

# Versant Power Overview

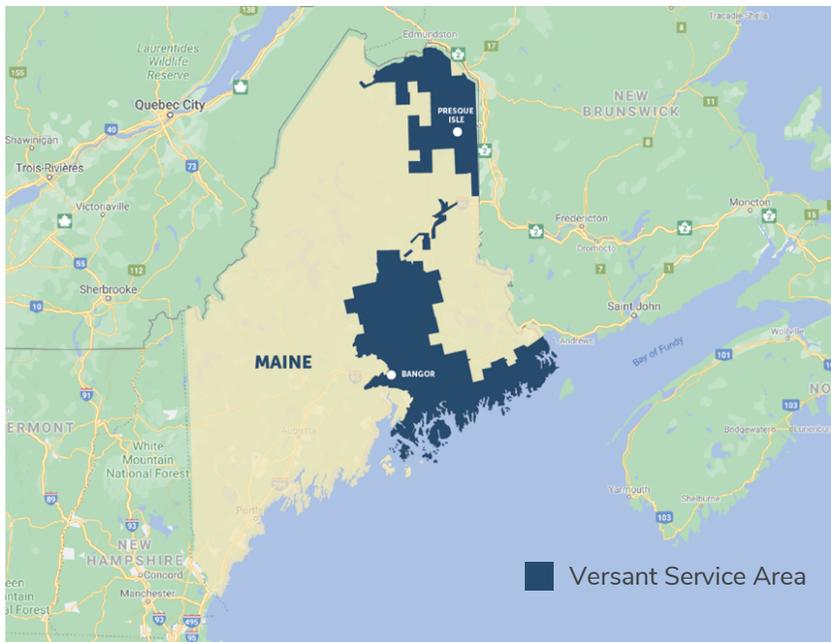


Versant Power is a regulated transmission and distribution utility which owns, operates and maintains an electrical system in northern and eastern Maine.

**Versant Power is owned by ENMAX Corporation and operated as a stand-alone subsidiary of ENMAX.**

ENMAX completed the purchase of Versant Power in spring 2020.

This acquisition is reflective of ENMAX's long-term growth strategy of investing in regulated utilities which diversify our portfolio and align with our industry expertise, community-based values and performance expectations in order to generate stable and growing value for Calgarians into the future.



As the second-largest utility in the state, Versant Power provides electricity and customer care services to more than 159,000 residential, commercial and industrial customers in Maine.

Versant Power maintains the electrical system over 10,400 square miles through five counties, from the crown of Maine to the coast. This includes more than 1,000 miles of distribution system power lines. Each year, Versant Power invests more than \$40 million (USD) to maintain and improve Maine's electricity distribution system.

Versant Power is fully regulated by the Maine Public Utilities Commission and the U.S. Federal Energy Regulatory Commission.

The relationship between Versant Power and ENMAX is similar to the relationship between ENMAX and The City of Calgary. ENMAX serves as Versant Power's shareholder, and Versant's Maine-based executive leadership retains responsibility for the guidance and daily operations of the utility. Versant is overseen by a Board of Directors which holds a minority of independent, local Maine directors.

## Versant Power is a valued and important part of the ENMAX group of companies.

This acquisition is an example of our strategic shift toward investing in and growing ENMAX's portfolio of regulated utilities.

The diversification of ENMAX's investment portfolio provides opportunity and stability to ENMAX's business over the long term. This addition allows us to grow safely, reliably and securely, strengthen our diversification, reduce risk and provide a return that is stable and can be counted on long into the future.

With 80 per cent of Canada's electricity system owned by provincial governments, investment opportunities are not common within our country. This has led to other utilities adopting this cross-border growth strategy, including EPCOR which has assets in Alberta, B.C., Saskatchewan, Ontario, Arizona, New Mexico and Texas.

All our subsidiaries, including Versant Power, fund their own operations and do not subsidize one another. ENMAX's Alberta customers and Versant Power's customers in Maine do not pay for one another's services or investments.

As a subsidiary of ENMAX, Versant Power is fully regulated in a similar manner to ENMAX Power, ENMAX's Calgary-based transmission and distribution utility. Local regulators oversee matters including customer service and reliability, revenue, expenses, capital investment and the amount earned by the shareholder). The financial management of Versant Power is required to be separate from ENMAX's Alberta businesses, ENMAX Power and ENMAX Energy. Earnings from Versant Power flow up to ENMAX and are included in the earnings that drive the dividend to The City of Calgary.



## Financing the Purchase

The purchase price for Versant Power was paid in a combination of cash, credit facilities and privately placed debt by ENMAX directly and not through The City of Calgary. In all cases, ENMAX has the sole accountability to repay these funds. The repayment obligations were not guaranteed by The City of Calgary and there is no recourse to The City of Calgary as ENMAX's shareholder for any of these amounts.

ENMAX customers and The City of Calgary can be assured that ENMAX's electricity rates were not affected by the purchase of Versant Power or the paying down of this debt, and no additional fees are being charged to our customers to offset the cost of acquiring Versant Power.

ENMAX did not seek any funds from The City of Calgary and no funds were granted by The City of Calgary for this investment. There is no exposure to Calgarians for ENMAX's purchase of, or for the ongoing operation of Versant Power. ENMAX expects that The City of Calgary will receive an increased dividend reflecting increased earnings from the acquisition.