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EMA.TO - Q4 2015 Emera Inc Earnings Call

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## CORPORATE PARTICIPANTS

**Scott LaFleur** *Emera - Manager of IR*

**Chris Huskison** *Emera - President & CEO*

**Scott Balfour** *Emera - EVP & CFO*

**Greg Blunden** *Emera - VP of Corporate Strategy and Planning*

**Bob Hanf** *Emera - President & CEO, Nova Scotia Power Inc.*

**Judy Steele** *Emera - President & COO, Emera Energy*

## CONFERENCE CALL PARTICIPANTS

**Linda Ezergailis** *TD Securities - Analyst*

**Paul Lechem** *CIBC World Markets - Analyst*

**Andrew Kuske** *Credit Suisse - Analyst*

**Ben Pham** *BMO Capital Markets - Analyst*

**Robert Kwan** *RBC Capital Markets - Analyst*

**Stephanie Breitman** *RBC Global Asset Management - Analyst*

## PRESENTATION

### Operator

Good morning, ladies and gentlemen, and welcome to Emera fourth-quarter 2015 conference call and webcast.

(Operator Instructions)

Please note that this call is being recorded today, Tuesday, February 16, 2016, at 11:00 Atlantic time. I would now like to turn the meeting over to your host for today's call, Scott LaFleur, Manager of Investor Relations for Emera. Please go ahead, Mr. LaFleur.

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### Scott LaFleur - Emera - Manager of IR

Good morning everyone, and thank you for joining us for our fourth-quarter and year-end conference call this morning. Joining me from Emera are Chris Huskison, President and CEO; Scott Balfour, Executive Vice President and CFO; Greg Blunden, Vice President Corporate Strategy and Planning, and incoming CFO, and other members of the management team.

Emera's fourth-quarter earnings release were distributed earlier via Newswire, and the financial statements and management's discussion and analysis are available on our website at Emera.com. This morning, Chris will begin with a corporate update, Scott will provide an overview of the financial results, and then Greg will provide an update on the TECO acquisition financing and the capital plans moving forward. We expect the presentation segment to last about 20 minutes, after which we will be happy to take questions from analysts.

I will take a moment to advise you that this conference call will contain forward-looking information and statements, with respect to Emera. Forward-looking statements involve significant risk, uncertainties, and assumptions. Certain material factors or assumptions have been applied in drawing the conclusions contained in the forward-looking statements. These factors or assumptions are subject to inherent risks and uncertainties surrounding future expectations generally.



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Such risk factors or assumptions include but are not limited to regulation, energy prices, general economic conditions, weather, derivatives and hedging, capital resources, loss of service area, licenses and permits, environment, insurance, labor relations, human resources, and liquidity risk. A number of factors could cause actual results, performance, or achievements to differ materially from the results discussed or implied in the forward-looking statements.

In addition, please note that this conference is being widely disseminated via live webcast. And now, I will turn things over to Chris.

### **Chris Huskison** - Emera - President & CEO

Thank you, Scott, and good morning. Before I begin, I'd like to introduce Emera's incoming CFO, Greg Blunden. Welcome Greg.

Many of you will know Greg. Since joining Emera in the year 2000, he has been an important part of our finance and strategy team, and has played key roles at Emera Maine and Nova Scotia Power, as well as at Emera itself. Greg was instrumental, along with Scott, in putting together the financing plan around the TECO acquisition, and I want to welcome him in his new role, which officially begins March 1.

I'd like to also congratulate Scott Balfour on his new position as COO Northeast and Caribbean. Scott has contributed tremendous value to Emera as CFO, and I look forward to him taking on his new responsibilities for the bulk of our existing operations. Emera is undergoing significant expansion, and these changes strengthen our capacity to manage this growth, and achieve our strategic goals.

Now, moving to our results. Emera delivered adjusted net income of CAD330 million or CAD2.26 per share in 2015, compared with CAD319.2 million, or CAD2.23 per share in 2014. Adjusted net income, excluding costs related to the pending TECO Energy acquisition, increased by 20% in 2015 to CAD382.8 million, or CAD2.63 per share.

