Capital Power
Fourth Quarter 2015 Conference Call
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OPERATOR: Welcome to Capital Power's fourth quarter 2015 results conference call. At this time all participants are in listen-only mode. Following the presentation the conference call will be opened for questions. This conference call is being recorded today, February 19, 2016. I will now turn the call over to Randy Mah, Senior Manager Investor Relations. Please go ahead.

RANDY MAH: Good morning and thank you for joining us today to review Capital Power's fourth quarter and year-end 2015 results, which were released yesterday. The financial results and the presentation slides for this conference call are posted on our website at capitalpower.com. We will start the call with opening comments from Brian Vaasjo, President and CEO, and Bryan DeNeve, Senior Vice President and CFO. After our opening remarks we will open up the lines to take your questions.

Before we start, I would like to remind listeners that certain statements about future events made on this conference call are forward-looking in nature and are based on certain assumptions and analysis made by the company. Actual results may differ materially from the company's expectations due to various material risks and uncertainties associated with our business. Please refer to the cautionary statement on forward-looking information on Slide #2.

In today's presentation we will be referring to various non-GAAP financial measures, as noted on Slide #3. These measures are not defined financial measures, according to GAAP, and do not have standardized meanings described by GAAP and, therefore, are unlikely to be comparable to similar measures used by other enterprises. Reconciliations of these non-GAAP financial measures can be found in the Management's Discussion and Analysis for 2015. I will now turn the call over to Brian Vaasjo for his remarks starting on Slide #4.

BRIAN VAASJO: Thanks Randy. I'll start off by reviewing our highlights for 2015. Capital Power delivered solid performance in 2015 with the Company meeting or exceeding its annual operating and financial targets. This included achieving average plat availability of 95% compared to the 94% target. We also generated $400 million in Funds from Operations, which was at the upper end of the $365 million to $415 million target range. We also continued to strengthen our contracted cash flow with the addition of three new facilities in 2015, with 305 megawatts under long-term PPAs. The Shepard Energy Centre, K2 Wind, and Beaufort Solar were all added to the fleet during the year, on time and either on or below budget. We increased the annual dividend by 7.4% and provided annual dividend growth guidance of 7% per year for the next three years, out to 2018. Finally, through our share buy-back program, we repurchased approximately 6 million common shares that represented approximately 7% of the outstanding shares at the beginning of 2015.

Turning to Slide 5, I want to provide an update on the impact of the Alberta Climate Leadership Plan. We continue to wait for further details on the plan that was announced by the Alberta Government last November. One component of the Climate Leadership Plan is the accelerated phase-out of coal facilities with replacement generation, coming mostly from renewables. We are well positioned to participate in this opportunity. As you can see on the chart, Capital Power is a leading IPP developer in the Alberta market. With our construction expertise, we are well positioned to develop and build renewables and natural gas-fired facilities.

Moving to Slide 6, the other aspect of the accelerated phase-out of coal facilities is how the Government of Alberta will compensate companies that are impacted. The Government has stated that they are committed to avoid unnecessarily stranding capital and to treat companies fairly. Our continued understanding is that we will be fairly compensated for the early shutdowns of Genesee 1 and 2 and our 50% interest in Genesee 3 and Keephills 3. This belief is based on the Government's statements and the planned introduction of the Carbon Competitiveness Regulation, or carbon tax, starting in 2018, which is expected to generate several billions in new Government revenues. At this time we are still waiting the appointment of a facilitator. Our understanding is that the Alberta Government is aiming to announce the facilitator's name and mandate in the near future and will commence discussions with the affected coal companies at that time. We expect the details regarding the timelines and terms of reference will be published once the facilitator is announced. For Capital Power, ensuring we receive fair compensation remains a top priority.

Turning to Slide 7, I'd like to provide an update on our Genesee 4 & 5 project. In 2015, limited construction activities took place due to the uncertainty stemming from the Climate Leadership Plan. We have worked with the turbine manufacturer and have deferred the original March 1, 2016 full notice to proceed deadline. This deadline has been deferred by up to 90 days from March 1st. Further investments in the Alberta market, including continuation of construction of Genesee 4 & 5 project, will be considered once sufficient detail around the CLP is released and the Company has assessed the impact on its existing Alberta assets. If Capital Power were to proceed with the Genesee 4 & 5 project, with targeted completion as early as 2020, we need to have certainty with respect to the three critical issues. First, fair compensation from the Alberta Government for the projected accelerated closure of coal-fired facilities. Second, clarity that implementation of the CLP will have no adverse impact on the Alberta electricity market design. And last, appropriate price signals from the energy-only market.

