



EPCOR Energy Services (Alberta) Inc.

**2004 and 2005 Regulated Rate Tariff Negotiated
Settlement**

October 7, 2003

ALBERTA ENERGY AND UTILITIES BOARD

Decision 2003-074: EPCOR Energy Services (Alberta) Inc.
2004 and 2005 Regulated Rate Tariff Negotiated Settlement
Application Nos. 1309992 and 1307244

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Alberta Energy and Utilities Board
640 – 5 Avenue SW
Calgary, Alberta
T2P 3G4

Telephone: (403) 297-8311
Fax: (403) 297-7040

Web site: www.eub.gov.ab.ca

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ALBERTA ENERGY AND UTILITIES BOARD

Calgary Alberta

**EPCOR ENERGY SERVICES (ALBERTA) INC.
2004 AND 2005 REGULATED RATE TARIFF
NEGOTIATED SETTLEMENT**

**Decision 2003-074
Application Nos. 1307244 and 1309992
File Nos. 1707-7 and 1707-8**

1 DECISION

Having carefully considered all of the evidence, the Alberta Energy and Utilities Board (EUB/the Board) approves Application No. 1309992 respecting EPCOR Energy Services (Alberta) Inc.'s (EESAI) applied-for 2004 and 2005 Negotiated Settlement, including the Energy Price Setting Plan to be used to establish the energy charge for the residential, farm, and irrigation rate classification customers that will be served under the EESAI Regulated Rate Tariff (RRT) Transition Rate in 2004 and 2005.

2 INTRODUCTION AND BACKGROUND

2.1 The Applications

By letter dated July 15, 2003, EESAI filed Application No. 1307244 (the July Application) with the EUB requesting approval of minor amendments to EESAI's approved 2003 RRT Energy Price Setting Plan (2003 Plan). EESAI stated that, if approved, the amended 2003 Plan would be used to establish the energy charge for the residential, farm, and irrigation rate classifications served under the EESAI RRT Transition Rate for 2004. Additionally, in accordance with the Board's direction in Decision 2002-112, EESAI included in its July Application, a flow-through alternative for the Board's consideration.

At the time of its July Application, EESAI also advised the Board that it was continuing discussions with the Consultation Parties to the 2003 Plan with a view to achieving a settlement with respect to the 2004 Plan. The Consultation Parties were: Alberta Association of Municipal Districts and Counties (AAMD&C); Alberta Urban Municipalities Association (AUMA); Alberta Irrigation Projects Association (AIPA); Consumers Coalition of Alberta (CCA); and Montana First Nation (Montana Band).

By letter dated August 8, 2003 (Appendix 2 of this Decision), EESAI filed Application No. 1309992 (Settlement Application) with the EUB, which amended its July Application. In the Settlement Application, EESAI submitted an agreement (Settlement Agreement) that it had reached with all of the Consultation Parties with the exception of the AUMA in regards to the amendments and adjustments to the 2004 and 2005 RRT Energy Price Setting Plan (2004 and 2005 Plan). EESAI requested an order or orders of the Board pursuant to section 134 of the *Electric Utilities Act* approving the Settlement Agreement, including the 2004-2005 Plan that would be used to establish the energy charge for the residential, farm, and irrigation rate classifications served under the EESAI RRT Transition Rate for 2004 and 2005.

The Settlement Agreement and its attachments, including the 2004 and 2005 Plan, is attached to the Decision as [Appendix 4](#).

Schedules B to F to the 2004 and 2005 Plan were left blank because EESAI and the Consultation Parties considered the information to be commercially sensitive.

EESAI and the other signatories to the Settlement Agreement (Signatories) requested that the Board expedite the approval of the Settlement Agreement so that EESAI might be able to capitalize on favorable forward market pricing for 2004 and 2005 calendar year price hedging products.

2.2 EUB Process

By letter dated August 15, 2003, the Board served (transmitted by email) Notice of Applications on parties that the Board considered would have an interest in the Applications, including the Members of the Legislative Assembly of Alberta (Interested Parties). In addition, during the period from August 24, 2003 to September 1, 2003, the Board published a Notice of Applications in the major newspapers in Calgary and Edmonton and in the weekly newspapers across the Province. Submissions or objections with respect to the Applications were required to be filed by September 15, 2003.

In response to its Notice of Applications, the Board received an objection from an individual consumer in the Aquila service area who was generally opposed to any further increase in residential rates. The individual indicated that she was not prepared to pursue the objection any further and did not appear at the hearing.

By letter dated September 19, 2003, the Board advised Interested Parties by e-mail that an oral hearing would be held by the Board to determine whether the Settlement Agreement was in the public interest. The hearing was scheduled to start on September 29, 2003. In addition, the Board notified Interested Parties that it intended to convene part of the hearing on a confidential basis in order to consider the terms of the 2004-2005 Plan and that Interested Parties would be advised on how the confidential part of the hearing would proceed at a later date.

By letter dated September 23, 2003, the Board established a process with respect to confidentiality and directed EESAI to file a request under Rule 12 of the Board *Rules of Practice*, AR 101/201 (Rule 12 Request) for confidentiality of the information that needed to be kept confidential.

By letter dated September 24, 2003, EESAI filed a Rule 12 Request asking the Board to hold confidential the information contained in Schedules B to F to the 2004 and 2005 Plan because it and the Consultation Parties considered the information to be commercially sensitive. EESAI submitted that public disclosure of the information could adversely affect either or both the ability of EESAI to acquire energy supplies for its RRT customer and the cost incurred to acquire those supplies. There was no description of the information contained in the schedules and the request applied to the entire content of the schedules.

By letter dated September 25, 2003, the Board granted EESAI's Rule 12 Request and also laid out the terms and conditions for the conduct of the confidential part of the hearing. A copy of the Board's Ruling is attached to this Decision as [Appendix 3](#).

The hearing of the Applications took place in Edmonton on September 29 and 30, 2003, before a Division of the Board, which was comprised of Board Members A. J. Berg, P.Eng. (Presiding Member), G. J. Miller, and J. R. Nichol, P. Eng. The Board heard the evidence in two parts starting with the public part of the evidence. The Board then proceeded *in camera*, to hear all evidence and submissions related to the confidential information. The Board ensured that parties getting access to the confidential information and participating in the confidential part of the hearing had filed an undertaking. Panel members, Board staff, and Court reporters also provided such undertaking. Following the confidential part of the hearing, submissions were presented to the Board. Those who participated in the hearing are listed in [Appendix 1](#) to this Decision.

For the purpose of this Decision, the Board considers that the record of this hearing closed on September 30, 2003.

2.3 Background

A summary of the establishment of the 2001-2005 EESAI RROT Energy Supply Plans up to approval of the 2002 Plan is provided in [Decision 2001-87](#), and is reproduced here for convenience.

On November 22, 2000, EESAI filed with the Board its Energy Price Setting Plan (2001-2005 Plan). The 2001-2005 Plan established a framework for procuring a supply of electric energy and establishing the energy charge under EESAI's RROT for the 2001-2005 RRO Transition Period. At the same time, EESAI also filed with the Board a Consultation Agreement between EESAI and six RROT customers groups referred to in the Agreement as the Consultation Parties. The six Consultation Parties include the Alberta Association of Municipal Districts and Counties, the Alberta Irrigation Projects Association, the Alberta Urban Municipalities Association, the Consumers Coalition of Alberta, the First Nations¹ and the Public Institutional Consumers of Alberta. The Consultation Agreement also provided for ongoing consultations between EESAI and the Consultation Parties in respect of implementing the 2001-2005 Plan and amending it from time to time in the future.

Following a public hearing that took place on November 23 and 24, 2001, the Board issued [Decision 2000-74](#) approving EESAI's Energy Price Setting Plan.

On November 29, 2000, EESAI filed with the Board a comprehensive negotiated settlement agreement between EESAI and the Consultation Parties in respect of all outstanding RROT matters for the 2001-2005 RRO Transition period, including Terms and Conditions of Service and EESAI's billing costs, as well as a return margin applicable to all components of EESAI's RROT as appropriate compensation for services provided and risks undertaken.

On November 30, 2000, the Government of Alberta enacted the Regulated Rate Option Amendment Regulation, AR 250/2000 (RROAR) that provided for the establishment of a Prescribed RRO Energy Charge (Prescribed Charge) for 2001 by the Minister.

On December 1, 2000, EESAI filed with the Board an augmented negotiated settlement agreement between EESAI, the Consultation Parties and the Senior Petroleum Producers of Alberta (SPPA) which revised certain of the Terms and Conditions of Service and

¹ For the purposes of the 2001 and 2002 Settlement Agreements, the First Nation parties are comprised of the Ermineskin and Montana Nations

made SPPA a party to the comprehensive negotiated settlement filed with the Board on November 29, 2000.

In accordance with the provisions of the 2001-2005 Plan, EESAI participated in the Market Achievement Plan (MAP) auction on December 4 and 5, 2000 and conducted a number of Requests for Offers (RFO) rounds in December 2000 and early January 2001.

On December 20, 2000, the Government of Alberta approved Ministerial Order 80/2000 setting the Prescribed Charge (i.e. the prescribed amount to be charged for electric energy under an RRO tariff in 2001) at \$110 / MWh.

