FINAL TRANSCRIPT

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PRESENTATION

Operator

Good morning, ladies and gentlemen. Thank you for standing by. Welcome to the AltaGas First Quarter 2025 Financial Results Conference Call. My name is Andrew and I will be your operator for today's call. All lines have been placed on mute to prevent any background noise. If you have any difficulties hearing the conference, please press star then zero for operator assistance at any time. After the speaker remarks, there will be a question-and-answer session. As a reminder, this conference call is being broadcast live on the internet and recorded.

I would now like to turn the conference over to Aaron Swanson, Vice President, Investor Relations. Please go ahead, Mr. Swanson.

Aaron Swanson — Vice President, Investor Relations, AltaGas Ltd.

Good morning and thank you for joining AltaGas' First Quarter 2025 Results Conference Call. This call is being webcast and we encourage following along with the supporting slides that can be found on our website.

Speakers this morning will be Vern Yu, President and Chief Executive Officer, and James Harbilas, Executive Vice President and Chief Financial Officer. We're also joined by Randy Toone, President of our midstream business; Blue Jenkins, President of our utilities business; and Jon Morrison, Senior Vice President of Corporate Development and Investor Relations.

We will refer to forward-looking information on today's call. This information is subject to certain risks and uncertainties, as outlined in the forward-looking information disclosure on slide two of the presentation. Prepared remarks will be followed by a question-and-answer session.

I will now turn the call over to Vern.

Vern Yu — President & Chief Executive Officer, AltaGas Ltd.,

Thanks, Aaron. It's great to be here this morning to discuss our solid Q1 results, which positions us to deliver our 2025 guidance.

Our first quarter results reflect good progress on our strategic priorities, where we have de-risked our business, optimized our assets, and continue to pursue growth opportunities that will drive long-term value for our stakeholders. This morning I'll share highlights from the quarter; review the progress we've made in de-risking the business, including additional commercial contracting; provide an update on our two midstream major growth projects, which includes a video for those of you following on the webcast; and I'll close by discussing some macro trends that support our 2025 strategic priorities. I will then turn it over to James to provide a detailed review of our Q1 financial performance, review our 2025 guidance and our long-term outlook.

Let's start on slide four. The first quarter saw us deliver normalized EBITDA of $689 million, 4% higher than Q1 2024. Normalized EPS was $1.15, slightly higher than $1.14 per share in Q1 2024. We continued to de-risk our global exports platform. We recently added a long-term contract with one of the world's largest chemical companies for 8,000 barrels per day of butane exports at REEF. With this additional contract, we have now exceeded our global exports tolling target of 100,000 barrels per day for the 2027 NGL year. Customer demand to access our terminals was strong and would strength in the wake of the current global tariff war. This global trade uncertainty has reinforced the importance of market diversification, reiterating the need to connect Canada's energy exports to premium global markets.

Within midstream, we delivered a record first quarter global export volume of more than 119,000 barrels per day of LPGs to Asia. Midstream throughputs grew by 8% year over year across the balance of the midstream facilities, led by our Montney footprint.

Utilities performed well in the quarter, which benefited from colder weather compared to Q1 2024, as heating degree days were 13% higher. This generated a 32% increase in natural gas deliveries when compared to Q1 2024. We continue to advance organic growth opportunities to meet long-term customer needs. A good example is the RIPET methanol removal project. Once completed, the project will allow RIPET cargoes to reach all Asian downstream markets, making propane cargoes between RIPET and REEF fungible. The project has a capital cost estimate of $55 million, which equates to an approximate five times CapEx-to-EBITDA build multiple. The project is expected to be online by year end 2026.

We are making good progress on getting regulatory approval for the Keweenaw connector, a US$120 million pipeline that will enhance system reliability for our existing customers in Michigan and extend service to 14,000 new customers. The pipeline is expected to be in service for early 2027.

Turning to slide five, I want to highlight the significant progress we've made moving to a lower-risk business model. Over the past five years we have cut our commodity exposure in half. We now have 85% of our EBITDA coming from cost-of-service, take-or-pay, and fee-for-service contracts. This increases to roughly 90% when REEF comes online and will continue to take measurable actions to remove our residual risk by hedging our remaining commodity exposure and by further reducing our financial leverage.

