

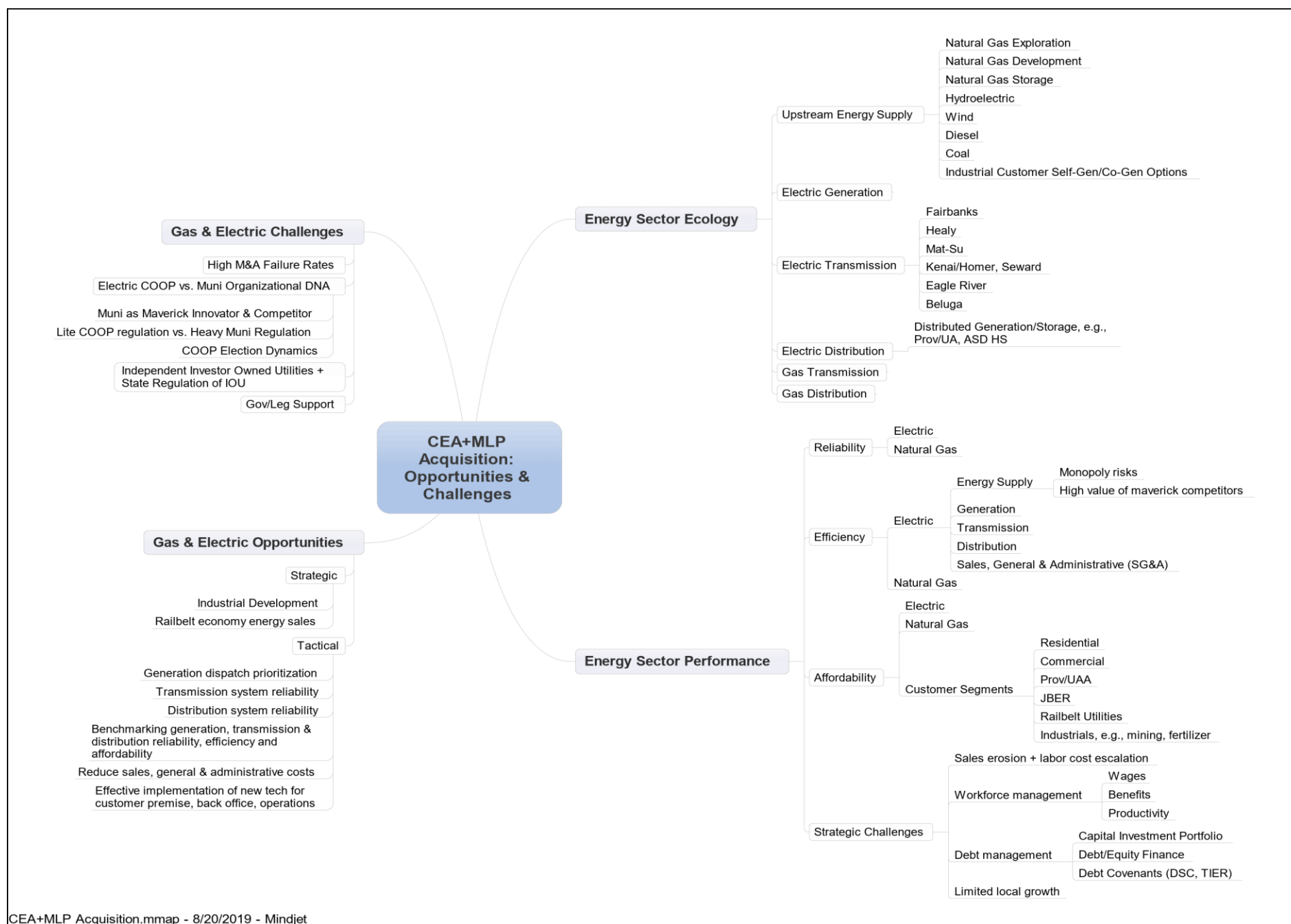
# CEA – ML&P Acquisition Opportunities & Challenges

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Prepared for Commonwealth North Energy Action Coalition