On December 22, 2000, the Board issued [Decision 2000-89](#) approving what it termed a “legislatively augmented” settlement agreement. Among other things, the Board concluded that the RROAR prevented it from allowing EESAI to collect a return margin on the energy and non-energy components of EESAI’s RROT during 2001 which had been agreed-to by EESAI, the Consultation Parties and SPPA.

On December 29, 2000, the Board issued [Decision 2000-91](#) approving EESAI’s RRO Terms of Conditions of Service on a final basis and EESAI’s RRO Rates for 2001 on an interim basis.

On May 14, 2001, EESAI filed with the Board a letter reporting the “discovered” energy charge resulting from the implementation of the 2001-2005 Plan that would be applicable to the first half of 2001. The “discovered” energy charges ranged from \$124/MWh for the Lighting class to \$162/MWh for the Residential, Farm and Commercial classes, significantly higher than the \$110/MWh prescribed charge.

On July 12, 2001, the RROAR was repealed and replaced with the Regulated Rate Option Regulation, AR 132/2001 (RROR) on July 12, 2001. As with the RROAR, the RROR allows parties to make application to the Board for a review of the Prescribed Charge.

On July 18, 2001, EESAI initiated discussions with the Consultation Parties respecting the amount to be recovered from EESAI’s RROT customers commencing in 2002 in respect of the difference between the Prescribed Charge and EESAI’s approved RROT rates in 2001.

At the same time, EESAI initiated discussions with the Consultation Parties respecting amendments and adjustments for the 2002 calendar year to the Energy Price Setting Plan Method approved by the Board in [Decision 2000-74](#).

To assist with the settlement discussions, EESAI and the Consultation Parties agreed to retain the services of an independent Advisor, and the Board appointed a neutral observer.

The parties met on eight separate occasions during August, September and October 2001. All discussions were conducted in accordance with the provisions of IL 98-04, which sets out the Board’s Guidelines for Negotiated Settlements.

The settlement agreement respecting the RRO Collection Shortfall in 2001 and other areas of agreement for 2001 was filed on October 9, 2001, as was the 2002 Settlement Agreement respecting amendments and adjustments for the 2002 calendar year to the Energy Price Setting Plan Method.

The 2002 Settlement Agreement including the 2002 Plan was approved in [Decision 2001-87](#).

The 2003 Settlement Agreement, which sought further amendments and adjustments to the previously approved 2002 Plan for 2003, was approved in [Decision 2002-112](#). In that Decision, the Board dealt with a number of issues that it considers to be still relevant to the 2004 and 2005 Settlement Agreement. In this regard, the Board holds to the views it expressed therein.

The 2004 and 2005 Settlement Agreement, which makes further amendments and adjustments to the approved 2003 Plan for 2004 and 2005, is the subject of this Decision.

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3 OVERVIEW OF THE 2004 AND 2005 NEGOTIATED SETTLEMENT

Section 1 of the Consultation Agreement, dated November 23, 2000, provides for ongoing consultations among EESAI and the Consultation Parties regarding the possible need for, and development of, adjustments and amendments to the price setting method set out in the 2003 Plan. Section 7 of the 2003 Plan establishes a framework and process for those discussions.

In accordance with section 7 of the 2003 Plan and section 1 of the Consultation Agreement, EESAI commenced discussions with the Consultation Parties on January 31, 2003, regarding possible amendments and adjustments to the Method set forth in the 2003 Plan. The parties met on seven occasions, either in person or by conference call, and at the time of the July 10, 2003, EESAI and the Consultation Parties were not able to reach a mutually satisfactory agreement. In accordance with the Board's direction, EESAI proceeded to file its July Application.

Subsequent to the filing of the July Application, discussions recommenced and EESAI and the Consultation Parties met, either in person or by conference call, on seven occasions from and including July 15, 2003.

A Board observer attended all meetings with the exception of the January 31, 2003 meeting and the conference call on July 25, 2003.

In accordance with section 7(b) of the 2003 Plan, EESAI and the Consultation Parties retained an Independent Advisor to provide advice to both EESAI and the Consultation Parties with respect to proposed, or possible, amendments to the 2003 Plan.

EESAI placed an advertisement in forty-seven newspapers across Alberta during the month of June 2003. The advertisement advised parties that EESAI had commenced negotiations to amend its 2003 Regulated Rate Option Price Setting Plan. EESAI received a number of responses to the advertisement from customers, to which it responded.

An agreement in principle between EESAI and the Consultation Parties was reached on July 29, 2003, and the Settlement Agreement was then finalized. The following parties executed the Settlement:

- EESAI
- AAMD&C
- AIPA
- CCA
- Montana Band

4 OVERVIEW OF THE 2004 AND 2005 ENERGY PRICE SETTING PLAN

The 2004/2005 Plan carries forward the 2003 Plan subject to amendments with respect to the inclusion of, among other things, “Threshold Prices”, scheduling of purchases of a portion of the forecast hedging requirements for 2005 upon Board approval, and the acquisition of all or part of the Super Peak Products for the first and fourth quarters of each of 2004 and 2005 through the Power Pool. Details of these changes can be found in section III of EESAI’s Application letter dated August 8, 2003, which is included in Appendix 2 of this Decision.

Certain information designated as commercially sensitive contained in the Schedules B to F of the 2004/2005 Plan (Attachment 1 in Appendix 4 of this Decision, the Commercially Sensitive Information) was not provided with the Settlement Agreement. The Commercially Sensitive Information was, however, provided to the other parties to the Settlement Agreement and the AUMA.

The Commercially Sensitive Information that were excluded from the Settlement Agreement filing included the following:

1. Composition of Target Energy Portfolio – One Year Product (Schedule B to the 2004/2005 Plan)
2. Composition of Target Energy Portfolio – Monthly Product (Schedule C to the 2004/2005 Plan);
3. Protocol for RFO Round (Schedule D to the 2004/2005 Plan); and,
4. Certification of Compliance - RFO Round (Schedule E to the 2004/2005 Plan).
5. Certification of Compliance – Inter-Session Procurement Round (Schedule F to the 2004/2005 Plan).

5 VIEWS OF EESAI

EESAI submitted that implementation of the 2004/2005 Plan as contemplated in the Settlement Agreement would result in just and reasonable rates for its RRT Transition Rate customers and is in the public interest and should be approved. EESAI cited the following reasons:

- The 2004/2005 Plan carries forward the 2003 Plan with minimal amendments. The 2003 Plan was approved in Decision 2002-112 and the Board expressly found that adoption of the 2003 Plan was in the public interest.²
- The 2004/2005 Plan was developed through consultation between EESAI and the other parties to the Settlement Agreement and with the advice of the Independent Advisor.
- The 2004/2005 Plan builds on the experience gained by EESAI, the Consultation Parties and the Independent Advisor in developing and implementing the Plans for 2001, 2002 and 2003. The procurement now involves many more products than it did in earlier years. There are checks and balances in the procurement protocol that address potential concerns regarding the liquidity of the electricity market and signaling to the market when EESAI is actually purchasing electricity supplies. And there are significant details regarding the assessment and valuation of the products and prices that are available at any particular time. In addition, EESAI submitted that the introduction of threshold prices provides even greater assurance than in the past, that the 2004 and 2005 Plan will result in reasonable energy rates for the regulated rate tariff customers that EESAI serves.
- EESAI noted that, for the first time, the Board (other than the Board observer) has had the opportunity to review the confidential schedules to the energy price-setting plan and has conducted extensive examination in respect of those documents. EESAI submitted that those confidential schedules amply demonstrate the care, attention, sophistication, and discipline with which EESAI and the Consultation Parties approached the task of procuring energy for EESAI's RRT customers.
- The rates that have resulted from the implementation of the 2003 Plan have offered customers a high degree of rate stability as compared to the volatility experienced in pool prices in 2003. EESAI submitted that the 2004/2005 Plan, which is similar in nature to the 2003 Plan, will do the same, including for those customers that cannot sign competitive contracts, because, for example, they cannot meet the applicable credit requirements.

EESAI noted that the actual energy prices that would result from the implementation of the 2004-2005 plan cannot be known until the plan is approved, implemented, and the energy procured. Nevertheless, in EESAI's view, the evidence in this proceeding showed that current estimates of prices are favourable and reflect reductions from the prices that have prevailed this year to date. EESAI maintained that, most significantly, implementation of the 2004 and 2005 Plan would provide the protection from significant price excursions and general instability of electricity prices that customers desire. Since customers bear the price risk, EESAI submitted that it is they who should be allowed to manage it and that the energy price-setting plan enables them to do so effectively and efficiently.

² Decision 2002-112, p. 18.

- EESAI and the Consultation Parties reached an agreement for two years, because they considered that the 2004 and 2005 plan would result in EESAI incurring reasonable and prudent energy costs to serve its RRT customers, and because the prices for calendar year products prevailing at the time that the agreement was made were favourable. EESAI noted that the situation continued to be the same at the time of the hearing. In addition, EESAI submitted that a two year agreement would save some administrative costs, which otherwise would be passed down to consumers.
- EESAI submitted that the evidence in this proceeding suggested that a hedged approach may assist the development of a competitive retail market.
- The 2004 and 2005 Plan meets the requirements of a “transition rate” established under the RDS Regulation.