On Slide 8 is a summary of our plant availability operating performance of our plants for the fourth quarter of 2015, compared to the same period a year ago. We had outstanding operational performance in the fourth quarter, with average plant availability of 99% compared to 94% in the fourth quarter of 2014. As you can see, plant availability across the entire fleet was in the high-90's, with the exception of our Southport facility, which was at 93%.

Turning to Slide 9. As you see in the chart, 2015 was consistent with past performance. Capital Power has a proven track record of high fleet availability. In the last 5 years, we've achieved 93% average annual plant availability and we expect to continue this strong operational performance in 2016, where we are targeting plant availability of 94% or higher. I'll now turn the call over to Bryan DeNeve.

BRYAN DENEVE: Thanks, Brian. Starting on Slide 10, I would like to review our fourth quarter financial performance. As Brian mentioned, we had a strong quarter with 99% average plant availability and a 23% increase in electricity generation, compared to the fourth quarter of 2014. We generated $125 million in Funds from Operations, representing the highest FFO in a quarter in 3 years. Normalized earnings per share was $0.42, compared to $0.20 a year ago. The average Alberta power price was $21/MWh in the fourth quarter, compared to $30/MWh in the fourth quarter of 2014. Despite the 30% year-over-year decline, our trading desk captured 162% higher realized average price of $55/MWh versus spot price at $21/MWh.

Moving to Slide 11. The strong performance from our trading desk has been evident over a longer period of time. The orange line in the chart represents Capital Power's realized price for managing our exposure to commodity risk and reducing volatility. As you can see, not only is there less volatility compared to the average spot price, shown by the green line, Capital Power's average realized power price has exceeded the spot price by 25% on average in the past 6 years. So we continue to see consistent material value creation from our portfolio optimization activities.

Turning to Slide 12, I'll review our fourth quarter financial results, compared to the fourth quarter of 2014. Revenues were $341 million, down 21% from Q4 2014, primarily due to the unrealized changes in fair value of commodity derivatives and emission credits. Excluding mark-to-market changes, plant revenues were up 11%. Adjusted EBITDA, before unrealized changes in fair values, was $133 million, up 28% from the fourth quarter of 2014, result of higher generation across the fleet, the addition of Shepard, and a full quarter from Macho Springs. Normalized earnings per share of $0.42 increased 110%, compared to $0.20 a year ago. As mentioned, we generated strong Funds from Operations of $125 million in the fourth quarter, which were up 23% year-over-year.

Turning to Slide 13, I'll cover our 2015 annual results compared to 2014. Overall, 2015 results showed year-over-year improvement across all financial measures. Revenues were $1.25 billion, up 2% year-over-year, primarily due to strong portfolio optimization results. Adjusted EBITDA, before unrealized changes in fair values, was $462 million, up 19% from a year ago, primarily due to higher contributions from the Alberta commercial plants and from Alberta contracted plants. Normalized earnings per share were $1.15 in 2015, up 60% compared to $0.72 in 2014. We generated $400 million in Funds from Operations in 2015, which is a 10% improvement from 2014.

I'll conclude my comments with our financial outlook on Slide 14. For 2016, our FFO guidance of $380 to $430 million is based on the Alberta base-load plants being 100% hedged at the start of the year, at an average hedge price in the high $40/MWh range. This compares favorably to the average 2016 forward price of $35/MWh, as at the end of 2015. Although our base-load position in 2016 is fully hedged, we have the ability to capture additional upside in power prices with our peaking and wind facilities. We will also see a full year of operations from Shepard, K2 Wind, and Beaufort Solar in 2016. For 2017, we are 38% hedged at an average hedge price in the low-$50/MWh range, and for 2018 we are 9% hedged in the mid-$60/MWh range. The forward prices for 2017 and 2018, at the end of 2015, were $40 and $51/MWh respectively. Overall, we are managing current low Alberta power prices with continued cash flow per share growth in 2016. I'll now turn the call back to Brian Vaasjo.