August 23, 2019

# Topic Overview



# Disclosures, Caveats & Limitations

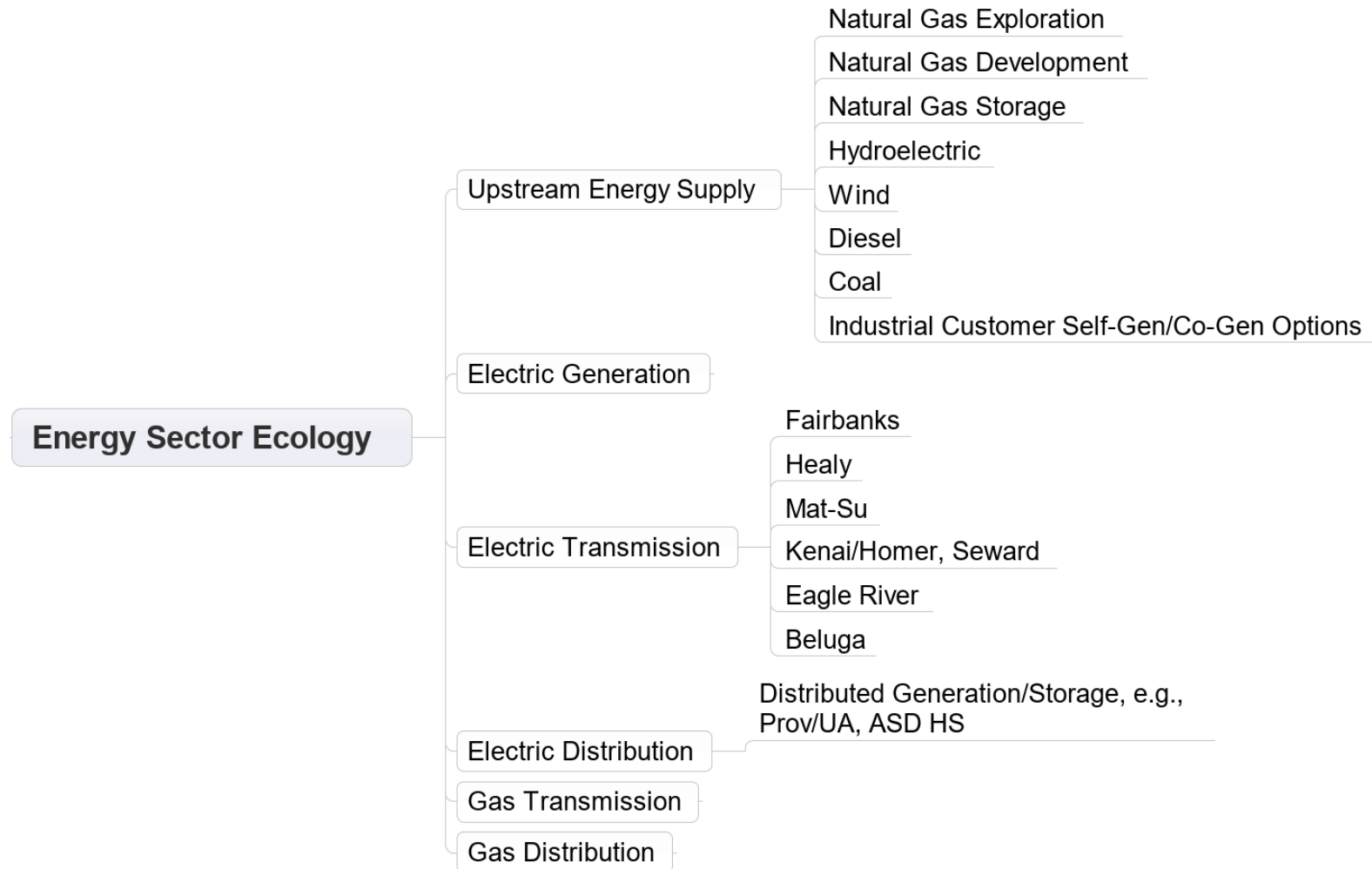
## Disclosures

1. Mark A Foster & Associates (MAFA) was recently retained by GVEA to assist in an analysis of the potential impact of the proposed CEA-ML&P acquisition on the “economy energy” market, e.g., utility to utility sales which have historically been dominated by Fairbanks utility purchases of gas fired electricity from Southcentral utilities. That consulting engagement concluded in June.
2. Mark Foster served as the Director, Office of Management & Budget, and CFO for the Anchorage School District from 2012-2016 where he engaged internal and consulting resources to evaluate initiatives to reduce roughly \$20 million a year in gas and electric costs for the district’s 7.8 million square feet of public facilities.
3. Mr. Foster currently serves on the Board of Directors of Alaska & Telephone where he joined the board as an independent director as part of a bankruptcy workout in 2004. AP&T’s stock price has grown at a 14% CAGR during Mr. Foster’s tenure on the board.
4. Mr. Foster served on the ML&P Board during the evaluation and adoption of an integrated resource plan that supported replacement of aging gas turbines with new highly efficient gas turbines and upgrading transmission network to improve system reliability. Mr. Foster contemporaneously served on Alaska Energy Authority study groups on Railbelt industry issues.
5. Mr. Foster served on the Alaska Public Utilities Commission (subsequently reformulated as the RCA) from 1990-1993 and, after requisite statutory quiescence, has provided consulting services to oil & gas, pipeline, telecommunications, electric, water/wastewater and refuse sector clients. Mr. Foster has served as an expert witness in pre and post FMUS privatization transactions evaluations as well as the ATU/ACS privatization.
6. Mr. Foster was born and raised in Fairbanks, graduating from Lathrop High School in 1979 and received a B.S. in Civil Engineering from Stanford University in 1983. After graduating, he returned to Fairbanks where he worked as a project engineer on a refurbishment of the coal-fired Chena Power Plant in Fairbanks where his grandfather worked during its expansion in the 1950s.