Let's turn to our major midstream growth projects, REEF and Pipestone II. We've made significant progress on the construction of these facilities, which can be seen in the accompanying video for those of you following along in the webcast.

Let's start with REEF. REEF will be our third export facility and will expand our position as North America's leading West Coast LPG exporter. We will operate the only three deepwater ports capable of exporting LPGs and our proximity to Asia provides us with a structural advantage over the US and Middle Eastern exports. Construction on REEF continues to progress well. We have now completed the earthworks phase of the project, materially advanced other phases, and are executing on other work streams. We remain on track to meet our in-service date of 2026 year end. The earthworks phase was a key project risk and I'm pleased that it's now behind us and that it was completed in line with our project execution plan.

Our plan's work continues to progress, with overburden removal now complete and rock blasting will be completed shortly. Offsite fabrication is progressing according to the execution plan. Fabrication is taking place in Asia, with the LPG storage vessels and bullets over 70% complete. Having the facility built on a modular basis allows us to limit the amount of stick-built work in the field. Compression and refrigeration fabrication is also progressing offsite in controlled manufacturing environments in Canada on a modular basis. These components will also be assembled onsite, materially reducing project execution risk. Progress on the jetty has accelerated and is recovering from winter weather delays. We now have 88 piles driven into the seabed and have realized increased efficiencies with springtime weather. On the ground, we're starting other work streams, including site prep for rail, road, and the utilities construction. Approximately 60% of the total project costs are now incurred or committed, further de-risking REEF's capital budget. In 2025 we have executed additional long-term contracts and have now exceeded our 2027 tolling target across the global export platform.

We are also making excellent progress on our Pipestone II project. The project is in great shape. The facility will add critical deep cut gas processing and liquids handling capability in the Alberta Montney, supporting our customers' growth plans and strengthening AltaGas' value chain in the region. We remain on track for a late 2025 in-service day. The acid gas injection wells and the gas gathering system have now been completed. Facility construction and assembly is the only major remaining work stream and it's about 80% complete. The project is fully contracted under long-term take-or-pay agreements. On the capital cost front, all project work has either been executed or is under long-term EPC contracts.

These projects are critical to meet customer demand, but above all else, our team remains focused on executing these projects safely as we continue to deliver long-term value for our stakeholders.

Turning to the macroeconomic outlook for our utilities on slide eight, we continue to see rising demand for all forms of energy. Natural gas remains the most reliable, affordable, and scalable solution to meet this growing energy demand in North America and globally. The longer-term outlook for our gas utilities remains robust. Increased US natural gas demand coming from coal-fired power retirement increased industrial activity and data centers are all large tailwinds. As an example, natural gas demand in the US is expected to increase by more than 25% for gas-fired power generation by 2030. This robust long-term outlook, combined with our backlog of system modernization opportunities, positions us to continue our strong track record of rate-based growth, which has delivered an 8% rate base CAGR since 2019.

The Canadian midstream outlook is equally compelling, as shown on slide nine. AltaGas remains well positioned to benefit from three key trends. The first is growing Canadian natural gas and NGL production, which is expected to rise by 25% by 2030, supported by LNG Canada and other LNG export projects. The second is continued Asian LPG demand, which is expected to grow by more than 30% by 2030, which will need to be met by increased global imports. Lastly, Asian end markets are seeking to diversify their propane away from the US and the Middle East. This has been highlighted in today's tariff war. AltaGas is well positioned to benefit from all these demand trends given our strong footprint in the Montney and the structural shipping advantage we have in our global exports business.

Lastly, I want to touch on our 2025 strategic priorities, which can be seen on slide 10. Our strategic priorities remain unchanged. We'll maximize the use of our assets and we'll optimize our cost structure to maximize our returns. We remain focused on reducing operational and financial risk. We will also advance our organic growth projects that support our long-term growth outlook. All of these actions will deliver strong shareholder value.