Scott will take you through the details of the quarter and year-end results later in his remarks, but first, I'd like to touch on some key strategic highlights and milestones that Emera reached during 2015. 2015 was a year of important financial and strategic achievements for Emera. Building on our record of dividend growth, we increased our dividends a total of 22.6%, bringing the annualized dividend rate to CAD1.90 per share. We also raised our dividend growth target to 8% per year, through 2019.

In September, we announced a definitive agreement to acquire TECO Energy for \$10.4 billion, including the assumption of approximately \$3.9 billion of debt. We continue to move through major milestones for this acquisition, including the recent approval by FERC and the expiration of the waiting period for the Hart-Scott-Rodino antitrust review. The remaining milestones include the Committee on Foreign Investment review, and the New Mexico regulatory application.

The New Mexico public regulation commission hearing has been scheduled to begin May 23, 2016. Once the New Mexico hearing is complete, the hearing examiner will submit a decision, and then the Commission will vote on the decision and issue an order. We continue to expect the acquisition to close in mid-2016.

On the Maritime Link project I can report that construction is now underway on all major elements of the project. The converter station sites have been turned over to the contractors, who have begun foundation work. Manufacturing of the first two submarine cables is on schedule, and well underway in Japan.

Right-of-way clearing along the DC transmission routes is complete, and clearing along the AC route is nearing completion. The first of the tower grillages was installed, and work continues on the approximately 650 steel structures in Newfoundland and Nova Scotia. The project continues to be on time and on budget.

At Emera Energy we saw a very strong fourth quarter, both from our trading and marketing business, and from our generating fleet. Trading and marketing had the best fourth quarter in the Company's history, reflecting growth in the volume of business, largely from increased investment in transportation capacity rights. It should be noted that value of this capacity is primarily realized in the winter months, with the costs spaced evenly over the entire year.



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The generating fleet, led by our New England gas plants, had a very strong quarter, as well. The gas plants enjoyed strong hedges, as well as the fact that unlike 2014, when Bridgeport was down for maintenance, 2015 had all three US plants up and running throughout the quarter. 2016 is shaping up softer than 2015, with lower spark spreads currently being assumed in the forwards, and lower hedge positions year-over-year.

Last week, the results of the ISO New England latest forward capacity auction, FCA #10, which covers the period from June 2019 to May 2020, set a clearing price with the majority of the region at just over \$7 kilowatt month. This is down from FCA #9's \$9.55, but is more than double where we are today, and 60% higher than our business case for the plants.

In an effort to optimize our portfolio, we've offered in and cleared an additional 85 megawatts in FCA #10. 40 megawatts of this was a result of Bayside's first participation in the capacity market. Bayside's 40 megawatts of capacity obligation attracted a rate of \$4 per kilowatt month, and this revenue stream will add further stability to this asset.

In the rest of New England, Emera responded at the end of January to the Clean Energy request for proposals, the tri-state RFP, being conducted by utilities and state agencies in Massachusetts, Connecticut, and Rhode Island. Those three states are now reviewing bids, which are intended to provide at least 5.1 terawatt hours of clean energy via long-term contracts of up to 20 years. Emera remain in partnership with Central Maine Power, has proposed what is being called the Maine Renewable Energy Interconnect.

This project includes 150 miles of new transmission lines, and new substations. The new transmission lines and upgrades to the existing system would enable up to 1,200 megawatts of wind from several proposed projects in northern Maine, that are concurrently proposed in this RFP. We believe that the MREI is the most cost-effective and technically straightforward option for meeting both the 2020 delivery time line, and the energy requirements requested in the RFP.

Emera, in partnership with others, continues to pursue several options for DC transmission projects to facilitate the collection and transmission of clean renewable energy resources from Maine and Canada into New England. Our focus for DC transmission options, including the Atlantic Link, is on a procurement that we expect will result from proposed Massachusetts legislation, that would enable imports of large-scale hydro and wind energy into New England.

