This fact sheet contains summary information for ATCO Gas Australia's 2020-24 Revised Plan. This fact sheet supports our response to the ERA's Draft Decision.

PURPOSE OF THE 2020-24 REVISED PLAN

ATCO submits the 2020-24 Revised Plan in response to the recent ERA Draft Decision. This document outlines our response to the required amendments in the Draft Decision, the amended prices we propose to charge retailers over AA5, our amended investment plans, our planned services to Western Australians for the Gas Distribution System (GDS) and the findings that emerged from our further customer and stakeholder engagement.

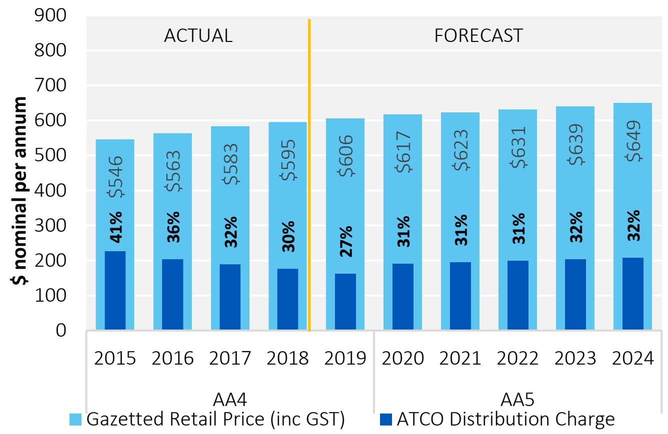
The ERA's Draft Decision was not to approve our AA5 proposal, requiring 37 amendments, and rejecting $75.5 million of AA4 capex, $286 million of AA5 capex, and $40.5 million of AA5 opex.

ATCO accepts 24[1] of the ERA's 37 required amendments and has made the relevant changes to the access arrangement and associated documents. We do not accept most of the ERA's amendments to AA4 and AA5 expenditure, as we believe that implementing the Draft Decision would result in adverse consequences for our customers, our business, and the safety and security of our network.

OUTCOMES FOR CUSTOMERS

The prices that we charge determine the distribution component of a customer's gas bill. Distribution charges typically account for approximately 30% of the average residential customer gas bill. Other elements of customer's gas bills include the cost of production and processing gas, transmission pipeline costs, and retailer costs.

ATCO's share of an indicative residential annual gas bill



We intend to recover $931 million (nominal) from our customers over the five-year period, which commences January 1, 2020. We applied the building block method on a post-tax basis to determine the total revenue required in 2020-24 (AA5) for the provision of reference services.

Our primary considerations when setting tariffs, is the preference of customers and retailers for stability (from our stakeholder consultation), making market price signals as economically efficient as possible, and complying with our legislative requirements.

Due to our revisions to the 2020-24 Plan following the ERA's Draft Decision, we estimate the average annual bill for ATCO's residential customers over AA5 is $3 lower (due to the distribution charge component) than the average annual bill in AA4. The distribution charge at the end of 2024 is estimated to be less than it was at the start of AA4 in 2015 (for an average consumption customer).

The expected annual distribution charge change due to our AA5 submission for each tariff class is outlined in the table below. Note, these are indicative annual average changes only, and individual customer's actual bills will depend on their usage patterns, retail tariff structure, and any changes in costs for other components of their gas bills.

TARIFF CLASS FORECAST #s IN 2020	AVG **%** CHANGE 5yr Total AA4 vs AA5	AVG **$** CHANGE 5yr Total AA4 vs AA5
A1 (75 Customers)	↓1%	↓$1,029
A2 (106 Customers)	↓4%	↓$2,298
B1 (1,780 Customers)	↓5%	↓$320
B2 (12,239 Customers)	↓6%	↓$61
B3 (741,392 Customers)	↓1%	↓$3

KEY ELEMENTS OF OUR PROPOSAL

We provide services to our customers on the gas distribution network. Three main components drive our revenue from these services: the investment return to ATCO ('rate of return'), our operating expenditure, and our capital expenditure. These are discussed in turn below.

1. RATE OF RETURN

Significant investment is required to build a gas distribution network. The return that ATCO must pay lenders and investors is referred to as the rate of return. The ERA details the rate of return in its 'Rate of Return Guideline'.

In April 2019, the Western Australian Government introduced the framework to adopt the rate of return guidelines on a binding basis, identical to the new rate of return rules that have been previously adopted in other Australian jurisdictions. The Rate of Return Guidelines published in December 2018 have now become a binding instrument in Western Australia.