And with that, I'll turn it over to James.

James Harbilas — Executive Vice President & Chief Financial Officer, AltaGas Ltd.

Thanks, Vern.

We are pleased with our first quarter performance, the strong execution across the platform, and the continued advancement of our strategic plan. I'll start by providing a more in-depth review of our operating results across business segments, then discuss our continued progress on our balance sheet deleveraging and close with our 2025 outlook and value proposition.

Let's start on slide 11. Our utilities delivered normalized EBITDA of $501 million in the first quarter of 2025 compared to $437 million in the same quarter last year, representing a 15% year-over-year increase. Growth was driven by strong performance from WGL's retail business, colder weather in Michigan and DC, active cost management, contributions from modernization investments, asset optimization activities, and continued customer growth. Specific to weather, heating degree days were 13% higher year over year, which positively impacted results for approximately one third of our rate base, including Michigan and DC, which do not have decoupled rate structures.

O&M costs at Washington Gas were down 11% year over year in the first quarter, as we continued to benefit from process efficiencies and centralized functions that we implemented during the first half of 2024. We deployed $127 million of capital within our utilities during the first quarter, which included $52 million on modernization programs and $25 million towards new meter connects. In 2025 we expect to deploy more than $700 million of capital on our utilities, as we make critical investments for the future. Asset modernization investments will remain a key focus for the business, as these programs improve the safety and reliability of our system, reduce leaks, and lower long-term operating costs. We have active modernization programs across all four of our operating jurisdictions with a runway of $1.7 billion of preapproved spending, which will provide AltaGas steady and ratable growth.

Turning to the midstream segment on slide 12, operational execution was strong within the midstream business during the first quarter but financial results were down year over year due to a number of factors that I will outline. Normalized EBITDA in the first quarter of 2025 was $197 million compared to $247 million in the first quarter of 2024. Factors contributing to the year-over-year variances include lower global export margins due to reduced merchant spreads between Asian and North American LPG prices and higher tolling volumes. Specific to tolling, while higher long-term contracting improves the stability and predictability of AltaGas' cash flows, it does carry lower absolute margins. In addition, the first quarter of 2024 benefited from favourable one-time items that were not present in the first quarter of 2025. The first was the monetization of certain hedges to avoid an imbalance of financial and physical merchant barrels over 2024 that we previously disclosed and the second was related to the reclamation of AltaGas' Alton facility, which was completed below budget after the project was discontinued. Results also included lower contribution from the Mountain Valley Pipeline, as equity earnings post the pipeline going into service were lower due to D&A compared to AFUDC booked in the first quarter last year when the pipeline was still under construction.

The global exports business continues to operate well, as Q1 volumes grew 4% year over year. This growth came despite Q1 volumes from CN deliveries being negatively impacted by extremely cold weather to start the year. This quarter saw us ship more than 119,000 barrels per day of LPGs to Asia, which included approximately 79,000 barrels per day spread across 12 ships at RIPET and approximately 40,000 barrels per day spread across seven ships in Ferndale. This equates to a ship leaving our docks every four-and-a-half days.

Within our broader midstream infrastructure footprint, we continue to benefit from our strategically-located infrastructure and high-quality customer base. This included G&P volumes increasing by 11% across the asset base, led by a 16% increase in Montney volumes thanks to strong performance at our Northeastern BC complex, including Townsend and Blair Creek. Townsend volumes started to benefit from initial deliveries related to the 100 million cubic feet per day gas processing contracts we signed in late 2024 with a large international energy company. Currently we have 90% of AltaGas' expected 2025 global export volumes either tolled or financially hedged with an average FEI to North American spread of approximately US$20 per barrel for the non-tolled volumes. Given the uncertainty surrounding the LPG market, we have taken a more active approach to reducing risk and have largely hedged all of our merchant exposure over the next few quarters. We have also locked in [inaudible] all of AltaGas' 2025 Baltic freight exposure through a combination of time charters, financial hedges, and tolling arrangements.

