

Liberty Utilities

On the Record Presentation to the
Missouri Public Service Commission

November 28, 2012

Corporate Overview & Financing

Diversified Utility Company



REGULATED

A national US regulated utility corporation

- 32% of earnings in 2011 (47% expected in future)
- Assets: 100% US
- 350,000 connections
- 430,000 connections expected with committed acquisitions



NON-REGULATED

Non-regulated renewable power generation

- 68% of earnings in 2011 (53% expected in future)
- Assets: 50% Canada / 50% US
- 460 MW installed capacity
- 550 MW of acquisition and development



Acquisition Status



Q3 - 2012

✓ **ACQUISITION OF GRANITE STATE/ ENERGY NORTH**

- Electrical and gas distribution assets with more than 126,000 customers
- Rate base of \$250 million

✓ **ACQUISITION OF NATURAL GAS DISTRIBUTION**

- Gas distribution assets in MO, IA, & IL with 84,000 customers
- Rate base of \$112 million

Q2 - 2013

ACQUISITION OF WATER OPERATIONS IN ARKANSAS

- Water distribution asset with 17,000 customers
- Rate base of \$25 million

ACQUISITION OF GEORGIA NATURAL GAS DISTRIBUTION

- Gas distribution asset in GA with 64,000 customers
- Rate base of \$128 million



2012 APUC Financing Activities



NOVEMBER 2012:

- Issued \$120 million in 4.5% rate reset preferred shares to be used to partially fund US Wind acquisitions
- Announced redemption of Series 3 - 7% convertible debentures to equity
- Expanded existing power subsidiary \$155 million credit facility to \$200 million, senior unsecured facility
- Announced \$30 million senior unsecured credit facility at the APUC level

JULY 2012:

- Converted \$15 million in subscription receipts issued to Emera into 2.6 million common shares to partially fund acquisition of Sandy Ridge Wind Farm

MAY 2012:

- Converted \$60 million in subscription receipts issued to Emera in December 2010 into 12 million common shares for utility acquisitions
- Received US\$225 million private placement debt financing commitments for Liberty Utilities with weighted average 10 yr maturity and 4.38%

FEBRUARY 2012:

- Converted Series 2A 6.35% convertible debentures to equity

Financially Capable



- Utilities financed through a combination of debt and equity
 - \$67 million of the \$225 million 10 year debt at 4.38%
- Debt raised exclusively for the use of the regulated utilities division
 - Maintains separate credit rating for utilities group (BBB-, positive outlook)
 - Short and long term credit facilities raised through Liberty Utilities (i.e. not through Algonquin Power & Utilities Corp or Algonquin Power) on the merits of the regulated utility business
 - Unregulated businesses maintain their own credit facilities
- Initial short term credit facility of \$100 million
 - Ability to increase amounts based on closing of additional acquisitions