Our 2020-24 Revised Plan is based on a required rate of return of 4.87%. This proposed rate is based on the following assumptions:

COMPONENT	PROPOSED RATE
Nominal risk-free rate	1.48%
Real risk-free rate	0.20%
Inflation rate	1.28%
Debt proportion	55%
Debt Risk Premium (10-year average)	2.254%
5-year IRS (effective yield)	1.74%
5-year interest rate swap spread	0.26%
Debt issuing cost (0.125%) + hedging (0.114%)	0.214%
Return on debt	**4.21%**
Market Risk Premium	6.00%
Equity beta	0.7
Corporate tax rate	30%
Gamma (franking credits)	0.5
Nominal after tax return on equity	**5.68%**
Nominal after tax WACC	**4.87%**
Real after tax WACC	3.55%

[1] *16 accepted as required by the ERA, 8 accepted with a proposed modification*

2. OPERATING EXPENDITURE

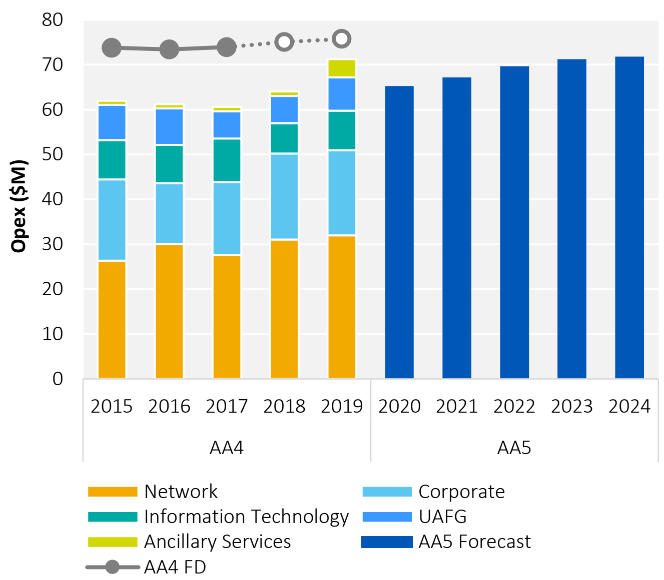
ATCO incurs operating expenditure (opex) to operate and maintain the network for our customers, respond to publicly reported gas leaks, and read customer meters. Our opex is categorised into network, corporate, information technology, unaccounted for gas, and ancillary services.

The ERA did not accept ATCO's AA5 opex forecast of $357.4 million as detailed in our 2020-24 Plan and proposed a revised expenditure of $316.8 million for AA5. We have updated our 2020-24 opex forecast, considering the stakeholder feedback and ERA's Draft Decision, and are proposing operating expenditure of $345.1 million for AA5.

We have applied the 'base-step-trend' (BST) approach to forecasting network, corporate and information technology operating expenditure for the AA5 period. The BST approach was accepted by the ERA in its Draft Decision.

Using the BST approach, we have based our opex forecasts on the actual costs incurred during 2018 as this is the most recent full year. Unaccounted for gas and ancillary services have been forecast separately to account for forecast trends.

AA4 and AA5 revised forecast opex ($M real as at 31 December 2019)



The National Gas Rules require us to ensure that our proposed expenditure reflects the costs of a 'prudent service provider acting efficiently, in accordance with accepted good industry practice, to achieve the lowest sustainable cost of delivering pipeline services'.

To ensure we are meeting this objective, we have conducted benchmarking of our Western Australian operations in comparison with similar measures from a range of Australian and New Zealand gas suppliers. This benchmarking analysis suggests that we are one of the most productive and efficient operators in our peer group.

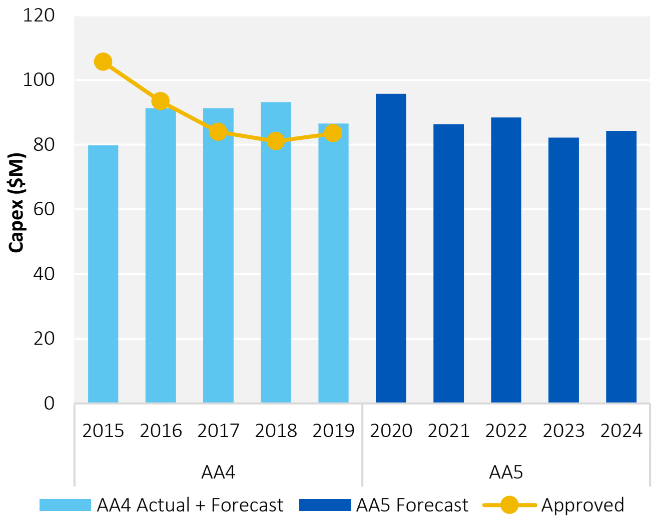
3. CAPITAL EXPENDITURE

Capital expenditure (capex) refers to the cost of building new facilities or replacing existing infrastructure to allow us to maintain service levels to new and existing customers. Factors that influence our required level of capex include the age and condition of existing assets, customer growth, and industry gas usage.

As with opex, we must be satisfied that our level of capex reflects the costs that a prudent operator, with efficient costs and a realistic expectation of demand and cost inputs, would need to operate its network safely and to comply with its obligations and service standards.

ATCO forecast capex of $509.3 million in the 2020-24 Plan. The ERA did not accept ATCO's AA5 capex forecast and is proposing a revised forecast of $239.7 million, a reduction of $269.6 million (52.9%) against our submission. We do not accept the ERA's Draft Decision to reduce AA5 capex and are proposing a revised AA5 capex of $437.0 million; $72.3 million lower than our original 2020-24 Plan.

AA4 and AA5 revised forecast capex ($M real as at 31 December 2019)



NEXT STEPS

The ERA will review our revised submission against the NGR and will undertake further public consultation before issuing a Final Decision.

If you have any questions about our 2020-24 Revised Plan or would like any assistance during the ERA's public consultation process, please contact us via email on: haveyoursay@atco.com.au