EESAI also submitted that the Settlement Agreement meets the criteria identified in section 12.5 of the Board’s Negotiated Settlement Guidelines (IL 98-04 Revised) concerning settlements that are unopposed for the following reasons:

- Public Interest - The Settlement Agreement is the result of extensive consultations and negotiations between EESAI and the other parties to the Settlement Agreement.
- Reasonable and Fair to all Parties - The Settlement Agreement was negotiated with the assistance of the Independent Advisor and the Board-appointed observer, and has been agreed to by representatives of each of the parties to the Settlement Agreement.
- Rationally Substantiated - The basis for the Settlement Agreement has been well substantiated to the extent possible without violating the confidentiality provisions of the Negotiated Settlement Guidelines and the confidentiality provisions in the Consultation Agreement.
- Supported by a Complete and Adequate Application – EESAI’s August 8, 2003 application letter, together with the accompanying copy of the Settlement Agreement and other attached documents, provide complete and adequate support for EESAI’s request that the Board approve the Settlement Agreement.

In Response to a number of information requests (IRs) from the Board, EESAI provided information relating to expected energy prices in 2004 and 2005. These are summarized in the following paragraphs. The relevant IR responses are also included in Appendix 6 to this Decision.

EESAI stated that for 2004 and 2005, annual hedging products would comprise approximately 85% of the RRT energy portfolio while monthly hedging products will account for the balance of the portfolio subject to the Consultation Parties exercising the option set out in paragraph 1(b) of the Settlement Agreement.

EESAI stated that there are three primary factors affecting energy charges in 2004 and 2005 under a hedged approach:

1. Timing of procurement – The energy charges will be impacted as the forward electricity price curve increases and decreases from time to time. Forward prices for 2005 are currently lower than those available for Q4 2003 and 2004.
2. Changing gas prices – Forward electricity prices are affected by changes in the price of natural gas. It is expected that the gas price will remain at high levels, with high volatility, during the relevant periods. This is likely to result in relatively volatile electricity prices.
3. Supply of Electricity – Any material increase or decrease in the supply of electricity in the Alberta market will impact forward electricity prices. An example of an increase in supply is the commissioning of a new plant. The next major increase in Alberta electricity supply is expected to occur in 2005 with the commissioning of Genesee 3. Conversely, electricity supply can be decreased by the decommissioning of a plant – whether expected or not, e.g. the Wabamun 3 generating unit that was taken out of operation in early 2003. Supply can also be reduced by unplanned outages. Such outages are typically short term in nature, i.e. lasting weeks or months, and can affect monthly and hourly prices.

EESAI stated that the hedging portfolio for EESAI and EPCOR Energy Services Inc. (EESI), which provides RRT service in the City of Edmonton, might be procured at the same time and at the same prices. However, the EESAI and EESI energy prices are expected to be different in 2004 and 2005. The expected difference (the EESI RRT Residential rate is currently projected to be 2% higher on average than the comparable EESAI rate in each of 2004 and 2005) results from the EESI RRT load having a larger proportion of on-peak energy. The larger proportion of on-peak energy is reflected by a larger weighting of on-peak energy prices in the energy charge calculation – which, in turn, results in higher energy prices.

EESAI provided the following table, which illustrated forward energy prices at the time the Application was made. EESAI confirmed during the hearing that the forward energy prices were still valid.

Table 1. Estimated 2004 and 2005 Energy Prices (\$/MWh)

	Residential	Farm	Irrigation
2003 Q1	61.29	59.35	57.25
2003 Q2	61.29	59.35	55.68
2003 Q3	64.40	65.27	58.32
2003 Q4	62.41	65.47	59.94
2004 Q1	54.63	57.25	51.69
2004 Q2	52.02	54.51	49.97
2004 Q3	52.94	55.48	50.43
2004 Q4	52.92	55.46	49.99
2005 Q1	48.88	51.22	46.49
2005 Q2	48.78	51.12	46.60
2005 Q3	48.93	51.28	46.62
2005 Q4	49.44	51.81	46.49

EESAI also provided graphs, which compared its hedged RRT energy charges for 2003 with those of ATCO Electric's pool price flow through RRT energy charges. These were updated during the hearing to include August 2003.

EESAI reiterated its request that the Settlement Agreement be approved on an expedited basis so that EESAI may capitalize to the benefit of its customers on the favourable forward market pricing that currently prevailed at the time of the hearing.

6 VIEWS OF THE CONSULTATION PARTIES

Representatives of the Consultation parties, except the AUMA, appeared at the hearing and confirmed their support for the Settlement. They urged the Board to approve the Application. AUMA confirmed that it was not opposed to the Settlement Agreement.

7 VIEWS OF THE BOARD

The Board notes that all of the Consultation Parties, except for the AUMA, have executed the Settlement. The AUMA appeared at the hearing and indicated that it was not opposed to the Settlement. In circumstances like this, where the Board is presented with an unopposed negotiated settlement, the Board has held that it will treat the settlement as if it were a unanimous settlement.³

Accordingly, the Board will apply the two-fold test established in [Decision 2000-85](#). The two criteria used in that Decision, which the Board will address in the context of this Settlement Application, are:

- (1) Whether EESAI's settlement process was fair and in accordance with the Board's [Negotiated Settlement Guidelines](#) (IL98-04 Revised), and
- (2) Whether any aspect of the EESAI 2004 and 2005 RRT Settlement Agreement is patently contrary to the public interest.

7.1 Fairness of the Settlement Process

As noted above, the first question for the Board is whether EESAI's 2004 and 2005 RRT settlement process was fair and in accordance with the Board's [Negotiated Settlement Guidelines](#). In particular, the Board considers that a settlement is fair and in accordance with the guidelines if proper notice has been provided, no negative response was received to the notice for objection, due process has been provided to the participant by allowing for meaningful participation in the process including the funding of interveners' participation, Board staff has participated as an observer in the settlement discussions, and all parties expressing an interest have signed off on the settlement.

The Board is satisfied that proper notice has been provided. A copy of EESAI's notice of its negotiations with the Consultation Parties that was published in about forty papers in Alberta and

³ Decision 2002-064, *ESBI Alberta Ltd., 2002 Tariff Application & Negotiated Settlement* (July 16, 2002), page 15.

a summary of the responses to EESAI's are included in [Appendix 5](#) of this Decision. The Board accepts that EESAI satisfactorily addressed all of the concerns raised in response to its notice. In response to the Board's Notice of Applications, the Board received an objection from an individual consumer in the Aquila service area who was generally opposed to any further increase in residential rates. The Board notes that, although all those who responded to EESAI's and the Board's notices were kept informed as to the processing of the Applications, none of those parties appeared at the hearing.

The evidence confirms that there was meaningful participation in the settlement process by all parties. EESAI and the Consultation Parties met on several occasions, either in person or by conference call, before an agreement was reached and the application to approve was filed with the Board on July 15, 2003.

A Board observer attended all meetings with the exception of the January 31, 2003 meeting and the conference call on July 25, 2003. EESAI and the Consultation Parties retained an independent advisor to provide advice to both EESAI and the Consultation Parties with respect to proposed, or possible, amendments to the 2003 Plan. The independent advisor participated in the meetings. The Board staff observer has not advised the Board of any concerns related to the negotiated settlement process.

The Consultation Parties, with the exception of AUMA, approved the Settlement Agreement and the 2004 and 2005 Plan and AUMA confirmed at the hearing that it was not opposing it. The Board accepts the views of the Consultation parties, who represent a wide cross-section of potential RRT consumers, that the Settlement Agreement and the 2004 and 2005 Plan should be approved. Those parties are well known to the Board with a long record of representing the citizens of Alberta.

The Board has considered all the evidence filed with the application, including the confidential Schedules and is satisfied that the negotiation process has led to an agreement that is fair and reasonable, has a well-substantiated rational basis and is complete and adequate to support the application.

In conclusion, the Board is satisfied that the criteria enumerated above were met and finds that the Settlement was reached fairly and in accordance with the Board's [Negotiated Settlement Guidelines](#).

7.1.1 Public Interest

The second question for the Board is whether the Settlement contains elements that could produce rates that are not just and reasonable. The Board considers that the expressions of support or non-opposition by the Consultation Parties are of considerable comfort to the Board in assessing the justness and reasonableness of the resulting tariff. The Board considers these Parties, who are well known to the Board, to be experienced and knowledgeable.

With respect to energy price impacts in 2004 and 2005, the Board notes that, in response to IRs from the Board, EESAI provided information on forward electric energy prices and comparison of customer bills, which suggested that customer energy charges in 2004 and 2005 are likely to be more favourable than current and previous charges if the 2004 and 2005 Plan were implemented immediately and EESAI was able to take advantage of what it considers to be

reasonable 2005 forward prices that are currently available. This information is contained in [Appendix 6](#) to this Decision.

The Board notes that based on the current forward prices, immediate acquisition of the price hedging portfolio in accordance with the Settlement Agreement, and a liquid market, EESAI expected that energy prices would be lower in 2004 and 2005 relative to 2003 and prior years. Overall rates to residential and farm customers are expected to drop by 13% and to drop by 22% for irrigation in 2004. A further drop of 4-5% is expected from 2004 to 2005.

The Board also notes that EESAI's hedged prices in 2003 have compared favorably to ATCO Electric's 2003 flow through pricing.