In the corporate and other segment, we reported a normalized EBITDA loss of $9 million compared to a loss of $24 million in the first quarter of 2024. The year-over-year improvement was mainly driven by higher contributions from Blythe, as the plant underwent an extended turnaround in the first quarter 2024.

Turning to our outlook on slide 13, we are reiterating our 2025 guidance. While there has been tailwinds and headwinds so far in the year, these have largely been balanced. As a reminder, our 2025 guidance ranges include a normalized EPS of $2.10 to $2.30 and normalized EBITDA of $1.775 million to $1.875 million.

There have been no major changes to our 2025 capital budget, with details shown on slide 14. We expect to deploy $1.4 billion of capital in 2025, 51% weighted to utilities and 45% weighted to midstream, as we continue to build out our Pipestone II and REEF midstream growth projects. The majority of the utilities capital will continue to target ARP programs and system betterment with the remaining capital targeting new business and customer growth.

As shown on slide 15, we reduced our adjusted net debt by approximately $270 million in the first quarter 2025 compared to 2024 year-end and we remain focused on reaching our leverage targets. Including 50% debt treatment for preferred shares and subordinated hybrid debt, we exited the first quarter with a 4.8x trailing net debt to normalized EBITDA metric relative to our 4.65x target. We continue to demonstrate progress on our priority to reduce financial leverage, as we have cut our debt metric by more than half since 2018. As previously disclosed, anticipated proceeds from the potential monetization of our 10% stake in the Mountain Valley Pipeline will be allocated to the balance sheet in order for us to achieve our leverage targets.

In closing, the first quarter was a solid start to 2025 and reiterates the value of our diversified infrastructure platform and our strong contract profile. We have made significant progress on our corporate priorities, executing our strategic plan, and continuing to create value for our shareholders. As we highlight on slide 16, we believe we have a compelling investor value proposition. We operate a diversified, low-risk business model and provide visible and industry-leading growth in both our businesses. We will remain disciplined allocators of capital, as we have demonstrated over the past six years.

And with that, I will turn it back to the operator for the Q&A session.

Q & A

Operator

Thank you. Ladies and gentlemen, we will now conduct the analyst question-and-answer session. If you would like to ask a question, please press star then the number one on your telephone keypad. If you would like to withdraw your question, please press the pound key. There will be a brief pause while we compile the Q&A roster.

Your first question is from Rob Hope from Scotiabank. Please go ahead.

Rob Hope — Analyst, Scotiabank

Good morning, everyone. Global propane pricing has, as you noted, been very volatile with the tariffs. What's been your experience in contracting the barrels for the rest of the year and are you seeing increased demand from countries outside of Japan as we could see some flows shift between countries?

Vern Yu — President & Chief Executive Officer, AltaGas Ltd.,

Hi, Rob. It's Vern here. I'll kick off and then Randy can chip in if I miss anything. I think you're right. You've seen that propane prices have been extremely volatile post the tariff situation and you've seen pretty big shifts in global demand where obviously China is not importing much propane from the US and you've seen US propane shipped to Europe and other Asian countries. I think one of the things we've seen is that demand for Canadian propane has remained very strong and robust through this entire period.

Obviously, FEI pricing has come down and we haven't yet seen Mont Belvieu prices fully reflect the decline in Chinese demand for US propane, but I think as of this morning even we've seen, on a spot basis, Belvieu prices drop a fair bit. So our view is FEI to North American spreads should normalize throughout time as it becomes clearer on the tariff situation. I think, James, in our prepared remarks, talked about how we're highly hedged in 2025, particularly in the next couple of quarters. And on the supply side we procured all the supply that we need for our business this year, so we're in good shape there. And the vast majority of that is sold on a term basis, so not a lot of risk there. So there are a few pockets of opportunities for us as we move out a few spot cargoes here and there. So hopefully that answers your question, Rob.

Rob Hope — Analyst, Scotiabank

Yes, that's great. Maybe as a follow up, in this environment, how has your thinking of REEF II evolved? Have you clarified your thinking on the size and scope and are conversations ongoing with the provincial government to potentially accelerate it?

