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## ASX RELEASE

### Potential for a new regulatory environment for the Dulles Greenway

Atlas Arteria (**ASX:ALX**) provides an overview of the potential future legislative environment impacting the Dulles Greenway.

House Bill No. 1832 (and identical Senate Bill No. 1259) amends the Virginia Highway Corporation Act (1988) (**HCA or the Act**) with such amendments applying to future applications for toll increases.

Importantly, it will not impact the current rate case application before the Virginia State Corporation Commission (**SCC**).

The key changes to the Act introduced by these bills:

- prevent the SCC approving more than one year of toll rate increases at a time (where currently approvals have granted multiple increases for up to 5 years as part of any one rate case submission); and
- define the threshold at which toll increases would be considered to “materially discourage use” as a 3% fall in traffic, adjusted for population growth. In assessing applications for toll rate increases the SCC considers 3 criteria which are set out in Appendix A, including that the increase will not “materially discourage use of the roadway by the public”.

These bills have been approved by both chambers of the Virginia General Assembly and will go to the Governor of Virginia for approval. If the Governor does not veto the bills or propose amendments, they will become law and take effect from 1 July 2021. Further details of the Bills are provided in Appendix A.

House Bill No. 2104 was not passed by the Senate and as such will not become law. This bill provided an opportunity for regulatory oversight of the Dulles Greenway to transfer from the HCA to the Public-Private Transportation Act (1995) under a new Concession Agreement with the Virginia Department of Transport (**VDOT**). It also provided for the introduction of distance-based tolling.

Dulles Greenway CEO Renée Hamilton said: “The Greenway is an important part of the regional transportation network. The passage of House Bill No. 2104 by the Virginia General Assembly would have provided an opportunity to modernise Virginia’s oversight of its highway system and deliver a distance based tolling solution that the vast majority of stakeholders in the region have long desired. We continue to focus on improving the customer experience and to position the Greenway for the return of traffic.”

Atlas Arteria CEO Graeme Bevans said: “Dulles Greenway sits in a growth corridor in Northern Virginia with historically strong population and employment growth and high income per capita. Looking beyond the immediate challenges of COVID-19, its value to commuters is clear. Our focus remains on working with all government and community stakeholders to develop a better long term pathway for this business.”

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This announcement has been authorised for release by Clayton McCormack, General Counsel and Company Secretary.

**About Atlas Arteria**

Atlas Arteria (ASX:ALX) is a global owner, operator and developer of toll roads, creating value for our investors over the long-term through considered and disciplined management. The roads we own, operate and develop benefit communities through reduced travel time, greater time certainty, reduced fuel consumption and carbon emissions.

Today the Atlas Arteria Group consists of four businesses. We currently own a 31.14% interest in the APRR toll road group in France. Adjacent to the APRR business is the smaller ADELAC business which connects to APRR in south-east France. Together APRR and ADELAC comprise a 2,318km motorway network located in the East and South East of France. In the US, we have 100% of the economic interest in the Dulles Greenway, a 22km toll road in the Commonwealth of Virginia. In Germany, we own 100% of the Warnow Tunnel in the north-east city of Rostock.

[www.atlasarteria.com](http://www.atlasarteria.com)

## Appendix A: Key Details of the New Bills

### House Bill No. 1832 and Senate Bill No. 1259

The proposed bills do not change that the SCC will continue to determine the toll rates. SCC shall *“have the duty and authority to approve or revise the toll rates charged by the operator”*. As it has done previously, the SCC will continue to set toll rates at a level that:

- *“is reasonable to the user in relation to the benefit obtained”;*
- *“will not materially discourage use of the roadway by the public”;* and
- *“will provide the operator with no more than a reasonable return as determined by the SCC.”*

### Annual toll increases

- Under the current legislative framework, the SCC may approve or revise the toll rates charged by the Greenway without a specific time limitation.
- The bills propose that the SCC *“not approve more than one year of toll rate increases proposed by the operator”*.
- The Greenway has currently submitted a rate case application to support a 5 year toll increase. This application will not be impacted by House Bill No. 1832 and Senate Bill No.1259.

### Materially discourage use

- The bills include clarification of the term *“materially discourage use”*. Previously this term was not defined. These bills now define the term to mean *“to cause a decrease in traffic of three or more percentage points based on either a change in potential toll road users or a change in traffic attributable to the toll rate charged as validated by (i) an investment-grade travel demand model that takes population growth into consideration or (ii) in the case of an investigation into current toll rates, an actual traffic study that takes population growth into consideration.”*
- Population growth, together with various other variables, are factored into the elasticity calculations used by the Greenway in its rate case applications. The expert witness report which supported our current rate case application determined that the Greenway has a price elasticity of approximately minus 0.2, meaning a 1% increase in tolls would see a fall in traffic of around 0.2%.

### Certificate of Authority

- Should an extension, transfer or amendment of the Certificate of Authority be required, the bill would require the Greenway to demonstrate its financial fitness, including a *“minimum bond rating of “BBB-” or higher or an equivalent rating by a major rating agency, or a guarantee with a guarantor possessing a credit rating of “BBB-” or higher from a major rating agency. If such proof is not available, the applicant shall submit similar documentation to what would be submitted to a major credit rating agency to demonstrate the operating entity's or transferee's creditworthiness.”*
- No extensions, transfers or amendments are being sought by the Greenway under the existing legislative framework.

### Future refinancings

- Although the Greenway previously has been required to seek approval from the SCC for its debt refinancing, the legislation reaffirms this and provides criteria for evaluation of such a request. The SCC may approve the refinancing where the Greenway demonstrates *“(i) that it has the financial capability to pay off the debt incurred in the refinancing over the term of the bond, loan, or similar instrument; (ii) that the term of the bond, loan, or similar instrument does not extend beyond the expiration of the operator's current certificate of authority; (iii) that such refinancing will not increase toll rates; and (iv) that such refinancing is in the public interest”*.