Because of the confidentiality safeguards that were put in place, the Board was able to examine all aspects of the 2004 and 2005 Plan. In addition, the Board was able to get the Consultation Parties' and the Independent Advisor's views with respect to the design of the EESAI's price hedging strategy and the protocol for acquiring the price-hedging products in the 2004 and 2005 energy supply portfolio. This evidence enables the Board to accept that the applied-for 2004 and 2005 Plan represents a viable method of establishing the energy charges for EESAI's RRT customers in 2004 and 2005 and also represents a prudent balance between price stability and energy costs.

Having considered all of the evidence and argument, the Board is of the view that the 2004 and 2005 Plan will result in fair and reasonable energy charges for EESAI's RRT customers in 2004 and 2005. The Board accepts that prudent and reasonable costs will be paid by EESAI for electric energy if the framework set out in the 2004 and 2005 Plan for acquiring price-hedging products is followed.

The Board notes that the 2004 and 2005 plan continues to provide that any customer can leave regulated service and acquire a competitive retail contract, without penalty or exit fees, on 60 days notice. For a moderate fee, a customer can request expedited service and leave regulated service on 30 days notice.

Further, the Board considers that the acquisition of price-hedging products by EESAI may also result in an improvement to the competitive environment by providing markets for electricity suppliers for various terms and types of forward pricing products. This could assist the development of a competitive market for future retailers by having suppliers available to supply the necessary products for effective hedging.

As a consequence, the Board considers that the existence of a hedged program does not prevent customers from accepting competitive retail contracts. Accordingly, based on the evidence it heard at the hearing, the Board does not consider that the approval of the EESAI 2004 and 2005 Plan will be detrimental to the development of the Alberta retail energy market and thus will not require that a pool price flow through option be pursued. Furthermore, the Board is willing to accept the two-year hedged program as agreed to between EESAI and the Consultation Parties in the Negotiated Settlement.

Having considered the terms of the Settlement in light of the requirements of the EUA and the Board's [Negotiated Settlement Guidelines](#), the Board finds that the Settlement reflects an overall balance of price stability and energy costs for EESAI's RRT customers for 2004 and 2005. The

Board does not consider that any element of the Settlement or the resulting tariff is patently contrary to the public interest. Indeed, the Board is satisfied that the Settlement will result in a tariff that is just and reasonable and in the public interest. The Board concludes that the Settlement should be approved.

Accordingly, the Board approves the 2004 and 2005 Settlement Agreement and the 2004 and 2005 Plan attached as [Appendix 4](#) to this Decision.

8 OTHER MATTERS

The Board, after hearing all the evidence, including the information subject to the Rule 12 Confidentiality Ruling that was heard *in camera*, has the following additional comments:

The Board believes that EESAI could enhance communication with its RRT customers. In that respect, the Board expects EESAI to provide customers with forward pricing information and an accurate explanation of all of the charges on the customer's monthly bill. The Board considers that EESAI should review all areas of its website for accuracy.

In addition to providing information to customers, the Board directs EESAI to continue to file all quarterly RRT rate charges that result from the implementation of the 2004-2005 Plan as a Filing for Acknowledgement only, as was already done pursuant to Decision 2002-112, with respect to the 2003 Plan.

Finally, the Board is not convinced that all the information in Schedules B to F of the 2004 and 2005 Energy Price Setting Plan was commercially sensitive. The Board would expect parties to a Settlement Agreement to disclose as much information as possible to enable non-participants to the negotiations and customers to get a better general understanding of the Agreement.

9 ORDER

For and subject to the reasons set out in this Decision, The Board:

- (1) Approves the 2004 and 2005 Settlement Agreement, including the 2004 and 2005 Energy Price Setting Plan attached as [Appendix 4](#) to this Decision.
- (2) Directs EESAI to continue to file all quarterly RRT rate charges that result from the implementation of the 2004 and 2005 Energy Price Setting Plan as a Filing for Acknowledgement only, as was already done pursuant to Decision 2002-112 with respect to the 2003 Plan.

Dated in Calgary, Alberta on October 7, 2003.

ALBERTA ENERGY AND UTILITIES BOARD

(original signed by)

A. J. Berg, P.Eng.
Presiding Member

(original signed by)

Gordon J. Miller
Member

(original signed by)

J. R. Nichol, P.Eng.
Member

APPENDIX 1 – HEARING PARTICIPANTS

**Principals and Representatives
(Abbreviations Used in Report)**
Witnesses

EPCOR Energy Services (Alberta) Inc.
(EESAI) and the Consultation Parties (CP)
D. E. Crowther

B. DeNeve (EESAI)
M. Davies (CP)

The Independent Advisor to the Consultation
Parties and EESAI

S. Fulton

Alberta Association of Municipal Districts and
Counties
D. Jenkins

Alberta Irrigation Projects Association
J. H. Unryn

Alberta Urban Municipalities Association
C. R. McCreary⁵

Consumers Association of Alberta
J. A. Wachowich

ENMAX Power Corporation⁴
L. A. Cusano⁵

Montana First Nations Band
A. O. Ackroyd, Q.C.

The City of Calgary
D. I. Evanchuk⁵

G. VanderBurg⁵

Member of the Legislative Assembly of
Alberta for Whitecourt-St. Anne

⁴ Registered an appearance via AUMA's counsel, but was not present at the hearing.

⁵ Was not present for the in-camera part of the hearing.

Principals and Representatives
(Abbreviations Used in Report)

Witnesses

Board Panel

A. Berg, P. Eng., Presiding Member
G. Miller, Member
J. Nichol, P. Eng, Member

Board Staff

L. Lacasse, Board Counsel
M. L. Asgar-Deen, P.Eng.
D. Burns (Consultant)

APPENDIX 2 – EESAI'S APPLICATION LETTER



"EESAI Application
letter.doc"

(Consists of 5 pages)

**APPENDIX 3 – BOARD’S RULES OF PRACTICE RULE 12 CONFIDENTIALITY
RULING (INCLUDING UPDATED SCHEDULE A)**



"2003-09-24 EESAI
final ruling on confide

(Consists of 19 pages)



"Updated SCHEDULE
A.doc"

(Consists of 9 pages)

APPENDIX 4 – 2004 AND 2005 RRT SETTLEMENT AGREEMENT AND ATTACHMENTS, INCLUDING THE 2004 AND 2005 PLAN



"EESAI Settlement Agreement.doc"

2004 and 2005 RRT Settlement Agreement
(Consists of 6 pages)



"EESAI EPSP (Att 1).doc"



"EPSP Schedules A to F.doc"

Attachment "1"– 2004 and 2005 Energy Price Setting Plan & Attached Schedules A to F
(Consists of 8 pages and 27 pages)



"Energy Charge Schedule (Att 2) .doc"

Attachment "2"– 2004 and 2005 Energy Charge Schedule
(Consists of 2 pages)



"Code of Conduct (Att 3).doc"



"Sch A to Code of Conduct.doc"

Attachment "3"– Code of Conduct & Attached Schedule A
(Consists of 2 pages & 2 pages)

APPENDIX 5 – EESAI PUBLIC NOTICE AND RESPONSES



"EESAI Public Notice
of Negotiations on its

(Consists of 1 page)



"Customer Inquiries -
EESAI Notice.doc"

(Consists of 1 page)

APPENDIX 6 – ENERGY PRICING INFORMATION PROVIDED BY EESAI IN RESPONSE TO BOARD INFORMATION REQUESTS

FORWARD PRICES



BR-EESAI.2.DOC

Table 1 of this IR Response contains 2004 and 2005 Forward Energy Prices at the time of the Application
(Consists of 3 pages)

CUSTOMER BILL COMPARISON FOR 2004 AND 2005



"BR-EESAI.4_Attachment 1.xls"

Changes from Final 2003 Bills @ October 1 to Final 2004 Bills @ January 1
(Consists of 5 pages)

COMPARISON OF EESAI'S 2003 RRT ENERGY PRICES WITH ATCO ELECTRIC'S



"030930 -
BR-EESAI-10_Attachr

EESAI and AE 2003 RRT Energy Charges
(Consists of 4 pages)



August 8, 2003

Alberta Energy and Utilities Board
640 – 5 Avenue SW
Calgary, Alberta T2P 3G4

Attention: Mr. Robert Heggie
Executive Manager, Utilities Branch

Dear Mr. Heggie:

**Re: EPCOR Energy Services (Alberta) Inc.
2001 - 2005 Regulated Rate Tariff (RRT)
2004 and 2005 RRT**

Further to my letter to the Board of July 15, 2003, I am pleased to advise that EESAI has reached an agreement with all of the Consultation Parties with the exception of the Alberta Urban Municipalities Association (AUMA) respecting amendments and adjustments to the Energy Price Setting Plan that is to apply for both the 2004 and 2005 calendar years (the 2004/2005 Plan).¹ A copy of the 2004 and 2005 RRT Settlement Agreement (Settlement Agreement) made among EESAI and the Consultation Parties is attached as Appendix “1” to this letter.

The representatives of the AUMA have indicated to EESAI that the AUMA is diligently conducting an internal review of the Settlement Agreement and that the review will not be completed, and the AUMA will not be in a position to make a decision on whether or not to support the Settlement Agreement, until the latter part of August.