Vern Yu — President & Chief Executive Officer, AltaGas Ltd.,

Yeah, it's a great question. The demand we've seen for global exports has been extremely strong. As you've seen, we've now exceeded our 2027 tolling target and we'll be very selective as we move forward on signing up more customers for tolling. There are multiple options for us to expand REEF. As we mentioned previously, the first phase of REEF only uses up 10% of the total export capacity that we'll have at the facility. Obviously, we're pre-building the rail facility and the dock facility to allow for much more sizable global exports going forward.

The first thing we're focused on right now is can we do a debottlenecking exercise of what we're building right now. It's kind of similar to what you saw at RIPET where we worked the kit to see that we could increase exports over time. So we've identified some of the work that could happen there and we'll have more colour on that probably in the middle of the year, but all that to say it's a pretty low-cost set of bottlenecking that we're looking at as the first phase of trying to increase some export capacity there.

Subsequent phases will require more facilities to be added. Those subsequent phases will require permitting both federally and provincially. So we've kicked off ensuring we understand the full regulatory process between BC and the federal government where we've started within the last couple of months detailed engineering and design work on that and started stakeholder consultation with all of the communities that would be affected by an expansion at REEF. So that's going to take a little while for us to work through and you'll hear more about that probably in the second half of this year, Rob.

Rob Hope — Analyst, Scotiabank

Thank you.

Operator

Your next question is from Ben Pham from BMO. Please go ahead.

Ben Pham — Analyst, BMO Capital Markets

Thanks. Good morning, everybody. I wanted to follow up on the last topic on LPG export expansion beyond REEF Phase I. Can you talk about any potential constraints on moving expansions beyond the debottleneck? I'm just thinking more about the rail side of things. Not on your site, but outside of that. And then what are your thoughts on how you think about sanctioning versus contracting? Do you need a certain number of contracts before sanctioning those potential projects or can you move a little bit more without underpinning all of it right away?

Vern Yu — President & Chief Executive Officer, AltaGas Ltd.,

Well, maybe I'll start and answer the second half of that question, Ben. I think we've seen tremendous customer interest on tolling. We continue to talk to a whole bunch of different counterparties on adding incremental contracts. I think what it really comes down to for us is when do we feel like we have sufficient cash flow stability out of the business. Right now, we're very comfortable for 2027, as we've exceeded our total target for tolling contracts. I think if we do add more phases to REEF, we'll have ample opportunity to work with more customers to add tolling, so that's not really a huge gating item for us. So I think it's really about getting our head around what is the regulatory path forward, what is the actual design in the next phases, and how do we ensure that we have the full engagement of all of our stakeholders along the way.

I can turn it over to Randy and maybe he can just talk about our discussions with CN, who've confirmed that they have capacity to handle subsequent phases of REEF.

Randy Toone — Executive Vice President & President, Midstream, AltaGas Ltd.

Sure. Yeah, we've had constant conversations with CN about our growth plans, so they understand what our volume expectations are when REEF comes on and potentially if we look at optimization of REEF. And even further on with the future phases, CN is ready to build out the corridor to meet that demand. They're also matching container ship traffic, coastal traffic, all of that. So they have a long-term plan as well for the corridor and it does match up with ours. We're not worried about CN capacity for our future expansions.

Ben Pham — Analyst, BMO Capital Markets

Okay. Got it. And maybe on the balance sheet, the debt to EBITDA targets. One of the slides mentioned that you expect to achieve your long-term targets in 2025. Just to clarify that, is that assuming that MVP cash comes in the door? Or I guess in other words, can you still reach those targets without a sale?

James Harbilas — Executive Vice President & Chief Financial Officer, AltaGas Ltd.

Hey, Ben. It's James here. Obviously, those targets, when we set them, would include an anticipated monetization of MVP. And as we've talked about in the past, we're basically in the middle to late innings of round two and we continue to see strong interest in that process from typical global infrastructure funds that have the lowest cost of capital, so we are still tracking for H1 or first half of 2025 announcement on that transaction, which would help us take a step forward towards our leverage targets.