BRIAN VAASJO: Thanks Bryan. Starting on Slide 15, I'll conclude my comments by reviewing our 2015 operational and financial performance versus targets, and recap our 2016 targets. As mentioned, our 95% plant availability performance in 2015 exceeded the 94% target. For 2016, our average plant availability target is 94%, which includes major planned outages at Genesee 2 and 3, Clover Bar Energy Centre, Joffre, and Shepard. Our sustaining CAPEX was $62 million in 2015, which was slightly below the $65 million target. We are targeting $65 million for 2016. Our plant operating and maintenance expense for 2015 came in at $192 million, which was in line with our target range of $192 to $200 million. For 2016, we are targeting $200 to $220 million for plant operating and maintenance expenses. And, as previously mentioned, we achieved the upper end of our 2015 financial guidance by generating $400 million in Funds from operations. For 2016, we are targeting FFO in the range of $380 to $430 million.

Turning to Slide 16, we have two development and construction growth targets in 2016. As mentioned, the timing for full notice to proceed for Genesee 4 & 5 is contingent on clarity with respect to the impact of decisions from the Alberta Government's Climate Leadership Plan, and the appropriate price signals from the Alberta energy-only market. The second growth target is executing a PPA for a new development. The progress on our Bloom Wind project is at the most advanced stage at this time. Bloom Wind is a 180 MW wind project in Kansas and construction is ready to go, once an agreement can be executed. I'll now turn the call back over to Randy.

RANDY MAH: Thanks Brian. Mike, we're ready to start the Question and Answer session.

QUESTION AND ANSWER SESSION

OPERATOR: All right. Just to remind anyone, to ask a question please press '01' on your keypad. All right. We do have a few questions. First one comes from Andrew Kuske from Credit Suisse. Please go ahead.

ANDREW KUSKE: Thank you, good morning. I guess, when you look in the quarter, you guys, once again, had a really good realization versus weak power markets in Alberta. So, when you think ahead into '16 and then beyond, do your strategies change, just given the weakness in the power market? Like, how do you maintain that kind of spread, or at least a really positive spread, over the existing prices versus what you've realized historically?

BRYAN DENEVE: So, when we look at 2017, as I mentioned, we are 38% hedged for that year. We have locked that in at prices that are higher than current forwards. Certainly, as we move forward, we'll continue to evaluate how forwards look relative to our own internal fundamental view of prices, and make decisions on that basis. Certainly, as we approach closer to 2017, we'll be looking to increase that percentage hedged amount and work our way towards a higher hedge percentage.

ANDREW KUSKE: And then, maybe, just an extension on that. What's motivating customers, or your customer conversations, to actually engage in power contracts right now at what we see in the forward curve levels, versus just, say, staying open on spot?

BRYAN DENEVE: I think that's definitely one of the factors in the market right now, so the low power prices and low volatility does provide a comfortable environment for customers. But, as the market tightens and we see events occur, such as unexpected outages or more extreme weather events, that'll bring volatility back to the market and will drive a higher percentage of customers looking to start to lock-in prices.

ANDREW KUSKE: Ok, that's helpful. And then, maybe a broader question for Brian, if I may? Just as it relates to receiving compensation from the government. Practically, does there have to be some kind of agreement, in principle at least, between yourselves, Canadian Utilities and TransAlta – the three legacy coal owners in the provinces' eyes – in the nature and the form of the compensation model?

BRIAN VAASJO: So, Andrew, very, very good question. As we look forward, there'll certainly be elements of process that are defined by the

Government and the arbitrator. So, for example, they may define that they will meet with companies separately as opposed to as a group. But, our understanding is, on the issue of compensation, they will be directly engaging with the four coal companies and actually no other industry participants. So, that's quite positive. We would expect to be in common meetings and I think we all, all of the coal companies do recognize that the more we are aligned on our views and our expectations and principles, likely the more successful we'll be. So there are certainly efforts underway to — and there always has been efforts among the coal companies, from time to time, to work together on these issues.

ANDREW KUSKE: Ok, thank you.

OPERATOR: All right. Next, we have a question from Robert Kwan from RBC Capital Markets. Please go ahead.

ROBERT KWAN: Morning. Maybe I'll just follow up on that last answer, Brian, just around alignment, kind of, almost being necessary to push this forward, at least a little bit faster. If I look at what you're saying around G4, G5, though, it almost seems you're implying that the energy-only market works, that you don't see the need for major changes in market structure, and I think it's very similar to what you've said in the past. But we're also hearing very different things, or potentially different views from some of the other companies, so I'm wondering if you can reconcile whether you guys are changing your view or you think they might be changing? How do you get this alignment, going forward?

