

**THE STATE OF NEW HAMPSHIRE
BEFORE THE
NEW HAMPSHIRE SITE EVALUATION COMMITTEE**

Docket No. 2019-_____

**ANTRIM LEVEL LLC
PETITION FOR DECLARATORY RULING
OR, IN THE ALTERNATIVE,
MOTION FOR EXPEDITED APPROVAL
OF CHANGE IN OWNERSHIP OR OWNERSHIP STRUCTURE**

**PRE-FILED DIRECT TESTIMONY OF BRENT WARD
ON BEHALF OF ANTRIM LEVEL LLC AND TRANSALTA CORPORATION**

Qualifications and Purpose of Testimony

Q. Please state your name, position, and business address.

A. My name is Brent Ward. I am the Managing Director & Treasurer at TransAlta Corporation (“TransAlta”). My business address is 110-12 Avenue SW, Calgary, Alberta, Canada.

Q. Please describe your relevant work experience and education.

A. My resume is attached as Exhibit A.

Q. Have you previously provided testimony before the Site Evaluation Committee?

A. Yes.

Q. What was the purpose of your prior testimony?

A. In Docket No. 2018-03, I testified as to TransAlta’s financial capability to construct and operate the Antrim Wind Project. Among other things, I explained that TransAlta would finance construction through a combination of cash on hand and an existing credit facility and that it would finance operation through a permanent capital structure that included TransAlta equity and a third-party tax equity investor, as is customary for multiple U.S. wind projects.

Q. What is the purpose of your current testimony?

A. In the prior proceeding, I included with my testimony a diagram labelled TransAlta Corporation Simplified Corporate Ownership Structure, which is reproduced here as Exhibit B. The purpose of my current testimony is to explain how the tax equity financing of the operation of the Antrim Wind Project by Citicorp North America, Inc. or “Citi” will be accomplished within that overall ownership structure.

Q. Please explain the purpose and role of tax equity financing in general terms.

A. Renewable generation and other similar types of transactions often involve a developer, such as TransAlta, who may not be able to make use of the available federal tax credits for a variety of reasons. Consequently, in exchange for an equity investment in a project, the developer will assign its rights to claim the available federal tax credits to a “tax equity investor” who can make use of them, such as Citi. The developer serves as the “manager” with the authority and responsibility to manage, direct and control the day-to-day operations of the

1 project while the tax equity investor serves in a passive role with voting/consent rights that are
2 limited to those necessary to protect its investment. Once the federal tax credit benefits have
3 been fully utilized by the tax equity investor, typically within ten years, the developer may
4 purchase or buy out the tax equity investor's interests and terminate the tax equity investor's role
5 in the project.

6 **Q. What will the corporate ownership structure look like after the tax equity**
7 **financing is complete?**

8 A. Attached as Exhibit C is a revised version of the TransAlta Corporation
9 Simplified Corporate Ownership Structure diagram, reflecting the tax equity investment that will
10 be made through a new entity, Bobcat Holdco, LLC ("Bobcat Holdco").

11 **Q. Please describe how the tax equity investment will be accomplished.**

12 A. TransAlta Holdings U.S. Inc. currently owns Antrim Level LLC, which in turn
13 owns Antrim Wind Energy, LLC, the Certificate holder. To effect the tax equity financing,
14 TransAlta will use a variation of the most common corporate structure used for tax equity
15 financings, which is driven largely by federal tax rules. This structure will entail forming a new
16 entity to be wholly-owned by TransAlta Holdings U.S. Inc., namely, Bobcat Equity Holdings,
17 LLC ("Bobcat Equity"), who will in turn form and own Bobcat Holdco. TransAlta Holdings
18 U.S. Inc. will transfer its interests in Antrim Level LLC to Bobcat Equity, who will then
19 contribute such membership interests to Bobcat Holdco upon satisfaction of certain conditions
20 precedent contained in the equity capital contribution agreement. After such transfer, Antrim
21 Level LLC will continue to own Antrim Wind Energy, LLC and the Certificate will remain with
22 Antrim Wind Energy, LLC.