In light of the Settlement Agreement, EESAI hereby amends its July 15 Application previously filed with the Board and requests an order or orders of the Board approving the Settlement Agreement pursuant to section 134 of the *Electric Utilities Act*, including the 2004/2005 Plan attached as Appendix “1” to Attachment “1”. EESAI (with the concurrence of the parties to the Settlement Agreement) requests that the Board issue the applied-for order(s) as soon as possible.

Copies of the signature pages to the Settlement Agreement are attached as Appendix “2” to this letter. Copies of the letters that confirm the authority of the representatives of the parties to negotiate the settlement issues are attached as Appendix “3”.

I. OVERVIEW OF THE SETTLEMENT PROCESS

As discussed in the July 15 Application and presented as Appendix “4” to this letter, section 1 of the Consultation Agreement, dated November 23, 2000, provides for ongoing consultations among EESAI and the Consultation Parties regarding the possible need for, and development of,

¹ Unless otherwise indicated, terms and expressions that were defined in the EESAI July 15, 2003 letter to the Board (July 15 Application) have the same meanings for purposes of this Application.

adjustments and amendments to the price setting method set out in the 2003 Plan. Section 7 of the 2003 Plan establishes a framework and process for those discussions.

The July 15 Application described various discussions that had occurred with the Consultation Parties leading up to the filing of that Application. Those discussions recommenced in the afternoon of July 15. EESAI and the Consultation Parties met, either in person or by conference call, on seven occasions from and including July 15. An agreement in principle was reached on July 29, 2003 and the Settlement Agreement was then finalized. A Board observer attended all meetings with the exception of one conference call on July 25, 2003.

Attached as Appendix “5” to this letter is a copy of the advertisement that EESAI placed in forty seven newspapers across Alberta during the month of June, 2003. The advertisement advised parties that EESAI had commenced negotiations to amend its 2003 Regulated Rate Option Price Setting Plan. The table that is attached as Appendix “6” to this letter summarizes the responses that EESAI received. In the interests of confidentiality, the customers have not been identified by name.

II. OVERVIEW OF THE 2004/2005 PLAN

The 2004/2005 Plan carries forward the 2003 Plan subject to the following amendments:

- (i) EESAI and the parties have agreed to “Threshold Prices” that provide the Consultation Parties with the option of requesting that EESAI not purchase the required volumes in accordance with Schedules “B” and “C” of the 2004/2005 Plan. The Threshold Price option would take effect when the lowest price offered in an RFO Round exceeds the Threshold Price for the relevant Product. If the Consultation Parties make such a request, then the volumes scheduled for procurement during the period of time that the offer prices exceed the Threshold Price would be acquired through the Power Pool on a flow-through basis, or the Consultation Parties could require that the Product Volumes be rescheduled for purchase in accordance with the applicable schedule.
- (ii) The 2004/2005 Plan is to remain in effect for 2004 and 2005. Upon receiving Board approval of the 2004/2005 Plan, EESAI would schedule purchases of a portion of the forecast hedging requirements for 2005 for Rate Classification Customers on the Transition Rate as determined in accordance with Schedule “B”. Since the 2004/2005 Plan is to remain in effect for the balance of the term of the 2001- 2005 Energy Price Setting Plan, section 7 of the 2003 Plan has not been carried-forward into the 2004/2005 Plan. There will be no adjustment to the price and volume of Products purchased for 2005 under any circumstances.
- (iii) EESAI may acquire all or part of the Super Peak Products for the first and fourth quarters of each of 2004 and 2005 through the Power Pool. The parties have also agreed that, to the extent that all or a portion of such Super Peak Products are acquired through the Power Pool, the return margin for the portion acquired through the Power Pool, applied in accordance with the Energy Charge Schedule for the relevant period, is to be reduced by 75% from the level established under the Settlement Agreement.

-
- (iv) Section 5(c) provides for quarterly updates to Energy Charges to be filed with the Board for acknowledgement only as provided for in Decision 2002-112.²
 - (v) Section 6(a) of the 2004/2005 Plan provides that procurement will commence following Board approval of the 2004/2005 Plan, in accordance with Schedule “B”, as opposed to the week of September 9 as indicated in the 2003 Plan.
 - (vi) Schedules “E” and “G” to the 2003 Plan, which contained the protocol for the MAP Products Offer Round and the Certification of Compliance for the MAP Products Offer, have not been carried-forward given that the Balancing Pool is not expected to offer MAP Products during the relevant periods.
 - (vii) References to 2004 and 2005 have been substituted for the references to 2003.
 - (viii) References to the Regulated Rate Option have been replaced with references to the Regulated Rate Tariff and other consequential amendments have been made.

Consistent with past practice, and for the reasons discussed in the July 15 Application, certain Commercially Sensitive Information has been excluded from the copy of the 2004/2005 Plan that is attached to this letter. The Commercially Sensitive Information has, however, been provided to the other parties to the Settlement Agreement and the AUMA.

The Commercially Sensitive Information that has been excluded includes the following:

- (i) Composition of Target Energy Portfolio – One Year Product (Schedule "B" to the 2004/2005 Plan)
- (ii) Composition of Target Energy Portfolio – Monthly Product (Schedule "C" to the 2004/2005 Plan);
- (iii) Protocol for RFO Round (Schedule "D" to the 2004/2005 Plan); and,
- (iv) Certification of Compliance - RFO Round (Schedule "E" to the 2004/2005 Plan).

III. SUBMISSIONS CONCERNING THE PLAN AND SETTLEMENT AGREEMENT

For the following reasons, EESAI submits that implementation of the 2004/2005 Plan as contemplated in the Settlement Agreement will result in just and reasonable rates for RRT Transition Rate customers and is in the public interest:

- The 2004/2005 Plan carries forward the 2003 Plan with minimal amendments. The 2003 Plan was approved in Decision 2002-112 and the Board expressly found that adoption of the 2003 Plan was in the public interest.³

² Decision 2002-112, p. 19.

³ Decision 2002-112, p. 18.

- The 2004/2005 Plan was developed through consultation among EESAI and the other parties to the Settlement Agreement and with the advice of the Independent Advisor.
- The 2004/2005 Plan builds on the experience gained by EESAI, the Consultation Parties and the Independent Advisor in developing and implementing the Plans for 2001, 2002 and 2003.
- The rates that have resulted from the implementation of the 2003 Plan have offered customers a high degree of rate stability as compared to the volatility experienced in pool prices in 2003. EESAI submits that the 2004/2005 Plan, which is similar in nature to the 2003 Plan, will do the same.
- The 2004/2005 Plan meets the requirements of a “transition rate” established under the RDS Regulation.

EESAI also submits that the Settlement Agreement meets the criteria identified in the Negotiated Settlement Guidelines (IL 98-04 Revised):

- **Public Interest** - The Settlement Agreement is the result of extensive consultations and negotiations among EESAI and the other parties to the Settlement Agreement.
- **Reasonable and Fair to all Parties** - The Settlement Agreement was negotiated with the assistance of the Independent Advisor and the Board-appointed observer, and has been agreed to by representatives of each of the parties to the Settlement Agreement.
- **Rationally Substantiated** - The basis for the Settlement Agreement has been well-substantiated to the extent possible without violating the confidentiality provisions of the Negotiated Settlement Guidelines and the confidentiality provisions in the Consultation Agreement.
- **Supported by a Complete and Adequate Application** - This letter, together with the accompanying copy of the Settlement Agreement and other attached documents, provide complete and adequate support for EESAI's request that the Board approve the Settlement Agreement.

EESAI submits that the Settlement Agreement is clearly just and reasonable and in the public interest and should be approved by the Board.

IV. PROCESS

EESAI, with the strong concurrence of the parties to the Settlement Agreement, respectfully requests that the Board make all reasonable efforts to expedite the approval of the Settlement Agreement. EESAI believes that would be best accomplished by way of a written process. An expedited approval process may permit EESAI to capitalize on favourable forward market pricing for 2004 and 2005 for calendar year products for the benefit of RRT customers.

Please do not hesitate to call me at 412-4046 or Mike MacBeath at 412-3891 if you have any questions respecting this letter or the attachments.

Yours truly,

<original signed by>

Bryan DeNeve
Vice President, Regulatory Affairs
Attachments

cc: Consultation Parties

File Nos. 1707-7 & 1707-8

September 24, 2003

**TO PARTIES ON THE EESAI 2004-2005 REGULATED RATE TARIFF (RRT)
SETTLEMENT MAILING LIST**

EPCOR ENERGY SERVICES (ALBERTA) INC. (EESAI)

2004 RRT APPLICATION NO. 1307244

**2004-2005 RRT SETTLEMENT AGREEMENT, APPLICATION NO. 1309992 (the
Settlement Agreement)**

RULING ON RULE 12 CONFIDENTIALITY APPLICATION BY EESAI

EESAI Application under Rule 12

On September 24, 2003, EPCOR Energy Services (Alberta) Inc. filed an application (the **Confidentiality Application**) pursuant to Rule 12 of the Board's Rules of Practice in relation to the information contained in schedules "B" to "F" of the 2004-2005 RRT Settlement Agreement (the **Confidential Information**). The Confidentiality Application requested the Board to grant EESAI the ability to file these documents on a confidential basis. The Board requested parties to the proceeding to provide comments on EESAI's application by 1:00 pm on Wednesday, September 24, 2003. Comments were received from the Alberta Urban Municipality Association (AUMA) and the Consumer Coalition of Alberta (CCA).