At Nova Scotia Power, we hit a record of renewable energy in 2015, with 26.6% of the electronic used by Nova Scotians coming from renewable resources. The growth in renewable energy has largely been through the development of wind power. The Maritime Link in Muskrat Falls will be the next step, delivering hydroelectricity that will help push Nova Scotia Power over its next target of 40% renewables by 2020.

Nova Scotia Power recently announced it will be exploring new ways to create long-term savings with New Brunswick Power. Last year, they began cooperatively optimizing their generation fleets through joint dispatch, and will now be exploring a regional approach to procurement.

Pursuing a joint procurement process would allow the utilities to leverage their combined purchasing needs, and allow for lower prices, with higher volumes purchased. Exploring savings opportunities with New Brunswick Power and renewable energy aligns with Nova Scotia Power's ongoing commitment to provide stable and predictable rates for our customers.

Moving to the Caribbean, we were able to increase our ownership in Emera Caribbean Incorporated to 95.5%, with our initial offer to purchase the expanding shares. We expect to obtain the remaining outstanding common shares through a secondary transaction recently announced. This transaction helps to streamline the ownership structure of our assets in the Caribbean, and facilitates our continued commitment to the region.

Emera Caribbean's net income increased 41.1% year over year, and continues to provide significant value to Emera. Our outlook for the Caribbean is continuing to improve. We're seeing a significant improvement in tourism, which is helping improve electricity demand. Our solar plant in Barbados continues to progress well, with substation construction underway, all contractors are fully mobilized, and material shipments arriving on a daily basis.

2015 was a very good year. All our businesses improved their financial results, and we advanced the business strategically. With that, I'll turn things over to Scott, who will provide an overview of our financial results for the year. Scott?

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### **Scott Balfour** - Emera - EVP & CFO

Thank you, Chris, and good morning, everyone. Our fourth-quarter and year-end results were released late on Friday, and are available on the Emera website. Emera's consolidated net income in 2015 was CAD397.2 million or CAD2.72 per share, compared with CAD406.7 million or CAD2.84 per share in 2014.

When current-year results are normalized for CAD67.2 million of mark-to-market gains, 2015 net income was CAD330 million or CAD2.20 per share. Mark-to-market gains were CAD87.5 million in 2014, some when normalized, adjusted net income in the prior year was CAD319 million, or CAD2.23 per share.

In 2015, Emera incurred TECO acquisition and financing costs of CAD52.8 million, or CAD0.36 per share. Adjusted EPS was \$2.63, excluding the impact of acquisition costs, representing an 18% increase compared to 2014. The increase year-over-year is primarily due to increased electric margin at New England gas plants, the strengthening US dollar, and improved results at Emera Energy and Emera Caribbean.

I'll begin our segmented results with Nova Scotia Power. Nova Scotia Power's net income increased 4% to CAD129.9 million in 2015, compared to that of last year. The increase in 2015 was primarily due to increased electricity sales, due to weather.

Emera Maine contributed CAD45.1 million to consolidated net income in 2015, compared to CAD42.4 million in 2014. The CAD2.7 million increase was primarily from the positive impact of a stronger US dollar.

As Chris mentioned earlier, Emera Caribbean's net income increased 41.1% to CAD40.5 million in 2015. The higher net income is primarily due to the impact of the stronger US dollar, decreased OM&G costs, and increased electricity sales, primarily due to weather.

The pipeline segment contributed adjusted net income of CAD39.6 million in 2015, compared to CAD32.7 million last year. The increase was primarily due to higher earnings from Maritimes & Northeast Pipeline, and the impact of a stronger US dollar and decreased interest expense.

Emera Energy's adjusted net income increased 32.5% to CAD130.1 million in 2015, compared to last year. The increase was primarily due to increased margin at our Northeast generation facilities, which notably delivered earnings before interest taxes and depreciation of CAD139 million in Canadian dollar terms, a strengthening of the US dollar, the gain of the sale of Northeast Wind, and increased contributions from Bear Swamp.