Liberty Utilities Midstates Company Structure

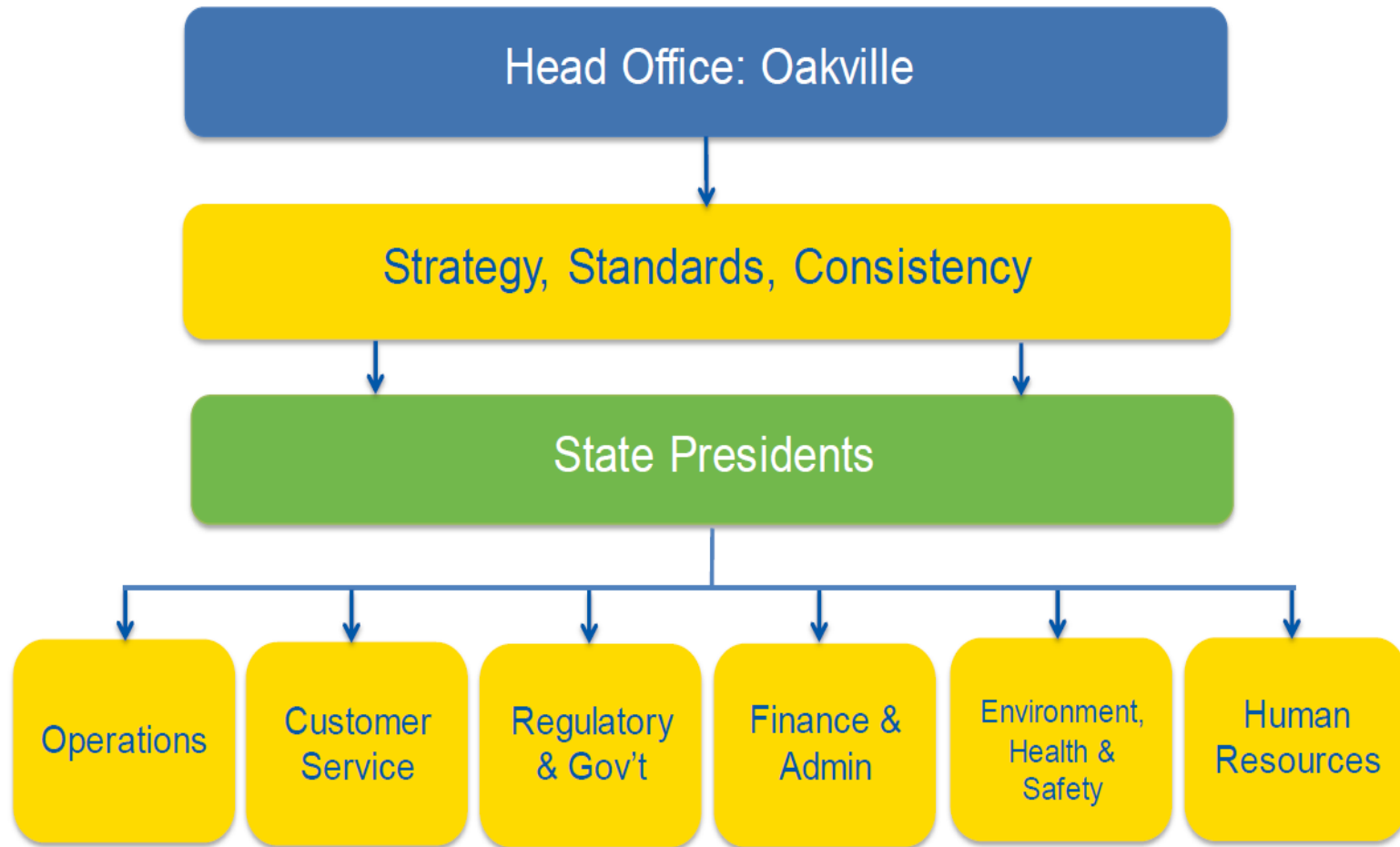
Experienced Utility Owner



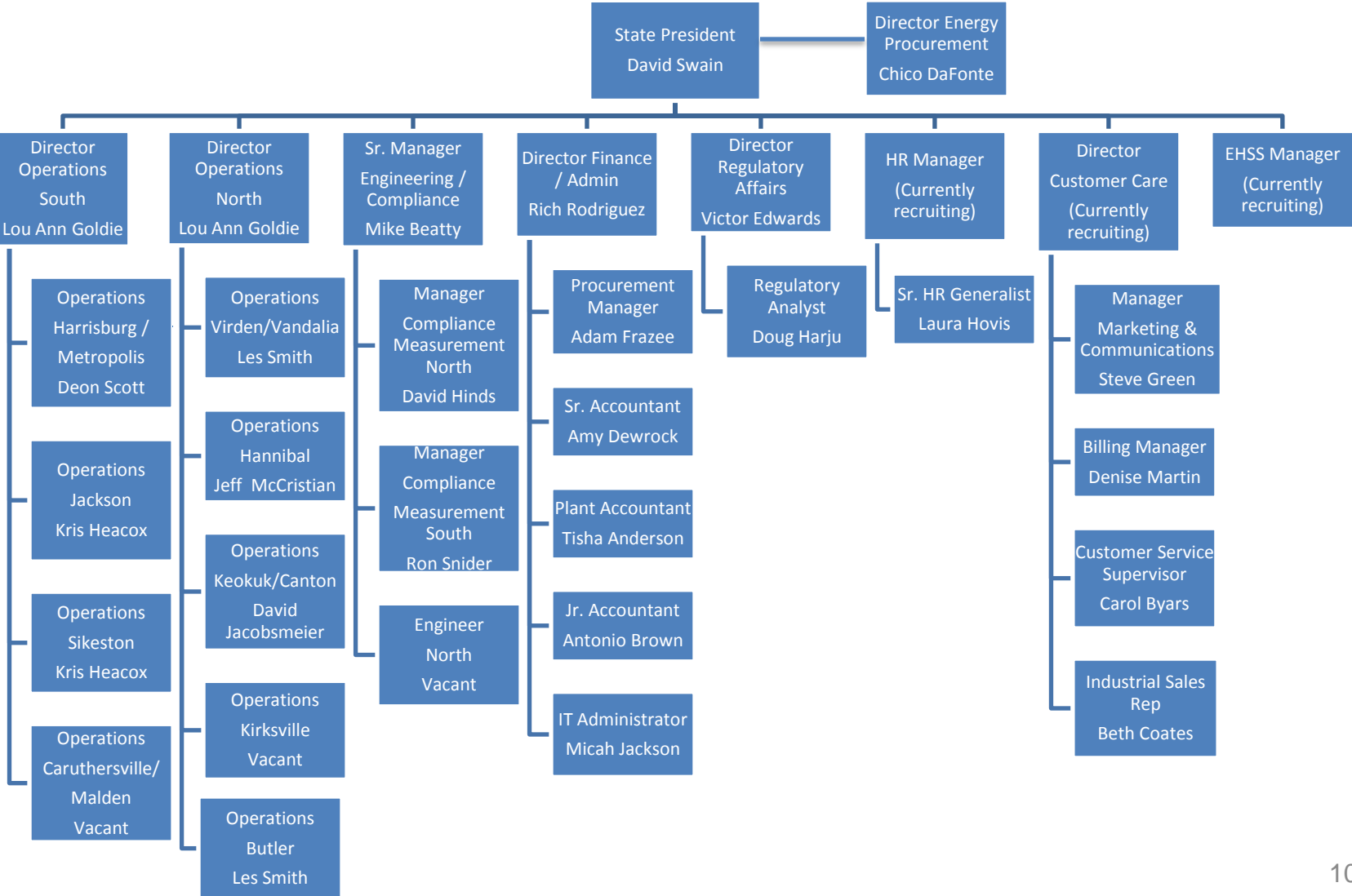
- Now operating 25 systems in 7 states
- Commitments to further investments in utilities:
 - Arkansas (United Water)
 - Georgia (Atmos Energy)



Organizational Structure



Midstates Org Chart



Key Personnel



David Swain

State President



Rich Rodriguez

Finance and
Administration

Louann Goldie

Operations



Chico DaFonte

Energy Procurement

Mike Beatty

Engineering and
Compliance



Victor Edwards

Regulatory and
Government Affairs

Continuing Service Agreements



Liberty UtilitiesSM
WATER | GAS | ELECTRIC

- Continuing Service Agreements in place to provide seamless continuous support to Missouri customers
- Provided by Atmos Energy for term of up to 9 months
- Many CSA's already at minimum levels as Liberty Utilities has assumed responsibility for operations

Impressive Progress to Date



- High Customer Service level continues
- Finance system implemented
- Successful operations audits
- Regulatory reporting continues seamlessly



Water & Wastewater Operations Liberty UtilitiesSM

WATER | GAS | ELECTRIC

- Liberty Utilities owns water and wastewater systems in Missouri
 - Northern Jefferson and Franklin Counties, Cedar Hill Estates (Jefferson County), Cape Rock Village (Cape Girardeau County) (formerly KMB Utilities)
 - Noel, Missouri (formerly Noel Water Company)
 - Timber Creek, Holiday Hills and Ozark Mountain (formerly Silverleaf Resorts)
- Water and Wastewater utilities currently managed out of Arizona and Texas
- Once integration of Midstates gas assets is complete, Midstates management will assume responsibility for the water and wastewater utilities

Customer Care / Billing / Service Quality

Progress



- Calls offered to Liberty Utilities 800 number continues to increase; branding efforts are working
 - Completed 3 bill cycles with no flaws
 - Liberty signage/logo on buildings, vehicles and uniforms
 - Employee involvement in communities, “getting the word out”. Local and responsive. We Care.
- No Gas Customer Complaints to regulatory agencies (MO, IL, IA) since the transition from Atmos to Liberty Utilities
- Service Levels continue to exceed target and are in the 90s.