Rule 12 - Purpose and Principles

Procedural fairness dictates that an applicant has both the privilege and the obligation to make its case and that intervenors be given full disclosure of relevant information in sufficient detail and in sufficient time, to enable them to understand and to challenge or to support the applicant's position. Likewise, the Board requires full disclosure of relevant information, and benefits from the informed exchange of positions in making its decisions. Disclosure of relevant information is fundamental to fair, efficient and sound hearing and decision making processes in the public interest.

A competing objective that must also be recognized and supported, is the legitimate need of the individual or corporation to protect relevant yet confidential or commercially sensitive information the disclosure of which would likely result in undue harm to such party's business or personal affairs or to the public interest. In cases of negotiated settlements, this objective is further recognized by section 134(4) of the *Electric Utilities Act*, S.A. 2003, c. E-5.1 and the Board's *Guidelines on Negotiated Settlement, Informational Letter, IL 98-04*, revised February 4, 2003, which provide that the Board may not consider any submission, position, evidence or information provided by a party on a confidential basis in the course of negotiating a settlement without the express consent of that party. In this case, by letter of September 23, 2003, the Board directed EESAI to request the consent of the party that provided the information to release it for the purpose of the proceeding and stated that it would treat the information as confidential information, if a request for confidentiality was made regarding the information provided by third parties. EESAI filed a request for all information included in Schedules "B" to "F" without identifying which information if any, was provided by third parties.

Prior to the adoption of Rule 12, the Board had attempted to appropriately balance procedural fairness and individual privacy or competitive position by requiring the disclosure of all relevant information except in those limited circumstances where it can be demonstrated that disclosure would result in undue harm to the disclosing party and where the harm is not outweighed by the benefit of disclosure to the public interest.

In adopting Rule 12 of Rules of Practice, it was the intention of the Board to reinforce the existing approach of the Board while establishing a formal mechanism for parties to claim confidentiality in respect of relevant confidential or commercially sensitive information. Public disclosure in the name of procedural fairness is the general principle reinforced by Subsection 12(1), with exemptions to disclosure to be sanctioned only in the clearest of cases and limited to only those particular matters where the Rule 12 applicant has demonstrably met the criteria established by Subsection 12(4).

Views of the Applicant

In support of its application, EESAI submitted that the parties to the **Settlement Agreement** (Alberta Association of Municipal District and Counties, Alberta Irrigation projects Association, Consumer Coalition of Alberta and the Montana First Nation collectively referred to as the **Signatories**) and EESAI have acknowledged that the method for procuring energy detailed in the 2004/2005 Plan relies on commercially sensitive information. That commercially sensitive information includes specific pricing parameters and details for determining the energy supply products used for energy price setting for the EESAI Regulated Rate Tariff set out in the Schedules referred to above as the Confidential Information. EESAI and the **Signatories** have agreed that public disclosure of this commercially sensitive information could adversely affect either or both of the ability of EESAI to acquire energy supplies for its Regulated Rate Tariff customers and the costs incurred to acquire those supplies. This, EESAI submitted, would clearly be contrary to the public interest.

In addition, EESAI submitted that the counterparts to the Confidential Information contained in Schedules were excluded from the copies of each of the 2001-2005 Energy Price Setting Plan,

the 2002 Energy Price Setting Plan and the 2003 Energy Price Setting Plan that were filed with the Board. Those Energy Price Setting Plans were approved, respectively, in Decisions 2000-74, 2001-87 and 2001-112.

Finally, EESAI submitted that Board Decision 2002-028 included an express acknowledgement that the Board had accepted the importance of maintaining confidentiality in the circumstances when it approved the 2001-2005 Energy Price Setting Plan in Decision 2000-74.

Views of the Interveners

AUMA and CCA did not object to the disclosure of the Confidential Information on the understanding that this information would not be disclosed to any party which may compromise the procurement of Regulated Rate Option Energy on prudent and reasonable terms.

Board's Disposition of EESAI's Confidentiality Application

Having regard to the Purpose and Principles of Rule 12 referenced above, the Confidentiality Application and the interveners' comments, the Board finds that EESAI has satisfied the requirements of Rule 12(4) of the Board's Rules of Practice. The Board grants EESAI's request for confidentiality with respect to the information referred to as the Confidential Information (Schedules "B" to "F").

Confidentiality is granted in respect of the Confidential Information for the purposes of the Applications upon the following terms and conditions:

1. EESAI shall immediately provide the Board (to the attention of Line Lacasse, Board Counsel), five copies of the Confidential Information.
2. EESAI shall provide one copy of the Confidential Information to the legal counsel named in respect of an intervener forthwith upon delivery to the Board, to EESAI and to each of the Signatories and AUMA (collectively referred to as the **Consultation Parties**) of an originally executed Undertaking in the form specified in **Schedule A** from each of the individuals and corporations that such legal counsel represent that may have access to the Confidential Information. Parties requesting access to the Confidential Information shall execute an Undertaking in the form specified in **Schedule A** and provide, through counsel, an original thereof to each of the Board, EESAI and the Consultation Parties.
3. In the event that EESAI or one of the Consultation Parties determine that access to the Confidential Information should not be provided to a party, even upon filing an Undertaking, EESAI or one of the Consultation Parties may apply to the Board for a ruling. Until such ruling is made, the disputed party shall not be entitled to receive the Confidential Information.
4. Only the Board, Board Staff and those parties having executed and delivered an Undertaking (a **Recipient**), shall be entitled to receive the Confidential Information and be present at those portions of the hearing where Confidential Information is referenced.
5. Recipients shall hold the Confidential Information in confidence and use it only for the purpose of this proceeding.
6. Recipients shall not make additional copies of the Confidential Information.

7. Unless otherwise directed by the Board, Recipients shall either deliver to the Board, or destroy, all Confidential Information together with all evidence, transcripts, notes, working papers, calculations, analysis or other written materials based on or using the Confidential Information within its possession, within 40 days of the Board rendering its decision in respect of the Application (the **Return or Destroy Date**). All electronic copies of such materials will be expunged from all electronic apparatus and data storage media on or prior to the Return or Destroy Date.
8. Each Recipient will verify compliance with these requirements by filing with the Board, on or before the Return or Destroy Date, a Statutory Declaration in the form attached in **Schedule C**.

Board Members and Board Staff will also be required to sign an Undertaking in the form specified in **Schedule A** and shall deliver same to the Board.

The Board believes that these terms and conditions should satisfy the interveners concerns.

Procedures

Given that certain parties will have access to the Confidential Information and certain parties may not, the Board has established the procedures provided for in **Schedule B** to apply to this proceeding. All parties, both those gaining access to the Confidential Information and those parties that do not, are directed to strictly observe these procedures to ensure an efficient and fair proceeding.

If you have any questions regarding this schedule of proceeding please contact the writer at (403) 297-4782 or Mike Asgar-Deen at 297-8200.

Yours truly,

(original signed by)

Line Lacasse
Counsel, Law Branch

Attachments

SCHEDULE A

**TO ALBERTA ENERGY AND UTILITIES BOARD RULING OF SEPTEMBER 24, 2003
2004 RRT APPLICATION NO. 1307244 and
2004-2005 RRT SETTLEMENT AGREEMENT NO. 1309992**

UNDERTAKING PURSUANT TO RULE 12(5)

FORM OF UNDERTAKING FOR AN INDIVIDUAL RECIPIENT
FORM OF UNDERTAKING FOR A CORPORATE RECIPIENT
FORM OF UNDERTAKING FOR BOARD MEMBERS AND BOARD STAFF

**UNDERTAKING FOR INDIVIDUAL RECIPIENT
PURSUANT TO RULE 12(5)
OF THE RULES OF PRACTICE OF THE
ALBERTA ENERGY AND UTILITIES BOARD**

- TO:** The Alberta Energy and Utilities Board (the **Board**)
- AND TO:** EPCOR Energy Services (Alberta) Inc. (**EESAI**)
- AND TO:** Alberta Association of Municipal District and Counties, Alberta Irrigation projects Association, Consumer Coalition of Alberta and the Montana First Nation (the **Consultation Parties**)

WHEREAS EESAI has by letter dated September 24, 2003 applied to the Board under Rule 12 of the Board's Rules of Practice (**Rule 12**) for confidential treatment of certain information in connection with the proceedings pursuant to Applications 1307244 and 1309992 – (the **Proceeding**),

WHEREAS the Board by Ruling on September 24, 2003 (the **Ruling**) granted EESAI's application and extended confidential treatment to the Information contained in Schedules 'B' to 'F' of the 2004-2005 RRT Settlement Agreement (the **Confidential Information**),

WHEREAS _____ (the **Recipient**) has requested the Board under Rule 12(5) for access to the Confidential Information and the Board has granted the request on the condition that it first execute and deliver this Undertaking,

NOW THEREFORE, in consideration of receiving access to the Confidential Information, the Recipient hereby agrees and undertakes as follows:

1. I have read the Ruling and agree to observe the terms and conditions thereof insofar as they relate to the use and protection of the Confidential Information.
2. I shall not use any of the Confidential Information and all evidence, transcripts, notes, working papers, calculations, analysis or other written materials based on or using the Confidential Information that I receive, review or prepare during the course of the Proceeding (**Related Materials**) for any purpose whatsoever except for the purpose of participating in the Proceeding.
3. I shall maintain all of the Confidential Information and Related Materials in confidence and shall not disclose the Confidential Information to any person except to the Board or to another party approved by the Board as a "Recipient", provided such disclosure is made in connection with the Proceeding and is made in accordance with the Procedural

Directions set out in Schedule B to the Ruling or as otherwise permitted by the Board.