23 To permit the tax equity investor, Citi, to receive the federal tax benefits from the
24 project, Citi will be issued Class A membership interests ("Class A Shares") in Bobcat Holdco in
25 exchange for an equity investment. The Class A Shares entitle Citi to receive the federal tax
26 benefits, along with a share of the revenue generated annually from the project starting at
27 approximately 35% and decreasing to 5%, but the Class A Shares do not provide Citi with the
28 ability to control the day-to-day operations of the project.

1 At the same time, Bobcat Equity will be issued Class B membership interests
2 (“Class B Shares”) in Bobcat Holdco. The Class B Shares entitle Bobcat Equity to receive the
3 larger share of the revenues from the project, starting at approximately 65% and increasing to
4 95%. Authority, control, and responsibility to operate and maintain the project in accordance
5 with the Certificate will therefore remain with TransAlta.

6 **Q. Please describe Citi’s equity investment.**

7 A. Shortly after the commercial operation date, Citi will make an upfront capital
8 contribution in exchange for the Class A Shares in Bobcat Holdco that will constitute over 90%
9 of its total investment in the Project.

10 **Q. Can Citi transfer its interest to another entity?**

11 A. Yes. Citi is permitted to transfer some of or all of its Class A Shares in
12 accordance with the Bobcat Holdco limited liability company agreement (the “Company
13 Agreement”). The Company Agreement permits transfers of the Class A Shares in situations
14 that include: (i) with consent by TransAlta; (ii) to an affiliate of Citi; or (iii) to an investor with a
15 comparable credit rating and tangible net worth as Citi. There are various restrictions on
16 transfers of Shares in the Company Agreement, including those that result in adverse federal tax
17 consequences.

18 **Q. If Citi were to transfer its interest to another entity at some future date,
19 would that affect the corporate ownership structure of the Project?**

20 A. No. The Class A Shares in Bobcat Holdco held by Citi would simply be
21 transferred to the third party investor. Such transfer would not change the limited consent rights
22 granted to the holder of the Class A Shares and non-managing nature of such Shares, and
23 TransAlta would remain the owner of the Class B Shares, with the authority, control, and
24 responsibility to operate and maintain the project in accordance with the Certificate.

25 **Q. If Citi were to transfer its interest to another entity at some future date,
26 would that affect Antrim Level’s capability to finance the operation of the Project?**

27 A. No. As a practical matter, Citi will make nearly all of its equity contribution
28 shortly after the commercial operation date and, as noted above, any such transfer would have to
29 be in accordance with the Company Agreement.

1 **Q. Is this approach to financing the operations of the Project consistent with**
2 **TransAlta’s usual practice and industry practice?**

3 A. Yes. As I testified in Docket No 2018-03 and as the Site Evaluation Committee
4 found in its February 19, 2019 Decision and Order Approving the Transfer of Ownership
5 Interests in Antrim Wind Energy, LLC, this is the most common approach in the industry.

6 **Q. Do you believe that the manner in which the tax equity financing is**
7 **accomplished affects the findings by the Committee in the original Docket No. 2018-03 or**
8 **the Decision and Order on the transfer in Docket No. 2018-03?**

9 A. No. TransAlta retains the authority, control, and responsibility to operate and
10 maintain the project in accordance with the Certificate, Antrim Level remains the owner of
11 AWE, and AWE remains the Certificate holder. Furthermore, Citi’s role is a limited one as a
12 passive investor without control over day-to-day operations. The only change resulting from the
13 tax equity investment is that Citi, in addition to its right to receive the tax credits and cash
14 distribution previously discussed, is granted limited voting/consent rights to protect its
15 investment, and two additional corporate layers are created between TransAlta Holdings and
16 Antrim Level to facilitate the tax equity investment in an efficient manner.

17 **Q. Does this conclude your testimony?**

18 A. Yes.


19 **Q. Do you affirm that your testimony is true and accurate to the best of your**
20 **knowledge and belief?**

21 A. Yes.



Brent Ward

Sworn before me this 13th day of September 2019.