Our corporate and other segment posted CAD55.2 million loss in 2015, compared to a loss of CAD7.7 million in 2014. The variance was primarily due to CAD52.8 million in acquisition costs relating to the TECO Energy acquisition, partially offset by increased income tax recovery and higher equity earnings.

That's all for my financial overview, but before I hand it over to Greg, I'd like to say I have really enjoyed my CFO role here at Emera. The team has been great to work with, and we've accomplished some great things. I look forward to my new role and challenge as COO, and I know that Emera, its investors, and the team here are all in capable hands as I pass the CFO accountabilities to Greg.

With that, I'll hand it over to Greg to give you an update on our TECO financing and capital plan, as he leads them moving forward. Greg?

### **Greg Blunden** - Emera - VP of Corporate Strategy and Planning

Thanks, Scott, and good morning, everyone. The financing of the TECO acquisition is progressing well, with approximately 85% to 95% of the pre-close financing effectively hedged from a foreign exchange perspective.

Post transaction close, and with the hedging in place, the declining Canadian dollar versus the US dollar is beneficial to our EPS accretion. Our financing plan also provides the benefit of better aligning Emera's relative portion of US earnings with our US-denominated debt.



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Emera and TECO have a combined CAD6.6 billion capital growth plan through to 2019. This growth plan provides the confidence to support our 8% dividend growth target, and once the TECO acquisition closes, the possibility of extending that target past 2019.

Our balance sheet remains strong, with our businesses providing strong cash accretion and financial results. That's all for my very brief update, and now, we'd be happy to take your questions.

### QUESTIONS AND ANSWERS

#### Operator

(Operator Instructions)

Linda Ezergailis, TD Securities.

**Linda Ezergailis** - *TD Securities - Analyst*

Congratulations to both Greg and Scott.

I have a question about Nova Scotia Power. It's really helpful to get your 2016 guidance outlook in the MD&A. And I'm just wondering, with the Electricity Plan Act, and applying some of the excess revenues to the FAM, as well as some of the tax benefits for South Canoe and Stable Wind Project, how might we think of the cash flow trends from NSPI in 2016 and 2017, as it looks now?

**Scott Balfour** - *Emera - EVP & CFO*

So, it's Scott.

I don't think there will be any real material change in terms of cash flow. I think that regulatory deferrals, of course, can have temporal impact on a year-over-year basis. I don't think there's any real dramatic shift that you would expect to see in 2016 over 2015.

**Linda Ezergailis** - *TD Securities - Analyst*

Okay, and when are you going to file your three-year rate plan in the first quarter? And is that going to be available to us, so we can see it?

**Bob Hanf** - *Emera - President & CEO, Nova Scotia Power Inc.*

Bob, here. Thanks, Linda.

We are in the process of finalizing the filing, and it will be a few weeks before we are ready to do that, and we're ready to go.

**Linda Ezergailis** - *TD Securities - Analyst*

Okay, thank you.

And just a follow-up question on your energy business. Your trading margins have done quite well. I'm just wondering, you are growing the business, and yet obviously there is some volatility you can see in margins. How might we think about a maximum and minimum contribution, in a somewhat

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normal year, absent extreme events like a polar vortex, prospectively? And if possible, if you could comment on how 2016 has started in that business?

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**Judy Steele** - Emera - President & COO, Emera Energy

Linda, it's Judy.

We are continuing to guide within a range of \$15 million to \$30 million of net earnings. I would say you can probably consider that a US dollar amount, because, frankly, when we started saying that, we were at a much lower exchange rate, so we are taking that benefit out. It's hard to predict exactly; the trading and marketing business, I think, contributed about CAD45 million to net income this year, but CAD20 million came in the fourth quarter. So we are over this year, but we didn't know that until November and December. So I still think that \$15 million to \$30 million is a reasonable kind of guidance what we can deliver, what we can expect the business to deliver on a normalized basis, and hopefully, when those big years happen, we're in a position to capitalize on them.

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**Linda Ezergailis** - TD Securities - Analyst

Great, thanks Judy, and congratulations for another great quarter.

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**Judy Steele** - Emera - President & COO, Emera Energy

Thank you.