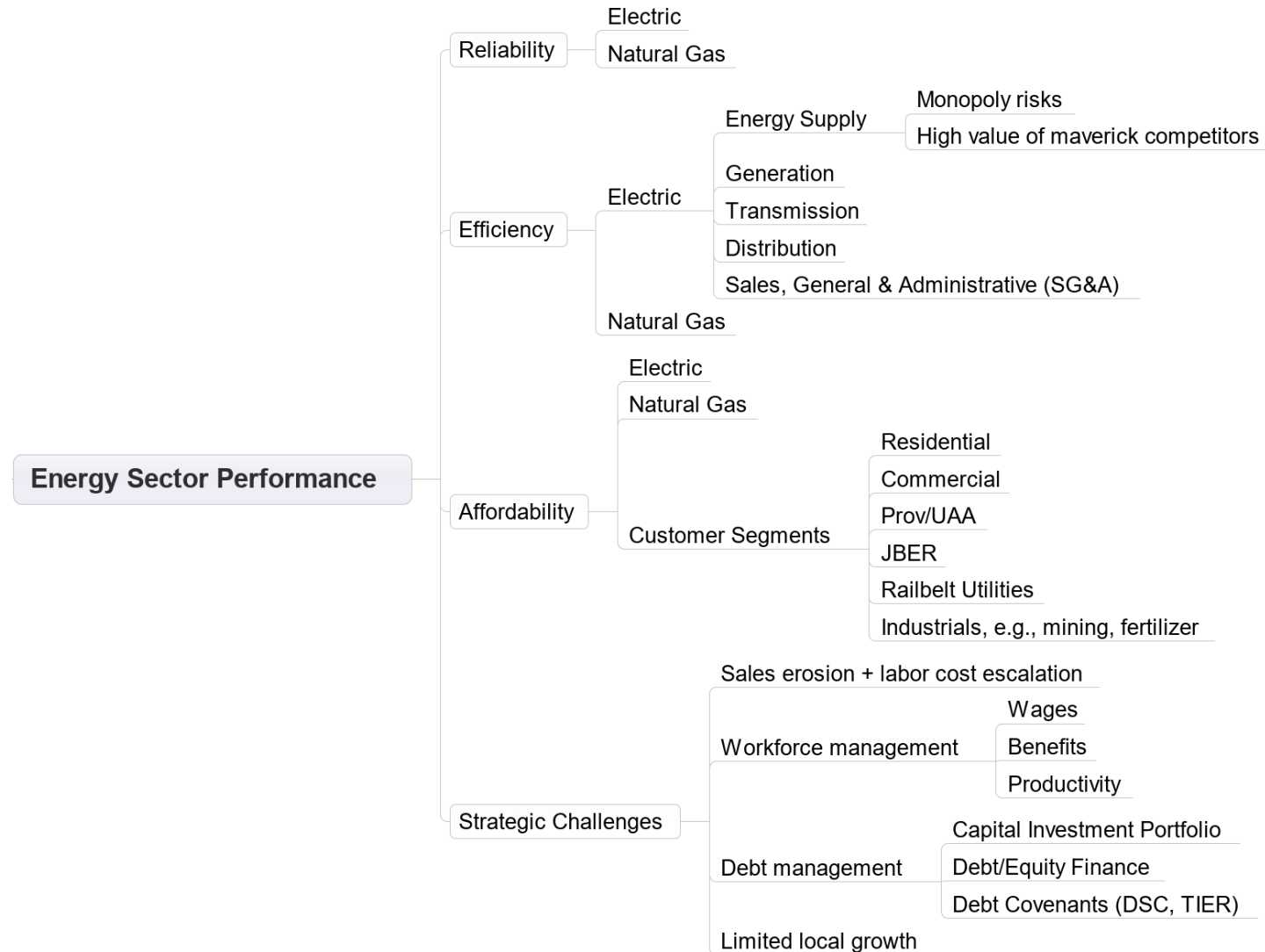
## Caveats & Limitations

1. The views expressed here have been independently developed – since first studying railbelt electric utility supply and demand issues in 1982 in a detailed evaluation of the Susitna Hydroelectric opportunity – and do not represent the views of any consulting clients.
2. This presentation is designed to provide broad and relevant context for gas and electric utility customers and policy makers in order to help frame questions around the challenges and opportunities presented by a potential merger of CEA and MLP with an emphasis on how a potential merger might generate economic value for utility customers, current and prospective, as well as electric utility customer opportunities to provide competitively priced goods and services.
3. This presentation is not designed to substitute for a detailed quantitative analysis of the ratepayer implications of the transaction that has been presented to the RCA.