Progress

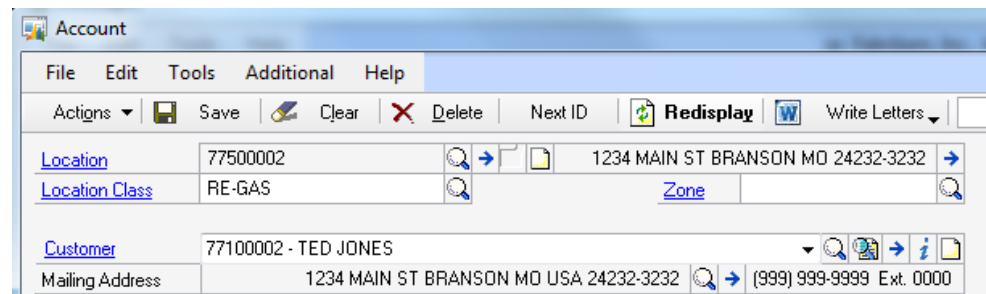


- Transition, communication and support between Liberty and Atmos is excellent. With Atmos providing excellent service to Liberty Utilities Customers.
- A Cogsdale Core Team has completed 2 phases of data testing and validation and expecting a 3rd phase soon
- Customer bills continue to be on time and accurate
- Website completed and customer friendly
- Walk in centers to be opened

Technology Enablers



- In operation since 1977 with more than 300 utility clients across the US
- Utility specific customer information system
 - Customer service
 - Rates
 - Billing
- Deployed at all Liberty Utilities operations since 1998