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**Operator**

Paul Lechem, CIBC.

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**Paul Lechem** - CIBC World Markets - Analyst

Maybe just a follow-up on the Emera edge on the trading business. Can you give us some metrics around the increased investment in the transportation capacity? How much have you reserved? How does that change year over year? And looking forward, can you give us some commentary about that?

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**Judy Steele** - Emera - President & COO, Emera Energy

We had about twice as much transportation capacity in the fourth quarter of 2015 as we did in 2014 -- over 900 decs a day. And that really came from one particularly large asset management agreement that we currently have in place. It's only for one year; it expires at the end of October of 2016. So that did give us capacity that we didn't have otherwise.

We've got a significant amount of transportation capacity all the way through to the end of October of this year. The reality is that most of the transportation that we hold comes to us on relatively short-term releases of a year or less, so it can bring some volatility to the earnings, because it's an auction process, and we have to value and bid for the capacity. And sometimes we like the values that are transacting, and other times we don't. I would say it's fair to say we have a healthy chunk available to us through to November 1 of this year, and we'll be adding to that over the summer, presumably, as we respond to different RFPs.



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**Paul Lechem** - *CIBC World Markets - Analyst*

Thank you, that's helpful.

Switching gears to the Caribbean, I see there's a couple of either rates approved in Grand Bahama; and also in DOMLEC, there's an ongoing discussion there around the cost of capital rates. So I'm trying to understand the downside risk in terms of the amount of returns on your business there. Can you give us a sense if both the DOMLEC one and the Grand Bahama one remain at the approved levels? Or I guess the regulatory levels? What that could mean in terms of headway to your Caribbean business?

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**Chris Huskison** - *Emera - President & CEO*

I think, first of all, the DOMLEC piece is very small, Paul, so it is somewhat immaterial. But on Grand Bahama, we're actually very happy with the rate structure that we have there. I think our return on rate-base is in the 8.5%-plus range; that's a return on rate base, not on equity, and so we're pleased with that. And that business continues to perform very well, as we've got it working well today. And at the same time, we also are starting to see some growth there. And I'd say that's primarily the case in both Barbados and in the Bahamas. You can expect some fairly substantive stability in the business as a whole.

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**Judy Steele** - *Emera - President & COO, Emera Energy*

Paul, it's Judy again. I just want to add to my earlier answer.

Most of the value in transportation capacity is in the winter months and the shoulder months, so I just wouldn't want to leave you with the impression that the second or third quarter will have the same value as the transportation capacity that we are able to realize in a winter quarter.

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**Paul Lechem** - *CIBC World Markets - Analyst*

Okay, thanks Judy, thanks Chris.

One last question, if I may, on your holding in Algonquin Power. You haven't participated in the last couple of equity raises there. Can you discuss -- is there a new target in terms of your holding in Algonquin, in terms of relationship? Can you just give us an update, in terms of the strategic investment agreement? Anything you can talk about on that front, please? Thanks

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**Chris Huskison** - *Emera - President & CEO*

I would say that we continue to be status quo on our relationship with Algonquin. This most recent issue that they made was a CD, and so would have been unlikely that we would have participated in anything like that. So they did a very good job by marketing that in the market as a whole, and we're certainly pleased with the way they are advancing the business.

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**Paul Lechem** - *CIBC World Markets - Analyst*

Thanks, Chris.

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**Operator**

Andrew Kuske, Credit Suisse.

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**Andrew Kuske** - *Credit Suisse - Analyst*

Just the first question is a broader question, just on your thoughts on the Clean Power Plan, and where we stand now. Obviously, it's a bit of state of flux, but how do you think about potential movements on the Clean Power Plan with your existing set of assets? And especially as you close off TECO by midyear?

**Chris Huskison** - *Emera - President & CEO*

I guess at this moment, anyway, we don't see much of a change in what's happening in New England. We certainly are well-positioned; our view has always been to maintain a portfolio, and to continue to develop transmission in that market. And so I think that I don't see any change there. The overriding factor in that market is the greenhouse gas initiative that Massachusetts has, anyway. Electricity has made a major contribution, and so that continues to be the case.