Ben Pham — Analyst, BMO Capital Markets

Okay, got it. Thank you.

Operator

Your next question is from Robert Catellier from CIBC Capital Markets. Please go ahead.

Robert Catellier — Analyst, CIBC Capital Markets

Maybe I'll start with just a follow up on MVP. I wondered how the current market turbulence is impacting progress on the sales process.

James Harbilas — Executive Vice President & Chief Financial Officer, AltaGas Ltd.

Sorry, Rob, you said the current market?

Robert Catellier — Analyst, CIBC Capital Markets

Yes. How's the volatility that the market has seen in the last month impacting the progress on the sale?

James Harbilas — Executive Vice President & Chief Financial Officer, AltaGas Ltd.

Thanks. I just wanted to clarify, because you broke up a little bit. So look, we haven't really seen any impact in terms of our timing process or interest levels as a result of some of the underlying volatility that you talked about in the market. We continue to see strong demand.

I mean if anything, obviously, we're not the operator, so when it comes to operational due diligence questions, we're very dependent on our partner EQT. They've been great to work with, but anytime you have an intermediary there could be a little bit of a delay in terms of information flow. But we haven't seen any impact as a result of volatility to our timeline or interest levels.

Robert Catellier — Analyst, CIBC Capital Markets

Okay. Can you, just on the utilities, just describe what the biggest driver has been on the cost management side? You've had some, it looks like, some pretty significant cost management gains and whether those are sustainable and the outlook for those going forward.

Donald (Blue) Jenkins — Executive Vice President & President, Utilities & President, Washington Gas, Utilities, AltaGas Ltd.

Hey, Rob. It's Blue. Good question. What you saw quarter over quarter, if you'll recall, last year we talked a lot about being very focused on our cost management, making sure that we had done some detailed process review work in the way we execute our work and looking at our org design and we had adjusted all of those things. So what you saw quarter over quarter was the result of that work and we expect that to carry forward. I think what you've seen is the new benchmark for us on how that cost looks and we do expect that carry forward and have carried that forward in our budget activity. So really a lot of work that came out of last year, you saw it come down slowly each quarter, and what you saw this quarter was the first full year step change. And we do expect that to move forward.

Robert Catellier — Analyst, CIBC Capital Markets

Okay. Blue, since we have you on the phone, are there any updates on your advocacy work related to either gas bans or building efficiency improvements, things of that nature?

Donald (Blue) Jenkins — Executive Vice President & President, Utilities & President, Washington Gas, Utilities, AltaGas Ltd.

Yeah, good question. So we continue to work the process. As you know, these things take a bit of time. There's a lot of back and forth in terms of filings on all of those lawsuits. I expect that activity will pick up. We still remain very optimistic in our position and certainly what we've seen come out of the federal administration, et cetera. So continue to work the process, continue to be very engaged with that group and all of those processes. I think what I would point to on advocacy is you saw some work come out, you saw some results come out of that work in the legislative sessions this year, particularly around STRIDE, which is the accelerated pipeline replacement program in Maryland where there was a bill put forward to propose killing that program, and our work with our advocates ensured that that program continues and remains on the books and carries forward through the foreseeable future. So I think that's probably the most tangible result of that work.

Robert Catellier — Analyst, CIBC Capital Markets

Okay, great. Thank you.

Operator

Your next question is from Maurice Choy from RBC Capital Markets. Please go ahead.

Maurice Choy — Analyst, RBC Capital Markets

Thank you and good morning. I wanted to come back to the global exports. It seems like the RIPET ethanol removal project is obviously trying to cater to opening up new [inaudible], so just wanted to know if you could speak to any differences between the risk returns or terms and conditions between servicing, say, Japanese and South Korean customers versus customers in China?

Vern Yu — President & Chief Executive Officer, AltaGas Ltd.,

There's no material difference, Maurice, in going to China versus Japan or Korea. I think, obviously, the things we need to be very mindful of, the credit quality of any Chinese offtakers as well as the contracts that we have for those offtakers to ensure that we have the proper rule of law under place and governing laws. So we'll be very careful about that. Typically, when we have sold, and we have sold cargoes in the past to China, and we sold a few more here recently, the key is if, we're concerned about the credit quality of the counterparty, that we do get a letter of credit prior to delivering the product to them.