fiserv Billing Services



Reduce Costs

Speed Revenue Collection

Retain and Delight Customers

Drive Cross-Sell Revenue

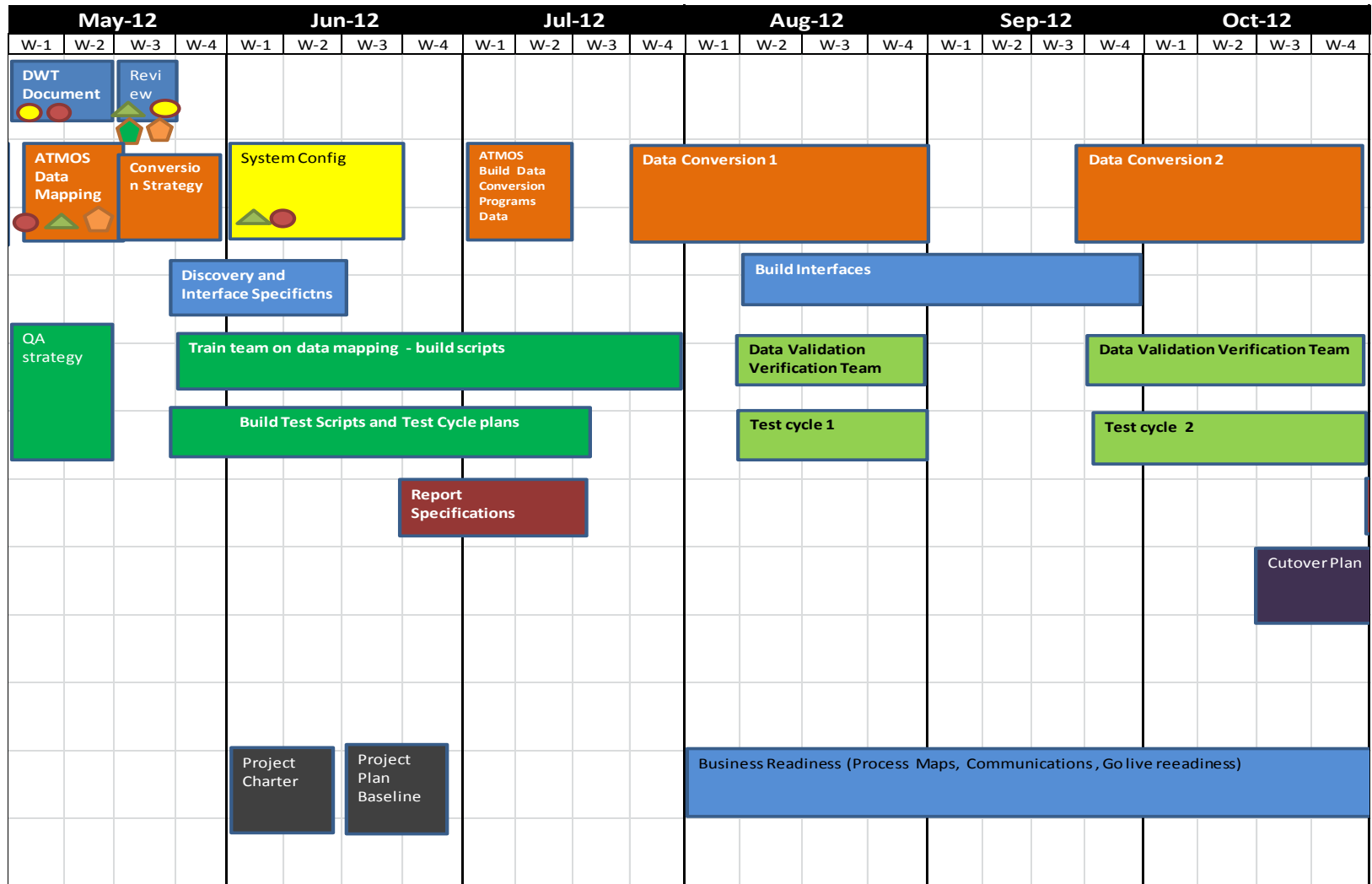


Services

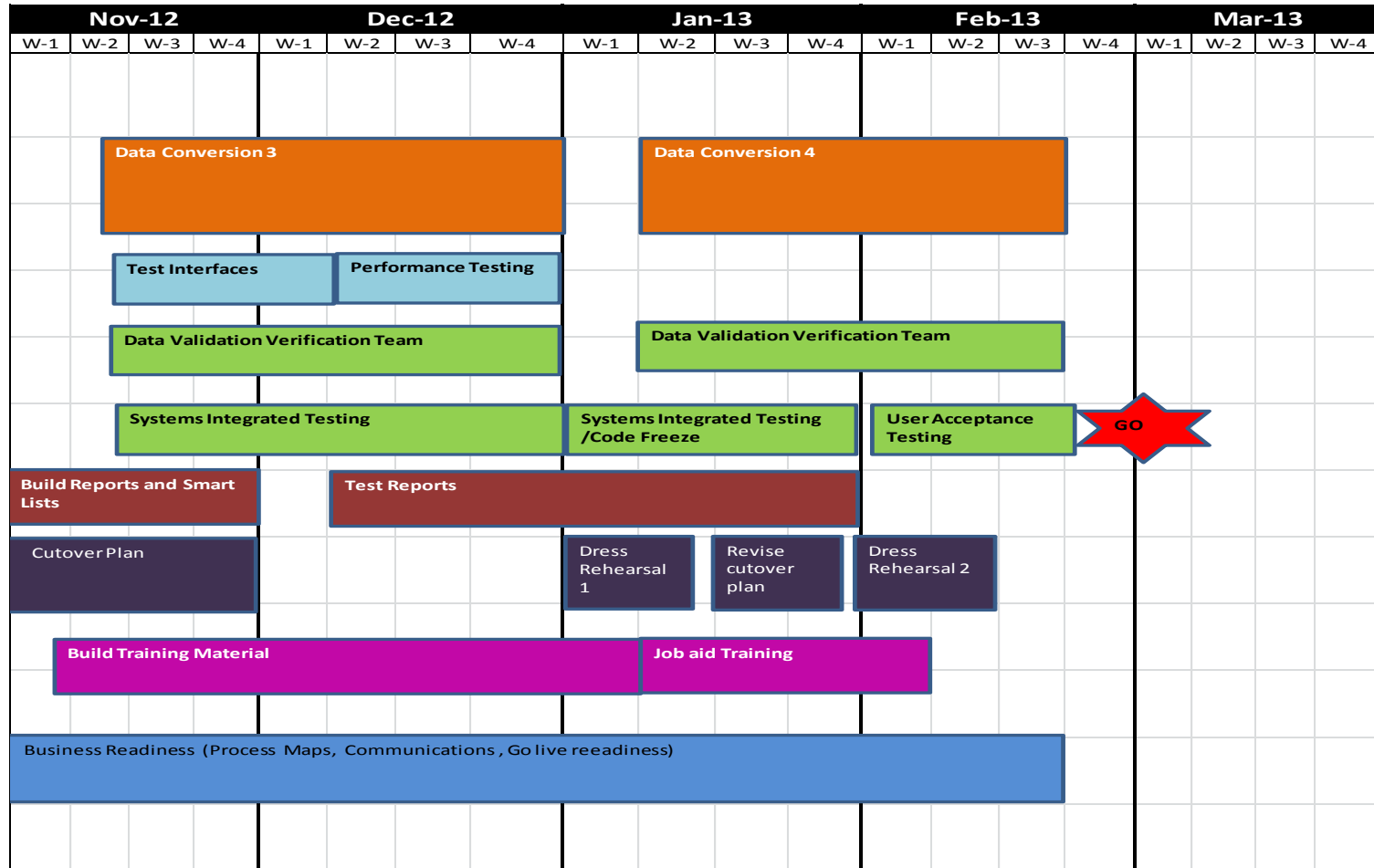


- **Lockbox services**
 - Receiving, Processing of Check Payments and transmission of Customer Payments to Liberty's Financial Institution
- **Bill Print**
 - Printing and Mailing of Customer Bills
- **eBill Presentment**
 - Presenting Customer Bills as well as Receiving Payments at Liberty Utilities or a Banks Web Site
- **Automatic Credit Cards and Bank withdrawals**
 - Leveraging eBill Presentment on Liberty and Bank Sites to create automated payment facilities
- **One time ePayments**
 - Leveraging eBill Presentment on Liberty own Site for one time Bill Payments
- **Walk In Centres to complement our local office**
 - Customers can Pay Liberty's Bill at Merchants like Wal-mart

CIS Plan (May – October 2012)



CIS Plan



Customer Care CSA



Liberty Functions:

- Customer Bills
- Customer Letters
- Customer Communications
- Phone numbers
- Web site
- PSC Complaints
- PSC Reports
- Signage on buildings, trucks and uniforms

Atmos Functions:

- Customer Service
- Billing
- Collections
- Web Account Services
- Customer Escalations
- IVR
- Energy Assistance Program

Operational Safety

Operations



- Seamless & Effective Transition of:
 - Scheduling & dispatch (service, construction, pc program, etc.)
 - Line locates & review plus One Call participation
 - Meter reading
 - Compliance

Operations



- 2 Successful Missouri Public Service Commission (MPSC) safety audits
 - Hannibal, MO (August 20th – 22th)
 - Jackson, MO (October 22nd – 24th)
- On track to complete Hannibal Cast Iron Replacement in 2013
 - Target to complete in 2013, seven years ahead of 2020 mandate

Emergency Repair Response



- Experienced Leadership
 - Senior Engineering & Compliance Manager
 - 2 Compliance & Measurement Managers
- Additional Resources
 - Full Line of Equipment
 - Outside Contractor Support
 - Adding Measurement, CP & Regulation in West
- Total Utility Support
 - Can draw on employee base in 7 states