BRIAN VAASJO: So, maybe a way to, sort of, characterize – and again this is my personal view, is there is some skepticism in the market in general, among some players and more broadly than just the coal folks as well as, whether as we go through this process, whether at the other end there will be a viable energy-only market in Alberta. Our view is that, with the appropriate decisions and policies established, there will be. And, what we've seen from the Government so far, in terms of indicating the direction that they're going, we do believe that that will leave a very viable energy-only market. I think that the other companies – and again, this is my view – are perhaps less skeptical, or more skeptical, that those principles will be enacted, sort of, as is and that the market will survive on the other side.

So, I don't think it's a view that others would not invest in the energy-only market. I think, recently, TransAlta's been making some announcements that aren't premised on there being a different market. It's just different outlooks as to whether or not the energy-only market will be as fundamentally sound as it has been over the last 15 years. And our view is it will be – again, if the Government follows through on what they've established as the direction that they're going.

ROBERT KWAN: Understood. So, are you willing to move to the more contracting position or are you expecting, if there's going to be alignment, that people have to come to you, or to come to where you are?

BRIAN VAASJO: You mean that wanting a fully contracted market going forward?

ROBERT KWAN: Or even just a contracted market for new generation. Some sort of hybrid market.

BRIAN VAASJO: Well, there certainly is a hybrid market, so to speak, on the renewables side. And again the direction that the government's going, we see that as very complimentary to the energy-only market. When it comes to a decision on the building of natural gas plants, we would see that that's necessarily a market that is not contracted. I mean, again, bi-laterally among load and generators, but not becoming a contract market in a broad basis. And, so, that's where we see that there's a difference. But, certainly on the contracted side, or on the renewables side, we do anticipate that that will be a significant component of that will be contracted. And we will participate in that happily.

ROBERT KWAN: Ok. If you just look at how this relates to G4 and G5, I guess, first – can you push the date back further or is this as good as it gets? And then, if there is, kind of some clarity that it will be an energy-only market and that the market structure is largely unchanged, what type of price signals from that energy-only market are you looking? I assume you're not going to be looking at spot but more so forward curves, so do you have a sense of what levels and do you need to have enough term? Like, how much term, given there is a lack of liquidity, are you going to need to underpin that decision?

BRIAN VAASJO: So, when we look at that, when we look at that overall picture, and there was a couple of questions there tied together, we do need to see the appropriate price signal and of course, issues like compensation and so on being satisfactory resolved. Assuming that's the case and we're looking at just the economics and a good energy-only market, I think all parties forecast in the 2020-ish time frame with the retirement of coal plants and even with low growth in the province, that you'll see power prices in that, say, $65 and up range. And, where natural gas prices are today, that's appropriate price signals to move forward on something like G4, G5.

ROBERT KWAN: Ok, so you're needing to see something in the curve and that expectation versus actually needing to lock something in for term?

BRIAN VAASJO: Well, and just to remind you that half of our investment in G4, G5 is contracted.

ROBERT KWAN: Right.

BRIAN VAASJO: So it's half contracted going into it. So, our merchant position is relatively small.

ROBERT KWAN: Ok. And then, can you push the turbine agreement back any further or is this it?

BRIAN VAASJO: The way it's and as we've discussed over the last couple of years, those contracts were put together to be very flexible. And what we're up against now isn't the flexibility of the contract, because it certainly can get pushed out further, but you start running into logistical window problems and a small push out in time now might result in the completion in the project being a year down the road. So that's more…we're not against a contractual issue right now, it's more a logistical issue of delivering the project in a timely basis.

ROBERT KWAN: Ok. So, basically, you have to take the turbines or make the decision by the beginning of June or you could be into mid-2017?

BRIAN VAASJO: If you reached the point where you were going to actually miss the window on completion, you could defer the decision but your completion would be deferred a significant amount of time. You're talking about in numbers of months as opposed to kind of month for month or day for day, as it exists now.

ROBERT KWAN: Ok, got it. Thank you very much.

OPERATOR: All right. Next question comes from Linda Ezergailis from TD Securities. Please go ahead.

LINDA EZERGAILIS: Thank you. I just want to follow up on some questions around how you're looking at hedging over the long term. Given some of the uncertainty around market structure, et cetera, are you going to hold off – and I really there's not much liquidity in 2018 – but, how comfortable are you hedging, or adding to your position in an environment where you don't even know what the structure of the rules are?