If we look at Florida, again, I think what's going on in that market is going to see more and more gas into the market over time. Certainly TECO Energy is currently developing a project at Polk that will be an important future step. And when it comes to People's Gas, we are quite excited about the role that People's can play in reducing carbon intensity while reducing costs for customers. So when we think about that business, we see lots of opportunity to invest. And at this point, the Clean Power Plan wasn't the big part of our capital program, as it was.

**Andrew Kuske** - *Credit Suisse - Analyst*

Okay, that's helpful.

And maybe just drilling into your comments on New England just a little bit more: how do you think of the interplay, or really the competitive dynamics of your transmission projects coming in from Canada into the Northeast US, with effectively carbon-free power versus some of the initiatives to put more gas into that market, which effectively will be having a greater carbon intensity versus your offering?

**Chris Huskison** - *Emera - President & CEO*

At the end of the day, it is all about diversity and balance. And as I said earlier, we're focused on maintaining a portfolio in that market. We think there will continue to be opportunities. I would go to the current RFP that is being reviewed as we speak. We think we've put forward a very important step in improving the transmission system in the state of Maine. We think that, that will not only provide the ability to move more clean energy into that market, but it also will provide the opportunity to reduce some congestion that exists there today.

And so when you put that together, that transmission focus is there. We continue to work on our gas plants to increase capacity, and we continue to see opportunities to do that. And as you heard in my remarks, we have actually been able to get some of the Bayside facility out of St. John, New Brunswick, into that capacity market this time. So we're very pleased with that. And we just continue to think that the market will evolve, and diversity will be important to it.

**Andrew Kuske** - *Credit Suisse - Analyst*

Okay, great. Thank you.

**Operator**

(Operator Instructions)

Ben Pham, BMO Capital Markets.



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**Ben Pham** - *BMO Capital Markets - Analyst*

I wanted to go back to the New England RFP. And I'm just wondering, with that Maine Interconnect line, you have a couple, SunEdison and those guys, proposing the wind facilities into the RFP as well. Do you need that generation to secure contract for the line to go through? Or is there existing generation in the area that could backfill that line?

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**Chris Huskison** - *Emera - President & CEO*

There certainly are multiple bids that have gone in with that transmission, and so we're very comfortable that we have enough megawatt hours that have been bid, that would secure that transmission. And as I said a few minutes ago, there is no question that ISO New England will recognize that, that transmission incremental investment will improve the current situation. There is certainly wind and other sources, resources, in that market today, that are being congested in that area. And so this new 1,200 megawatts of capacity will really be helpful to the system as a whole. And so, putting all those things together, we think will be very helpful.

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**Ben Pham** - *BMO Capital Markets - Analyst*

Okay, thanks for that.

And can you clarify, I think the last conference call, you mentioned that you were potentially looking at bidding another project into the RFP? Was that more a subsequent one?

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**Chris Huskison** - *Emera - President & CEO*

We have about four different DC transmission projects that we are working on. The newest one is the Atlantic Link project, and we see that as being very suited towards the legislation that's currently before the Massachusetts legislature, and so that's really what its focus is.

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**Ben Pham** - *BMO Capital Markets - Analyst*

Okay, and lastly, just a cleanup on Newfoundland, the cost of capital review? Is that going to be retroactive to the beginning of 2016?

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**Scott Balfour** - *Emera - EVP & CFO*

Ben, it's Scott.

Truthfully, I don't recall the effective date of that, but certainly whatever through our contracted return on equity on our investment on Labrador on a Link would parallel the date of any effective change in the ROE, approved by the Newfoundland and Labrador regulator, as it relates to Newfoundland Power. I don't remember as to whether it's retroactive or not, but certainly, would apply parallel to whatever that decision is.

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**Ben Pham** - *BMO Capital Markets - Analyst*

Okay, that's helpful. Thanks, everybody.

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**Operator**

Robert Kwan, RBC Capital Markets.