Maurice Choy — Analyst, RBC Capital Markets

So, if I wrap everything we've heard today, it sounds like there is good demand for your business, it sounds like CN has got capacity, so from this point forward is it just the regulatory and consultation that you pointed out earlier as being the real obstacles to really expanding your capacity or is there still any commercial reasons that you're concerned about?

Vern Yu — President & Chief Executive Officer, AltaGas Ltd.,

Yeah, the real gating items from my perspective, Maurice, are making sure that we internally have the best possible outlook for the capital cost involved. We are going to be very disciplined about not sanctioning debottlenecking projects or expansions unless we have all the capital cost and schedule risks well in hand. And then after that it would be, obviously, getting our permits on a timely basis. So I think those are the material gating items. And as I think I mentioned in the prior Q&A, we expect to be able to talk a little bit more about the first phase of the optimization, which I would call the debottlenecking phase of REEF, in the middle of this year and then the subsequent phases of expansion closer to the end of the year.

Maurice Choy — Analyst, RBC Capital Markets

Given the elevated demand that you have, I guess it's pretty fair to assume that returns are probably going to be better than what you had in the initial phase?

Vern Yu — President & Chief Executive Officer, AltaGas Ltd.,

Yeah, I think we've always said, Maurice, that the first phase of REEF will be probably the highest EBITDA build just because we're pre-building the wharf and the rail facilities. The subsequent phases just involve incremental rail offloading and potentially NGL storage. So they've always been on track to be more profitable for us.

Maurice Choy — Analyst, RBC Capital Markets

Understood. Thank you.

Operator

Your last question is from Jeremy Tonet from J.P. Morgan. Please go ahead.

Eli — Analyst, J.P. Morgan

This is Eli on for Jeremy. Maybe just on the data center commercialization opportunities across your footprint, I know there's meaningful ARP spend, but can you just remind us how any opportunities might impact your outlook for the segment overall?

Donald (Blue) Jenkins — Executive Vice President & President, Utilities & President, Washington Gas, Utilities, AltaGas Ltd.

Hey, Eli. It's Blue. So, as we've said consistently, of course we do have multi-year programs and APRP and we continue to work our way through those. For data centers, we continue to have conversations across both utilities, both in the DMV area as well as Michigan. We've got a handful of those conversations that are progressing through. That CapEx, as we previously said, just to remind, is rate-based focused, so you will do our typical, you know, extend our system to those locations and provide fuel to meet the needs of that particular location. We're thinking about how we would adjust those contracts to be more quickly recovered, if I can use that term. So 5-year or 10-year contracts as opposed to the typical 40-year depreciation cycle, et cetera. So we feel very confident that, in the way those things line up, that we can add those into our growth profile and not only continue our APRP but continue to add those as they come through. So there's a sweet spot for us in that medium-sized data center that's connected to our systems.

Vern Yu — President & Chief Executive Officer, AltaGas Ltd.,

I think what we've said before is we can grow rate base by up to 8% per year for the foreseeable future just through customer adds and system modernization programs. These data centers are $10 million to $40 million per data center as far as incremental rate base that we would be adding. So if we are successful in adding a few of these to our growth profile, then we could increase that 8% CAGR to something in the range of 9% per year.

Eli — Analyst, J.P. Morgan

Copy that. And I know you probably are limited in what you can say, but just thinking about the Trigon litigation, do you have any kind of messaging in terms of how you see that impacting the business? What kind of timeline we should think about? Just that litigation's overall impact to Alta? Thanks.