Gas Supply & Procurement Services

Objectives



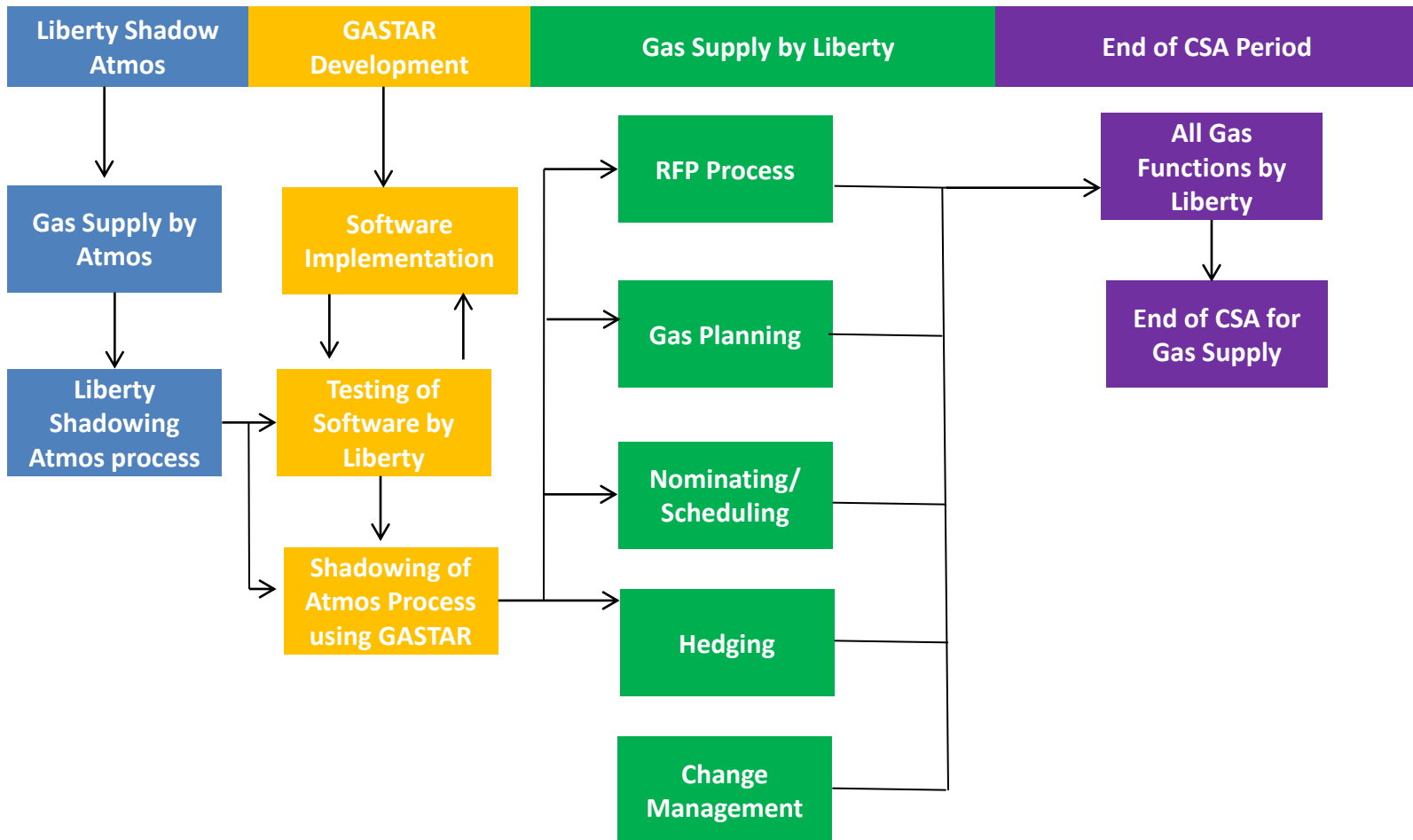
- Maintain existing Atmos processes for:
 - Procurement
 - Scheduling
 - Planning
 - Invoice reconciliation
 - Gas Control

- Opportunities to review/refine processes:
 - Hedging: outcome of Hedging Workshop (EW-2013-0101)
 - Demand forecasting: daily, seasonal
 - Portfolio optimization: SENDOUT[®] optimization model
 - Transportation programs: large customers, schools