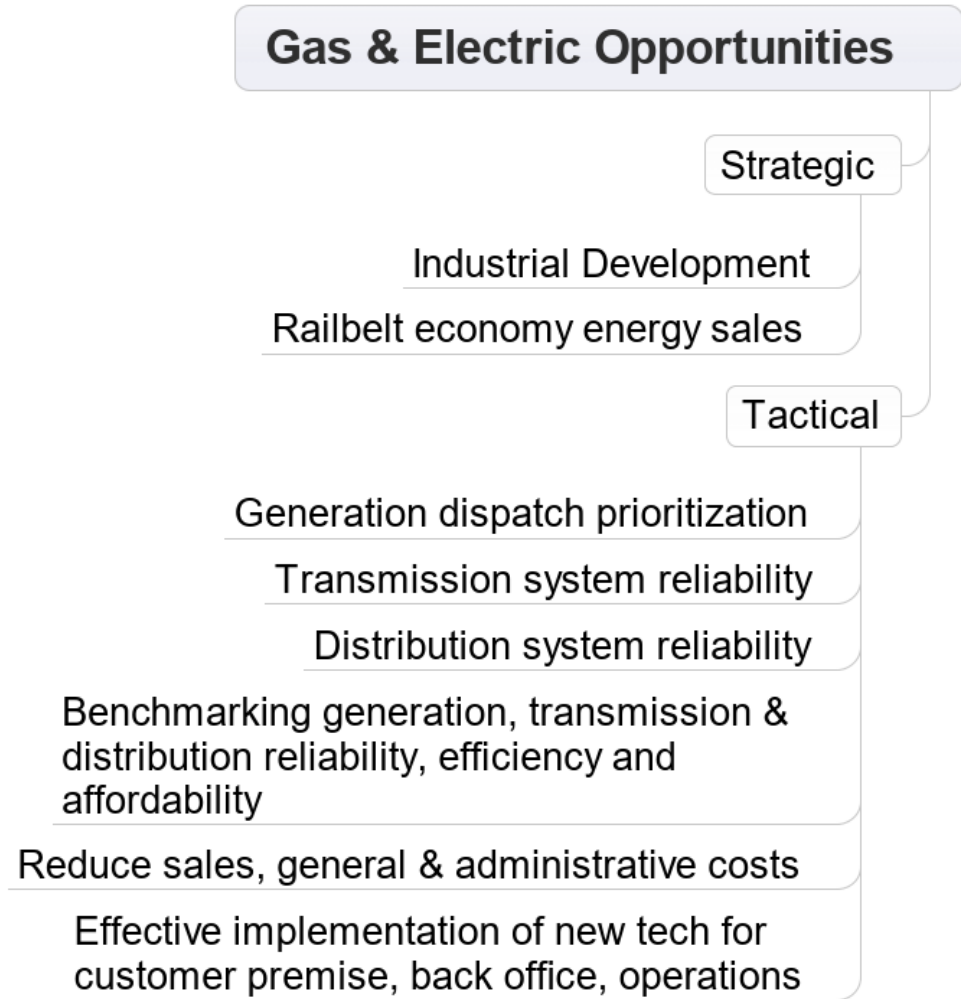
# Railbelt Energy Ecosystem



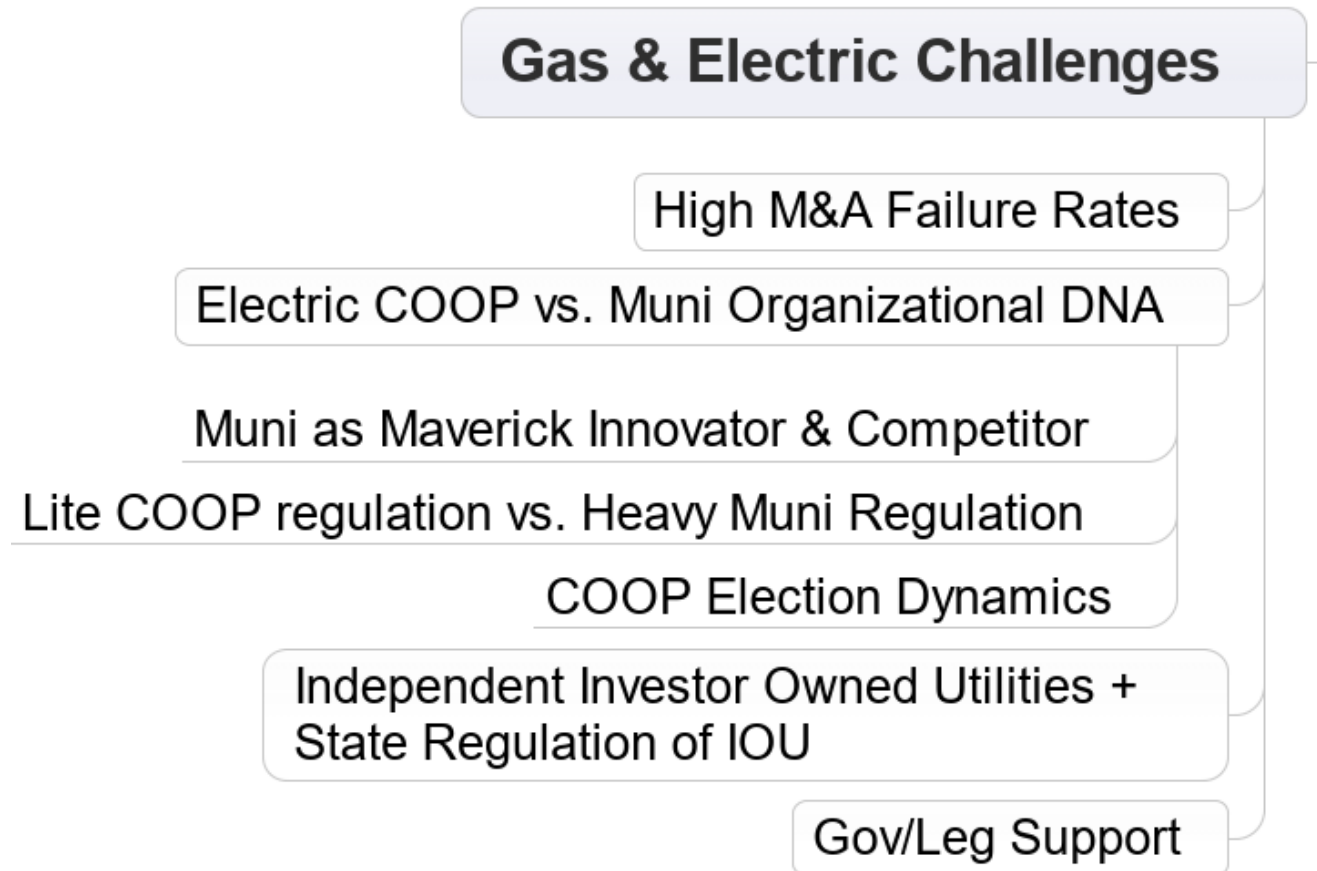
# Energy Ecosystem Performance Measures



# Gas & Electric Sector Opportunities



# Gas & Electric Sector Challenges



# CEA & MLP Financials

	Audited Financial Statements	
	2018	
	<u>CEA</u>	<u>MLP</u>
Revenue	202.3	177.7
<u>Cash Flow</u>		
Operating	39.6	47.5
Financing	-12.1	-24.6
Investing in Plant	<u>-27.3</u>	<u>-20.8</u>
Net Cash	0.2	2.1
<u>Cash Flow as Pct of Rev</u>		
Operating	19.6%	26.7%
Financing	-6.0%	-13.8%
Investing In Plant	<u>-13.5%</u>	<u>-11.7%</u>
Net Cash	0.1%	1.2%
<u>Debt</u>		
Long term debt	398.4	324.8
Debt as Pct of Rev	197%	183%
Interest Pmts	22.2	16.8
Op Cash / Interest Pmts	1.78	2.83