4. I will not copy or reproduce any Confidential Information or Related Materials except in connection with the Proceeding.
5. The obligations created by Paragraphs 1-4 above shall not preclude a Recipient from:
 - a. using or disclosing the Confidential Information at a time when such Confidential Information is generally available to the public other than as a direct or indirect result of any disclosure by the Recipient which is prohibited hereunder;
 - b. using or disclosing the Confidential Information to the extent that the Recipient can demonstrate that such Confidential Information was, prior to the receipt thereof from EESAI, in the possession of the Recipient and was not governed by any other secrecy obligation; and
 - c. disclosing any Confidential Information to the extent such disclosure is required by law, court Ruling or competent authority of any governmental body, provided that the Board, EESAI the Consultation Parties are provided with notice promptly upon the Recipient becoming aware that such disclosure is required.
6. I shall use all reasonable, necessary and appropriate efforts to safeguard the Confidential Information and Related Materials from disclosure or use, other than as permitted hereby.
7. Within 40 days of the Board rendering its decision in respect of the Proceeding, or earlier if directed by the Board, I will:
 - a. expunge all electronic copies of the Confidential Information and Related Materials from all electronic apparatus and data storage media under my direction or control;
 - b. deliver to the Board or destroy all paper copies of the Confidential Information and Related Materials in my possession or under my direction or control; and
 - c. deliver to the Board, EESAI and the Consultation Parties an originally executed Statutory Declaration in the form of Schedule C to the Ruling.
8. I agree to save harmless and to indemnify, each of the Board, EESAI and the Consultation Parties from and against all claims, actions, proceedings, demands, losses, damages, costs, and expenses (including legal fees) which may be brought against the Board, EESAI or any of the Consultation parties which the Board, EESAI or the Consultation Parties may suffer, sustain, pay or incur, resulting from, or arising in connection with, the unauthorized use or disclosure by me of the Confidential Information or the Related Materials.
9. I acknowledge and agree that any breach of the terms of this Undertaking will cause material and irreparable harm and damage to EESAI or the Consultation Parties. I agree that EESAI and the Consultation Parties shall be entitled to injunctive relief to prevent breaches of this Undertaking, and to specifically enforce the terms and provisions hereof, in addition to any other remedy to which EESAI and the Consultation parties may be entitled, at law or in equity.

10. I acknowledge that any breach of the terms of the Ruling or of this Undertaking may be the subject of contempt proceedings in the Alberta Court of Queen's Bench.

11. I agree that no failure or delay by the Board, EESAI or the Consultation Parties in exercising any right or privilege in respect of a breach of this Undertaking or of the Ruling, shall operate as a waiver thereof.

MADE at _____, Alberta, this _____ day of _____, 2003.

Recipient's signature

Witness's signature

Recipient's printed name

Witness's printed name

**UNDERTAKING FOR CORPORATE RECIPIENT
PURSUANT TO RULE 12(5)
OF THE RULES OF PRACTICE OF THE
ALBERTA ENERGY AND UTILITIES BOARD**

- TO:** The Alberta Energy and Utilities Board (the **Board**)
- AND TO:** EPCOR Energy Services (Alberta) Inc. (**EESAI**)
- AND TO:** Alberta Association of Municipal District and Counties, Alberta Irrigation projects Association, Consumer Coalition of Alberta and the Montana First Nation (the **Consultation Parties**)

WHEREAS EESAI has by letter dated September 24, 2003 applied to the Board under Rule 12 of the Board's Rules of Practice (**Rule 12**) for confidential treatment of certain information in connection with the proceedings pursuant to Applications 1307244 and 1309992 – (the **Proceeding**),

WHEREAS the Board by Ruling on September 24, 2003 (the **Ruling**) granted EESAI's application and extended confidential treatment to the Information contained in Schedules 'B' to 'F' of the 2004-2005 RRT Settlement Agreement (the **Confidential Information**),

WHEREAS _____ (the **Recipient**) has requested the Board under Rule 12(5) for access to the Confidential Information and the Board has granted the request on the condition that it first execute and deliver this Undertaking,

NOW THEREFORE, in consideration of receiving access to the Confidential Information, the Recipient hereby agrees and undertakes as follows:

1. The Recipient agrees to observe the terms and conditions of the Ruling insofar as they relate to the use and protection of the Confidential Information.
2. Only the following officers, directors, employees, agents, contractors or advisors of the Recipient who have personally executed an Undertaking and delivered same to the Board EESAI and the Consultation Parties (the **Personnel**) shall have access to the Confidential Information:
3. The Recipient and the Personnel shall not use any of the Confidential Information and all evidence, transcripts, notes, working papers, calculations, analysis or other written materials based on or using the Confidential Information that is received, reviewed or

prepared by the Personnel during the course of the Proceeding (**Related Materials**) for any purpose whatsoever except for the purpose of participating in the Proceeding.

4. The Recipient and the Personnel shall maintain all of the Confidential Information and Related Materials in confidence and shall not disclose the Confidential Information to any person except to the Board or to another party approved by the Board as a “Recipient”, provided such disclosure is made in connection with the Proceeding and is made in accordance with the Procedural Directions set out in Schedule B to the Ruling or as otherwise permitted by the Board.
5. The Recipient and the Personnel will not copy or reproduce any Confidential Information or Related Materials except in connection with the Proceeding.
6. The obligations created by Paragraphs 1-4 above shall not preclude a Recipient from:
 - a. using or disclosing the Confidential Information at a time when such Confidential Information is generally available to the public other than as a direct or indirect result of any disclosure by the Recipient or the Personnel which is prohibited hereunder;
 - b. using or disclosing the Confidential Information to the extent that the Recipient can demonstrate that such Confidential Information was, prior to the receipt thereof from EESAI, in the possession of the Recipient and was not governed by any other secrecy obligation; and
 - c. disclosing any Confidential Information to the extent such disclosure is required by law, court Ruling or competent authority of any governmental body, provided that the Board, EESAI and the Consultation Parties are provided with notice promptly upon the Recipient becoming aware that such disclosure is required.
7. The Recipient shall use all reasonable, necessary and appropriate efforts to safeguard the Confidential Information and Related Materials from disclosure or use, other than as permitted hereby.
8. Within 40 days of the Board rendering its decision in respect of the Proceeding, or earlier if directed by the Board, the Recipient will:
 - a. expunge all electronic copies of the Confidential Information and Related Materials from all electronic apparatus and data storage media under its direction or control;
 - b. deliver to the Board or destroy all paper copies of the Confidential Information and Related Materials in its possession or under its direction or control; and
 - c. deliver to the Board, EESAI and the Consultation Parties an originally executed Statutory Declaration in the form of Schedule C to the Ruling.
9. The Recipient agrees to save harmless and to indemnify, each of the Board, EESAI and the Consultation Parties from and against all claims, actions, proceedings, demands, losses, damages, costs, and expenses (including legal fees) which may be brought against the Board, EESAI or the Consultation Parties which the Board, EESAI or the Consultation Parties may suffer, sustain, pay or incur, resulting from, or arising in

connection with, the unauthorized use or disclosure by the Recipient or the Personnel of the Confidential Information or the Related Materials.

10. The Recipient acknowledges and agrees that any breach of the terms of this Undertaking will cause material and irreparable harm and damage to EESAI and the Consultation Parties. The Recipient agrees that EESAI or the Consultation Parties shall be entitled to injunctive relief to prevent breaches of this Undertaking, and to specifically enforce the terms and provisions hereof, in addition to any other remedy to which EESAI or the Consultation Parties may be entitled, at law or in equity.
11. Recipient acknowledges that any breach of the terms of the Ruling or of this Undertaking may be the subject of contempt proceedings in the Alberta Court of Queen's Bench.
12. Recipient agrees that no failure or delay by the Board, EESAI or the Consultation Parties in exercising any right or privilege in respect of a breach of this Undertaking or of the Ruling, shall operate as a waiver thereof.

MADE at _____, Alberta, this ____ day of _____, 2003.

Recipient

Per: _____

**UNDERTAKING FOR BOARD MEMBER AND BOARD STAFF
PURSUANT TO RULE 12(5)
OF THE RULES OF PRACTICE OF THE
ALBERTA ENERGY AND UTILITIES BOARD**

TO: The Alberta Energy and Utilities Board (the **Board**)

WHEREAS EESAI has by letter dated September 24, 2003 applied to the Board under Rule 12 of the Board's Rules of Practice (**Rule 12**) for confidential treatment of certain information in connection with the proceedings pursuant to Applications 1307244 and 1309992 – (the **Proceeding**),

WHEREAS the Board by Ruling on September 24, 2003 (the **Ruling**) granted EESAI's application and extended confidential treatment to the Information contained in Schedules 'B' to 'F' of the 2004-2005 RRT Settlement Agreement (the **Confidential Information**),

WHEREAS _____ (the **Recipient**) requires access to the Confidential Information in connection with carrying out his/her responsibilities to the Board with respect to the Proceeding.