BRYAN DENEVE: Well, I think, when we look at what has been announced – and I'll reiterate what Brian said earlier, the recommendations that have been put forward to the government are all aligned and all work towards maintaining the structure of the Alberta market, as it's worked in the past. And, as we move forward and make decisions on selling power forward, our belief is that that market structure will be allowed to continue to work as it has and we'll make those decisions accordingly. I think in terms of the real key on the market structure is the timing of renewable procurements aligning with the timing of coal retirements. Everything we've heard from the government is that the intent and that's how it'll proceed. So when we look for signals in the market of when we'll see increasing prices, adequate for a new build, that sits in the 2020 time frame. That's following 1000 MW retirement of coal. So, we'll be making our investment decisions and our hedging decisions on that basis of the market design continuing to operate as it has.

LINDA EZERGAILIS: Ok, thank you. And just a follow-up question. It was good to see that Bloom Wind is still on stand-by. Can you give us a sense of what the timing might be for an agreement?

BRIAN VAASJO: So we are actually, as we speak, we are working on agreements. Like, it's not that we're participating in an auction and we'll see the results; we're actually moving on the commercial side of it. So, I mean discussion and agreements can always fall apart for whatever different kinds of reasons but we are proceeding down the path of having something in the relatively near-term.

LINDA EZERGAILIS: Ok, that's good to hear. And, any updates on some of the other opportunities that you're looking at, whether it be in the US or BC or Saskatchewan?

BRIAN VAASJO: Well, we continue to see opportunities this year in terms of, I'll call it the Element Portfolio in the US, and that's likely one or optimistically, maybe two, given various PPA offerings in the States that we're operating or potentially operating in. On the Canadian side, certainly and depending on the details of the timing that the Alberta government comes out with, we're preparing to have wind farm or wind farms bid into a PPA process or actually a REC process as early as one could be called. And that may well happen this year, in terms of a calling of a process and moving forward. So, we see opportunities here in Alberta. Don't really see many opportunities outside of that in Canada that are immediately on the horizon.

LINDA EZERGAILIS: Ok, that's helpful. So, just another follow-up to that. When you think of capital allocation, given that you have some pending investment possibilities, how do you think of share buybacks versus, kind of, keeping your powder dry for these opportunities?

BRYAN DENEVE: So, certainly, as we see an increased number of opportunities on the horizon, our preference is to allocate our capital to those growth opportunities over doing something like share buybacks. So, at this point in time, that will be our priority for capital as we move forward and those opportunities materialize.

LINDA EZERGAILIS: Thank you.

OPERATOR: All right. Next, we have a question from Paul Lechem from CIBC. Please go ahead.

PAUL LECHEM: Thank you. Good morning. Just revisiting some of the comments on Genesee 4 and 5. Brian, it seems that there's a reticence to fully delay the notice to proceed on the turbine beyond, sort of, the 90-day period. I'm just wondering why? Why not wait? What are the downsides of waiting until there's—that the compensation discussions have been completed, that there is more clarity on the outcome? Is there concern that competitive projects could jump in front of you in the queue? Or, I mean, given it seems like yours is the most shovel-ready out of all of them. Is that a reality? Just trying to understand the timing decision of why not wait a longer period.

BRIAN VAASJO: So Paul, one of the successes in the Alberta market is, generally speaking, the timing of new generation coming in, even though it's been driven by market, other than with the Shepard facility, which was driven by initially other economic considerations. The market has been well served by timely generation. As we see it, when you have 900 MW of retirements taking place in 2019, that creates a significant hole and we see it as appropriate for industry to respond and to fill that hole. And, so, that's the primary element; there is a right time for generation, specific generation, to come into the market. So, our view is if we defer it a small time now on the front end, what it actually does is it moves the tail end schedule significantly, again in terms of a number of months. And you start running into a period of time in the province when, I'll say the supply isn't as it should be.

Having said that, are we concerned about losing a position of being first in the market and so on? Or losing what I call the pole position? No, we think we're very, very well positioned and again, ready to pull the trigger at any point in time, as opposed to then having to develop agreements and so on, and start execution. So, that's not a concern and that's certainly not a reason why we would pull the trigger on a project when we're not comfortable. And, some of the words you are using were suggesting we would pull the trigger when we were potentially not comfortable with compensation or the market going forward. That's not the case. We need to be comfortable before we pull the trigger. So, and if that means a project is deferred and if that means, ultimately, the project doesn't get done because we "lose the pole-position", so be it. But we're not going to invest capital when we don't feel comfortable in the investment environment.

PAUL LECHEM: That's helpful, thanks. Appreciate those comments. And, just on your Sundance PPA, we've seen ENMAX return one of their PPAs to the Balancing Pool. Just wondering your thought process – I mean, you're 100% hedged for 2016 so I guess it's not an issue for 2016 but, beyond that, what are your thoughts around the value of holding on to the Sun PPA, rather than returning it? What are going to be your decision points around that?

