for rate setting purposes.

*****Additional Revenue Requirement**

Percent Increase	0.00%	0.00%
Cumulative Percent Increase	0.00%	0.00%
Equity Ratio (PUB Approved Methodology)	32%	32%

**GAS OPERATIONS
PROJECTED BALANCE SHEET
(In Millions of Dollars)**

For the year ended March 31

	Current Outlook 2019	Approved Budget 2020
ASSETS		
Plant in Service	622	658
Accumulated Depreciation	(65)	(79)
Net Plant in Service	557	579
Construction in Progress	6	9
Current and Other Assets	86	85
Goodwill and Intangible Assets	10	9
Total Assets before Regulatory Deferral	659	682
Regulatory Deferral Balance	106	107
	<u>765</u>	<u>789</u>
LIABILITIES AND EQUITY		
Long-Term Debt	370	420
Current and Other Liabilities	120	104
Deferred Revenue	47	49
Share Capital	121	121
Retained Earnings	80	83
Total Liabilities and Equity before Regulatory Deferral	738	776
Regulatory Deferral Balance	26	12
	<u>765</u>	<u>789</u>
Net Debt	418	453
Equity (PUB Approved Methodology)	32%	32%

GAS OPERATIONS
PROJECTED CASH FLOW STATEMENT
(In Millions of Dollars)

For the year ended March 31

	Current Outlook 2019	Approved Budget 2020
OPERATING ACTIVITIES		
Net Income	4	3
Add Back:		
Depreciation and Amortization	24	25
Finance Expense	22	23
Net Movement Impacts on Depreciation and Finance Expense	10	10
Adjustments for Non-Cash Items	11	11
Adjustments for Changes in Non-Cash Working Capital Accounts	12	(15)
Interest Paid	(33)	(34)
Cash Provided by Operating Activities	<u>50</u>	<u>23</u>
FINANCING ACTIVITIES		
Proceeds from Long-Term Debt	20	50
Retirement of Long-Term Debt	-	(20)
Cash Provided by Financing Activities	<u>20</u>	<u>30</u>
INVESTING ACTIVITIES		
Additions to Property, Plant and Equipment	(42)	(47)
Additions to Intangible Assets	(1)	(0)
Additions to Regulatory Deferral Balances	(14)	(13)
Contributions Received	3	3
Cash Used for Investing Activities	<u>(54)</u>	<u>(58)</u>
Net Increase (Decrease) in Cash	16	(5)
Cash at Beginning of Year	<u>(44)</u>	<u>(28)</u>
Cash at End of Year	<u>(28)</u>	<u>(33)</u>

**GAS OPERATIONS
PROJECTED FINANCIAL RATIOS**

<i>For the year ended March 31</i>	Current Outlook 2019	Approved Budget 2020
PUB APPROVED DEBT TO EQUITY RATIO		
Average Long-Term Debt	379.903	404.903
Average Due to Parent	36.019	30.593
Average Debt	415.922	435.496
Average Share Capital	121.250	121.250
Average Retained Earnings	77.808	81.472
Average Equity	199.058	202.722
Average Debt	415.922	435.496
Average Equity	199.058	202.722
Average Debt and Equity	614.979	638.218
PUB Approved Equity Ratio	32.37%	31.76%

**GAS OPERATIONS
PROJECTED FINANCIAL RATIOS**

For the year ended March 31

	<u>2019</u>	<u>2020</u>
INTEREST COVERAGE		
Net Income	4.434	2.894
Finance Expense	20.408	21.603
Capitalized Interest	0.171	0.237
	<u>25.013</u>	<u>24.735</u>
Finance Expense	20.408	21.603
Capitalized Interest	0.171	0.237
	<u>20.579</u>	<u>21.841</u>
Interest Coverage	<u>1.22</u>	<u>1.13</u>
Add: Depreciation and Amortization *	34.893	36.672
Total EBITDA	59.906	61.407
EBITDA Interest Coverage	<u>2.91</u>	<u>2.81</u>

* Includes amortization of deferred income tax

CAPITAL COVERAGE		
Internally Generated Funds	49.771	22.581
Capitalized Interest*	0.171	0.237
	<u>49.942</u>	<u>22.818</u>
Net Capital Construction Expenditures	35.404	40.075
Capital Coverage	<u>1.41</u>	<u>0.57</u>

*Capitalized interest is removed from gross interest paid in order to maintain a consistent ratio calculation using net interest paid