A Commissioner for Oaths/Notary Public in and for the Province of Alberta

BRYAN PHILIP MORIN
A Commissioner for Oaths/ Notary Public / Lawyer
in and for the Province of Alberta

BRENT WARD, CFA

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 Calgary, AB
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PROFESSIONAL HIGHLIGHTS

- Standing member of TransAlta's internal Investment Committee reviewing growth and productivity initiatives
- Represented TransAlta externally as head of Investor Relations, marketing of our private placements, presenting at conferences and managed key banking and rating agency relationships
- Raised approximately \$4 billion in the capital markets including common equity, preferred shares, initial public offering (IPO) of TransAlta Renewables, secondary offerings, US & CAD Public Debt Capital Markets, secured amortizing private placements and bank financings
- Led the renewal and negotiation of multiple credit facilities including the syndicated revolver, bilateral credit facilities and LC facilities
- Significantly expanded Investor Relations program and marketing by tripling our institutional investor interactions in 2014 compared to 2012
- Delivered the annual Long-Range Forecast (2005 – 2010) and the annual budget (2006, 2009 - 2011) at TransAlta
- Delivered defense analysis to TransAlta management (2007 / 2008) related to an activist shareholder & takeover attempt
- Awarded 6 Above & Beyond bonus awards at TransAlta for performance excellence as well as retention bonus in 2009

EMPLOYMENT HISTORY**TransAlta Corporation – Calgary, AB****Managing Director & Treasurer****Apr 2017 – present**

Led oversight of all Corporate Finance, Cash Management, Insurance and Pension initiatives. Key contact for banks, ratings agencies and fixed income investors

Director, Corporate Finance**Jan 2011 – April 2017**

Led all Corporate Finance initiatives including capital markets transactions, bank market transactions, financing plans & structures, FX and interest rate derivative programs, ratings agency oversight and analysis, credit and growth due diligence initiatives. Key contact for banks, ratings agencies and fixed income investors

Director, Corporate Finance & Investor Relations**Feb 2013 – Sep 2015**

In addition to Corporate Finance, I was expanded to lead all Investor Relations initiatives and strategies including communicating financial results, developing marketing roadshows, managing sell-side analyst and institutional investor relationships. The addition of IR to my role was meant to be temporary, but lasted 2 ½ years

Director, Strategic Finance**Aug 2007 – Dec 2010**

Led 3 teams that provided business valuation expertise to Corporate Planning & Strategic Analysis, Acquisitions & Divestitures, greenfield opportunities and portfolio optimization

Portfolio Manager **Jul 2006 – Aug 2007**
Evaluated fleet of assets based on corporate strategies, risk and financial measures. Evaluated various hedge optimization strategies and conducted due diligence on acquisition targets and in determining corporate impacts

Manager, Corporate Planning **Dec 2004 – Jul 2006**
Delivered consolidated financials for the monthly estimate, annual Budget and Long-Range Forecast and any related scenario analysis

Senior Analyst, Investor Relations **Oct 2003 – Dec 2004**
Liaison between the investment community and senior management. Assisted in the preparation of all public documents and presentations and responded to investor / analyst queries

Senior Analyst, Corporate Development **Mar 2001 – Oct 2003**
Delivered economic analysis of development and acquisition opportunities and interfaced with internal and external professionals

United Communities Inc. – Calgary, AB – Financial Analyst **Jun 1998 – Mar 2001**

Scotia Direct Investing – Calgary, AB – Investment Representative **Jan 1997 – Jun 1998**

Canada Trust – Calgary, AB – Financial Services Officer **Sep 1995 – Jan 1997**

EDUCATION

Bachelor of Commerce Degree
Lakehead University
Thunder Bay, ON
1990 – 1994

Chartered Financial Analyst
CFA Institute
Charlottesville, VA
1999

COMPUTER SKILLS

MS Excel, Word, Power Point

PROFESSIONAL DEVELOPMENT

- Canadian Power Finance Conference - Euromoney (2013, 2017 & 2018)
- American Finance Professionals (AFP) - Annual Conference (2015)
- Director Training – Eagles Flight (2009 - 2012)
- Effective Negotiating – Karrass (2010)
- Corporate Valuation – Euromoney (2006)
- 7 Day Leadership Program – The Banff Centre (2004)
- Advanced Business Valuations – CICA (2002)
- Creative Negotiating – CICA (2002)
- Finance Workshop – University of Calgary – (2001)
- Electric Asset and Portfolio Valuation – InfoCast (2001)
- Canadian Options Course - CSI (1997)
- Conduct & Practices Handbook Exam – CSI (1994)
- Canadian Securities Course - CSI (1994)

TransAlta Corporation Simplified Corporate Ownership Structure