Gas Supply Transition

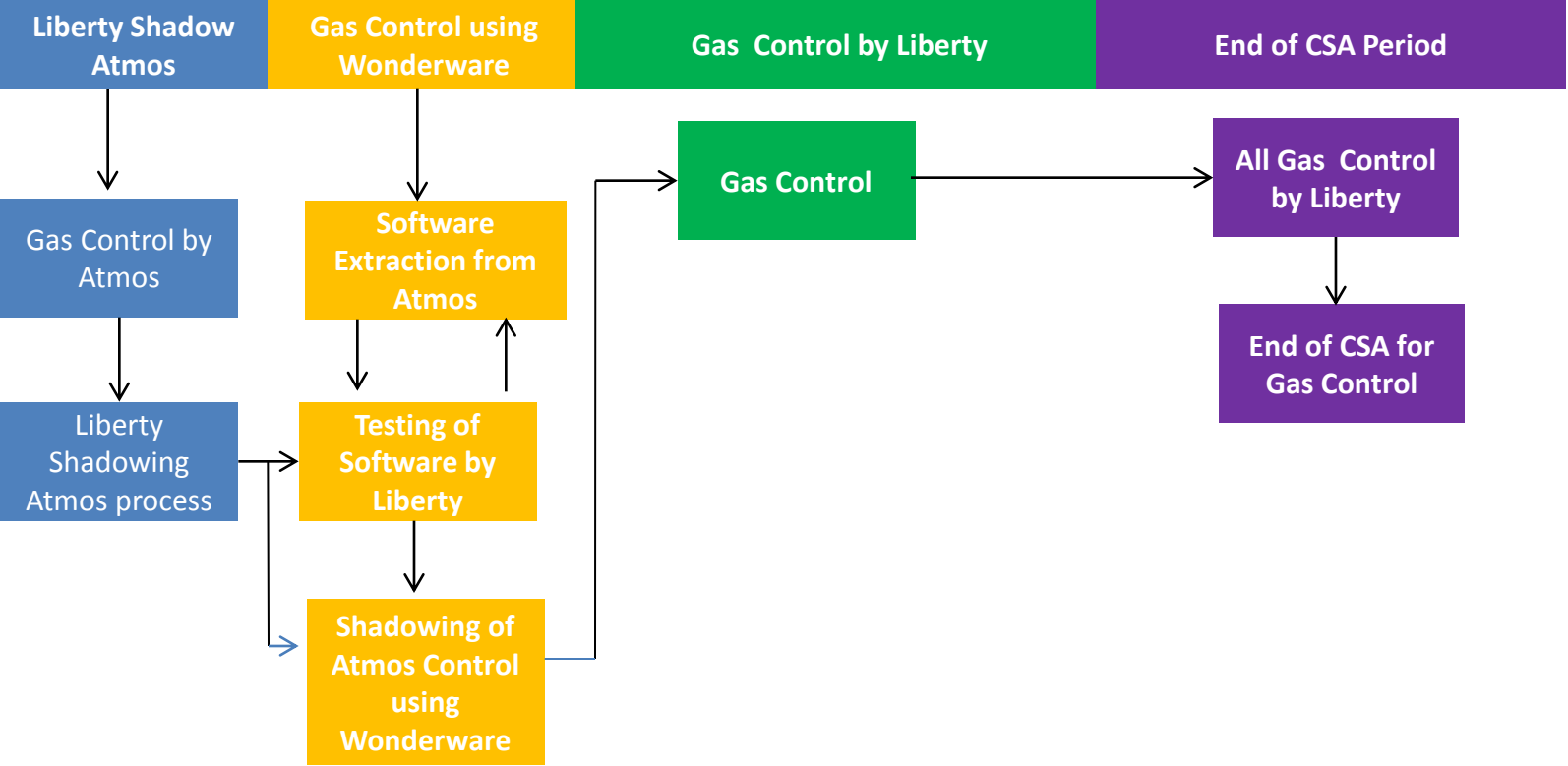


Day 1 to Day 271



Gas Control Transition

Day 1 to Day 271



Progress



- Completed Prior to August 1:
 - Transfer of pipeline transportation contracts
 - Novation of all hedged positions
 - Execution of NAESB's with existing and future suppliers (Stip. Section 15, para. c)
 - Agreement with Gelber for continued hedging guidance
 - Installation of Wonderware gas control system
 - FERC Section 7(f) approval for Rich Hill and Hume
 - FERC 284.224 blanket certificate approval
 - Firm Transportation agreement with SourceGas

Progress



- Completed Since August 1:
 - Installation of EViews demand forecasting software
 - Approval of all supplier and pipeline invoices
 - Approval of all hedging implementation
 - Approval of daily and monthly purchase plan
 - Calculation of all MTM and settlement positions
 - Fully staffed Gas Control center

Progress



- Shadowing:
 - Gas Control monitoring 24/7
 - Monthly planning process
 - RFP process for winter supply and AMA transactions
 - Peak Day forecasting (Stip. Section 15, para. g)
 - Transportation customer cashout and billing
 - Invoice Reconciliation
 - Hedging (Stip. Section 15, para. a-i)
 - PGA/ACA process and data requests
 - Weekly update calls with Atmos personnel

Summary

Our Commitments



- Testimony described initial commitments:
 - ✓ – Financially Capable
 - ✓ – Experienced utility owner
 - ✓ – Improved regulatory transparency
 - ✓ – Focus on reinvestment
 - ✓ – Model emphasizes local presence