Vern Yu — President & Chief Executive Officer, AltaGas Ltd.,

Sure. That's a very topical item. The PRPA is obviously defending its right, as the regulator and the landlord, to determine how the port gets used and developed and, in fact, they're in front of the judge this morning in BC trying to get Trigon's lawsuit summarily dismissed. But in our view, we have exclusive rights to develop bulk liquid exports at Ridley Island. That's something we'll defend vigorously. To put a point on it, development at these facilities take a tremendous amount of time and capital to get it off the ground. We spent five years in environmental planning and review before we were able to get the appropriate permits for REEF. So having this exclusivity allows us to recover the upfront capital and the effort we made in getting these permits. So we for sure, and the port, will vigorously defend our rights.

Eli — Analyst, J.P. Morgan

Great. Thanks for the colour.

Operator

We do have one more question. It is from Patrick Kenny from National Bank Financial. Please go ahead.

Patrick Kenny — Analyst, National Bank Financial

Thank you. Good morning, guys. I guess just on the Dimsdale storage opportunity, we're seeing record receipts on NGTL yet we have West Coast LNG exports ramping up over the coming quarters, which may provide some near-term relief. So I just wanted to check in on where the commercial demand is today for this expansion and how we should be thinking about the cadence of a Dimsdale FID relative to, say, a Pipestone Phase III or a North Pine expansion.

Randy Toone — Executive Vice President & President, Midstream, AltaGas Ltd.

Hi, Patrick. It's Randy. Yeah, the Dimsdale storage expansion is progressing, so we're working on detailed engineering and regulatory requirements and along with commercial underpinning and we feel that around the end of Q2, early Q3, we'll be in a position to make a decision on that project. So we do feel that that's probably ahead of, say, a North Pine expansion or a Pipestone III expansion.

Patrick Kenny — Analyst, National Bank Financial

Okay. And I guess, Randy, just in general, how much white space do you still have within your Montney gas processing portfolio and how do you think the timing might unfold with respect to customer needs for sanctioning more of a large-scale capacity expansion at any one of your Montney plants?

Randy Toone — Executive Vice President & President, Midstream, AltaGas Ltd.

Yeah, so a good question. Like our white space is largely at our Townsend facility. We did sign that agreement last year where we're filling up, largely filling up that white space. We're focused really on getting Pipestone II online. We have strong contracts behind that. But we are out there looking at can we actually look at a Pipestone III. There is a lot of demand in that area. And so we do feel that, given that we are full at Townsend, Gordondale, Pipestone, that we'll be able to work on a future gas processing plant here in 2026.

Patrick Kenny — Analyst, National Bank Financial

Okay. Got it. And last one, I guess probably for Vern, just on the line of sight to having 85% of EBITDA now being contracted. Can you just remind us where you see the sweet spot for the company on a consolidated basis longer term? And might the strong performance on the midstream contracting front allow you to or give you the flexibility to consider any divestitures within the rate-regulated utilities franchise?

Vern Yu — President & Chief Executive Officer, AltaGas Ltd.,

I think, Pat, we're comfortable that we're going to get to kind of 90% cost-of-service, take-or-pay, or fee-for-service by 2027. I think that's a nice place to be and we'll continue to grow the business and that gives us more flexibility as the business continues to grow. We have no plans of selling any of the rate-regulated assets. I know people have speculated in the past about us selling SEMCO, but there's tons of great rate-based growth in front of us there, particularly now that we're getting close to getting regulatory approval for the Keweenaw connector. So the growth prospects at all of our utilities remains very robust and we're very pleased to own them.

James Harbilas — Executive Vice President & Chief Financial Officer, AltaGas Ltd.

And Pat, it's James here. I echo what Vern said in terms of growth profile but we also love the utility business because it is a credit positive for us, right, and business mix is important and that's why we continue to execute on ARP plans. And you'll see that our EBITDA continues to be weighted towards the utilities in terms of our business mix.

Patrick Kenny — Analyst, National Bank Financial

Okay. Got it. I'll leave it there. Thanks, guys.

Operator

There are no further questions at this time. I will now turn the call back to Mr. Swanson.

Aaron Swanson — Vice President, Investor Relations, AltaGas Ltd.

Great. Thanks, Andrew. Thanks again, everyone, for joining the call this morning. Any further questions, the IR team is here to assist. Have a great day.