BRYAN DENEVE: So, certainly any considerations around the Sundance C PPA is subject to confidentiality provisions, both in terms of the PPA and with our power syndicate partners. So, we can't comment at this point in time on anything specifically regarding the Sundance C PPA. Obviously, though, we continue to evaluate all our existing assets and looking at ways to optimize around those assets.

PAUL LECHEM: Ok. Thanks Bryan.

OPERATOR: All right. Next, we have a question from Jeremy Rosenfield from Industrial Alliance. Please go ahead.

JEREMY ROSENFIELD: Yes, thanks. Let me just start by following up on that last line of questioning. Without going into details on Sundance and that asset specifically, can you just, sort of, comment in terms of where you see power prices developing over the 2017 to 2020 time frame, relative to where the forward curve is right now? And your, sort of, interpretation as to what prices might actually look like?

BRYAN DENEVE: Our perspective is that the current forward prices in Alberta are a fair reflection of expectations around where prices will settle. So, certainly, at this point in time we think that is reasonable representation.

JEREMY ROSENFIELD: Ok. And you did have some disclosure in the MD&A about payments on the Sundance PPA. Some were between $100 and $150 million over the term, and I'm just curious if that's the total or the annual amount?

JEREMY ROSENFIELD: You can get back to me on that, that's ok.

BRYAN DENEVE: Nope, nope, that's fine. That references the annual amount.

JEREMY ROSENFIELD: That's the annual amount. Ok, perfect. That's what I thought. Just regards to the G4 and 5, in terms of the extension. Just a little clean-up there. Is there actually any cost on your part in terms of having to extend the supply, with the window to signing the supply agreement or is it really a no cost?

BRIAN VAASJO: So, just to be clear, the supply agreement is signed. We have an agreement in place and part of the provision is, as we move the time frame there are escalation elements in that agreement. So, it does cost to move the project out.

JEREMY ROSENFIELD: Ok. In terms of what that does, on let's say total potential return on the project – is that material?

BRIAN VAASJO: The escalations are in line with higher end inflation-type numbers. For small periods of time it doesn't have a material impact on the project.

Then, again, recognizing that's a fairly large project. You could consider that the cost of moving it is in the millions of dollars but again, it's in hundreds of millions of dollars in terms of the nature of the project.

JEREMY ROSENFIELD: Sure, so that's what I was thinking. My question was really around if you look at the total return that you expect to achieve, on a percent basis, let's say, we're talking about a basis point here or there.

BRIAN VAASJO: Yes. Right.

JEREMY ROSENFIELD: Right. Ok. And just, to clean up in terms of the K2 Wind project. There's just some disclosure in terms of a return of capital in the quarter, specifically, and I wanted to just confirm that this was specific to the fourth quarter and not something that you expect to be receiving on a go-forward basis?

BRYAN DENEVE: Yes, in terms of the portion related to the capital piece, that would be just one-time in Q4.

JEREMY ROSENFIELD: Ok, perfect. Thank you. Those are my questions.

OPERATOR: Right. And the last question we currently have in the queue comes from Ben Pham from BMO Capital Markets. Please go ahead.

BEN PHAM: Thank you. One question from me. On your hedges for '16, the 100%, and I wanted to ask – the last time you guys came into the year with that high percentage of hedges, the following summer you were short on production and it significantly impacts your results. So knowing that, have you done anything different this year when you look at what happened before, just on the hedges, how you structured that? Are you, pretty much, assuming there could be some potential risk but it's worth it because you're protecting the downside?

BRIAN VAASJO: I think that is a fair characterization, Ben. So being fully hedged, yes, we do take on some higher operational risk but, given how well the fleet's been performing, and we look at that risk relative to protecting against the downside in a low price environment, that's a trade-off that we make. But, certainly, as we look forward, given how strong the assets are operating, we see that as being a reasonable risk for us to take.

BEN PHAM: Ok, thank you.

OPERATOR: All right. And we don't seem to have any further questions in the queue at this time.

RANDY MAH: Ok, if there are no more further questions we'll conclude our call. Thank you, everyone, for joining us today and for your interest in Capital Power. Have a good day.

OPERATOR: Ladies and gentlemen, this concludes Capital Power's fourth quarter 2015 conference call. Thank you for your participation and have a nice day.

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