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**Robert Kwan** - RBC Capital Markets - Analyst

If I can just come back, Judy, to some of the disclosure you gave around the energy marketing and trading side of things, and the increase in volumes. I'm just wondering, in the fourth quarter, was there some specific event that allowed you to generate higher than normal profit, given it didn't feel like there was huge weather events during the quarter?

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**Judy Steele** - Emera - President & COO, Emera Energy

No, if anything, it was a little warmer than normal in the quarter. So to the extent that we have transportation capacity, we have more available, because if it was owned by an LDC, a gas distribution company, they weren't maxed out. So we have a little bit more available capacity than we might have expected to have had. We weren't moving the gas at huge premiums, but we did have an opportunity to move a little bit more than we would have otherwise expected to, at that time of year. So that's the real thing. But the reality is, it really is about the volume of capacity that we had at hand.

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**Robert Kwan** - RBC Capital Markets - Analyst

Right, so I guess with that, it really was -- I guess I'm trying to think into Q1 here, right? That we haven't had great weather events either -- that volume, that Q4 number in theory should look pretty good for the first quarter as well?

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**Judy Steele** - Emera - President & COO, Emera Energy

Well, we are only one month into the first quarter. I will say it looks okay for January.

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**Robert Kwan** - RBC Capital Markets - Analyst

Okay, thanks, Judy. And then a smaller cleanup here on Maine.

Can you give additional color here along the AFUDC audits? And then just the transmission revenue adjustments? I know the latter tends to come up from time to time, but if there's anything with respect to Q4, that would be great.

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**Chris Huskison** - Emera - President & CEO

The AFUDC in Maine.

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**Scott Balfour** - Emera - EVP & CFO

There was a slight adjustment in the fourth quarter of CAD2.2 million, if memory serves, that we took that position in the fourth quarter. And that fully addresses the FERC review through the period.

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**Chris Huskison** - Emera - President & CEO

And as it relates to the FERC tariff, we've been working to normalize that more and more over time. And I think we feel in pretty good shape, relative to that situation right now, Robert.

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**Robert Kwan** - *RBC Capital Markets - Analyst*

Okay, but it sounds like both items are generally non-recurring and related to prior periods?

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**Scott Balfour** - *Emera - EVP & CFO*

That's correct.

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**Chris Huskilson** - *Emera - President & CEO*

That's the way to say it, yes.

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**Robert Kwan** - *RBC Capital Markets - Analyst*

Great, thank you.

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**Operator**

(Operator Instructions)

Stephanie Breitman, RBC Global Asset.

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**Stephanie Breitman** - *RBC Global Asset Management - Analyst*

Can you please comment on the materiality of project leads and cost overruns that now occur, with regard to Muskrat Falls and the Maritime Link project?

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**Chris Huskilson** - *Emera - President & CEO*

So as far as the project itself goes, Emera is responsible for the Maritime Link portion of the project, and we don't have any connection to the cost structure of the other portions of the project. And in fact, even as it relates to Maritime Link, there is a cost-sharing mechanism relative to our relationship with Nalcor. There is really no connection from a cost perspective, first of all. And again, I'd remind you that the Maritime Link is on time and on budget as we sit today.

As it relates to the timing of energy coming available -- essentially we'll be working to make the Maritime Link used and useful just as soon as it's available for operation, and we expect that to be late in 2017. And as it relates to the generation, we're mostly focused on making sure the transmission is in place. There are generation sources across that system that we would use, and Muskrat will be online when it's ready.

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**Stephanie Breitman** - *RBC Global Asset Management - Analyst*

Okay, great. Thank you.

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**Operator**

At this time, I have no further questions in queue. I turn the call back over to the presenters for closing remarks.

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**Chris Huskilton** - Emera - President & CEO

Okay, well, thank you very much, folks. As I said earlier, 2015 was a very good year for the business. We advanced both from a commercial and financial perspective, and also from a strategic perspective. And so we're very pleased with the year, and we are happy with your attention to Emera. Thank you very much, and have a good day.

**Operator**

Thank you, everyone. This concludes today's conference call. You may now disconnect.

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