NOW THEREFORE, in consideration of receiving access to the Confidential Information, the Recipient hereby agrees and undertakes as follows:

1. I have read the Ruling and agree to observe the terms and conditions thereof insofar as they relate to the use and protection of the Confidential Information.
2. I shall not use any of the Confidential Information and all evidence, transcripts, notes, working papers, calculations, analysis or other written materials based on or using the Confidential Information that I receive, review or prepare during the course of the Proceeding (**Related Materials**) for any purpose whatsoever except for the purpose of carrying out my responsibilities to the Board in respect of the Proceeding.
3. I shall maintain all of the Confidential Information and Related Materials in confidence and shall not disclose the Confidential Information to any person except to the Board or to another party approved by the Board as a "Recipient", provided such disclosure is made in connection with the Proceeding and is made in accordance with the Procedural Directions set out in Schedule B to the Ruling or as otherwise permitted by the Board.
4. I will not copy or reproduce any Confidential Information or Related Materials except in connection with the Proceeding.
5. The obligations created by Paragraphs 1-4 above shall not preclude a Recipient from:

- a. using or disclosing the Confidential Information at a time when such Confidential Information is generally available to the public other than as a direct or indirect result of any disclosure by the Recipient which is prohibited hereunder;
 - b. using or disclosing the Confidential Information to the extent that the Recipient can demonstrate that such Confidential Information was, prior to the receipt thereof from EESAI, in the possession of the Recipient and was not governed by any other secrecy obligation; and
 - c. disclosing any Confidential Information to the extent such disclosure is required by law, court Ruling or competent authority of any governmental body, provided that the Board is provided with notice promptly upon the Recipient becoming aware that such disclosure is required.
6. I shall use all reasonable, necessary and appropriate efforts to safeguard the Confidential Information and Related Materials from disclosure or use, other than as permitted hereby.
7. Within 40 days of the Board rendering its decision in respect of the Proceeding, or earlier if directed by the Board, I will:
- a. expunge all electronic copies of the Confidential Information and Related Materials from all electronic apparatus and data storage media under my direction or control; and
 - b. deliver to the Board or destroy all paper copies of the Confidential Information and Related Materials in my possession or under my direction or control.

MADE at _____, Alberta, this _____ day of _____, 2003.

Recipient's signature

Witness's signature

Recipient's printed name

Witness's printed name

SCHEDULE B

TO ALBERTA ENERGY AND UTILITIES BOARD RULING OF SEPTEMBER 24, 2003 2004 RRT APPLICATION NO. 1307244 and 2004-2005 RRT SETTLEMENT AGREEMENT NO. 1309992

PROCEDURAL DIRECTIONS

The following procedural directions are intended to clarify the processes to be used during the hearing of applications No. 1307244 and 1309992

1. Definitions

- (a) “**Confidential Information**” means the information described in the Ruling provided by EESAI to a Recipient.
- (b) “**Ruling**” means the Ruling of the Board dated September 24, 2003 with respect to EESAI’s application under Rule 12 of the Board’s Rules of Practice, to which these Proceeding Procedures are Schedule B.
- (c) “**Recipient**” means a party to the Proceeding who has executed and delivered an Undertaking.
- (d) “**Proceeding**” means Applications No. 1307244 and 1309992 filed by EESAI in respect of the 2004-2005 RRT Settlement Agreement.
- (e) “**Undertaking**” means an undertaking in the form attached as Schedule A to the Ruling.

2. Written Materials

Recipients will clearly segregate, label and separately package or transmit all evidence, information requests, information responses, written argument, correspondence and other written materials to be filed with the Board or presented at the hearing into portions containing or referring to Confidential Information and portions that do not contain or refer to Confidential Information. Recipients will only provide those portions of such written materials containing Confidential Information to the Board, EESAI and to other Recipients. Failure of a party to properly follow these procedures may result in such material being placed on the public record or distributed to all interested parties in breach of such party’s Undertaking.

3. Hearing

The Board will hear the evidence and submissions in two parts starting with the public part of the evidence followed by the submissions and replies related to that evidence. The Board will then proceed *in camera*, to hear all evidence and submissions related to the confidential information.

Throughout the course of the oral portion of the hearing, Recipients (including counsel, and panel witnesses) shall advise the Board and parties if they wish to raise any matter relating to the

Confidential Information, including, motions, questions to witness, witness answers and oral argument. The Board expects that matters related to Confidential Information can be addressed after the public part of the Hearing. All persons other than Board members, Board staff, the court reporter, EESAI and the Recipients will be excluded from the room prior to the Confidential Information being addressed and the Proceeding will continue in camera until such time as the Confidential Information is no longer being addressed. The Board expects that parties will cooperatively arrange opening statements, questioning, argument and other submissions such that Confidential Information can be raised in an efficient manner with minimum disruption to the proceedings and inconvenience to the parties.

4. Transcripts

Daily transcripts will be separated into two documents, one containing a record of the entire proceeding for such day, the other excluding any discussion of Confidential Information. Only Recipients shall be entitled to receive a copy of that portion of the transcript containing Confidential Information.

5. Court Reporter

After completion of the daily transcript, the court reporter shall deliver to the Board all of his/her notes in written or electronic form, taken at the Proceeding containing references to Confidential Information as well as all copies of the transcript containing Confidential Information which are not distributed to Recipients.

6. Post Proceeding

Following the close of the Proceeding the Board will destroy all Confidential Information and Related Materials provided by Recipients to the Board or in the possession of the Board, except for a single copy thereof which shall form a confidential part of the record, which copy shall remain confidential.

SCHEDULE C

TO ALBERTA ENERGY AND UTILITIES BOARD RULING OF SEPTEMBER 24, 2003
2004 RRT APPLICATION NO. 1307244 and
2004-2005 RRT SETTLEMENT AGREEMENT NO. 1309992

STATUTORY DECLARATION

FORM FOR AN INDIVIDUAL RECIPIENT
FORM FOR A CORPORATE RECIPIENT

STATUTORY DECLARATION
FOR AN INDIVIDUAL RECIPIENT

CANADA
PROVINCE OF ALBERTA

In the Matter of the *Alberta Energy and
Utilities Board Act*, RSA 2000, c. A-17

And in the Matter of *Rule 12 of the Alberta
Energy and Utilities Board's Rules of
Practice*, AR 101/2001

And in the Matter of Applications No.
1307244 and 1309992

I, _____ of the City of _____, in the Province of
_____, do solemnly declare as follows:

1. That capitalized terms used herein which are not otherwise defined herein shall have the meanings ascribed thereto in my Undertaking to the Board, EESAI and the Consultation Parties dated _____, 2001 (the **Undertaking**), a copy of which is attached to this Statutory Declaration.
2. That I have fully complied with the Undertaking and the Ruling.
3. That I have made no use whatsoever of the Confidential Information or of the Related Materials except as permitted pursuant to the Ruling or the Undertaking.
4. That I have not disclosed the Confidential Information in any manner except as permitted by the Ruling or by the Undertaking.
5. That I have expunged all electronic copies of the Confidential Information and Related Materials from all electronic apparatus and data storage media under my direction or control.
6. That I have delivered to the Board or I have destroyed all paper copies of the Confidential Information and Related Materials in my possession or under my control.

And I make this solemn declaration conscientiously believing it to be true and knowing that it is of the same force and effect as if made under oath.

DECLARED before me at the City of Calgary,)
in the province of Alberta, this ____ day of)
_____, 2003.)

_____)
A Notary Public for the Province of Alberta

STATUTORY DECLARATION
FOR A CORPORATE RECIPIENT

CANADA
PROVINCE OF ALBERTA

In the Matter of the *Alberta Energy and
Utilities Board Act*, RSA 2000, c. A-17

And in the Matter of *Rule 12 of the Alberta
Energy and Utilities Board's Rules of
Practice*, AR 101/2001

And in the Matter of Applications No.
1307244 and 1309992

I, _____ of the City of _____, in the Province of
_____, do solemnly declare as follows:

1. I am an officer of _____ (the **Recipient**) and I make this Statutory Declaration to the best of my knowledge and belief, after due inquiry, and in my capacity as an officer of the Recipient and not in my personal capacity.
2. That capitalized terms used herein which are not otherwise defined herein shall have the meanings ascribed thereto in the Undertaking by the Recipient to the Board, EESAI and the Consultation Parties dated _____, 2001 (the **Undertaking**), a copy of which is attached to this Statutory Declaration.
3. That the Recipient and all of its officers, directors, employees, agents, contractors or advisors having access to the Confidential Information (the **Personnel**) have fully complied with the Undertaking and the Ruling.
4. That the Recipient and the Personnel have made no use whatsoever of the Confidential Information or of the Related Materials except as permitted pursuant to the Ruling or the Undertaking.
5. That the Recipient and the Personnel have not disclosed the Confidential Information in any manner except as permitted by the Ruling or by the Undertaking.
6. That the Recipient and the Personnel have expunged all electronic copies of the Confidential Information and Related Materials from all electronic apparatus and data storage media under their direction or control.

7. That the Recipient and the Personnel have delivered to the Board or have destroyed all paper copies of the Confidential Information and Related Materials in their possession or under their control.

And I make this solemn declaration conscientiously believing it to be true and knowing that it is of the same force and effect as if made under oath.

DECLARED before me at the City of Calgary,)
in the province of Alberta, this ____ day of)
_____, 2003.)

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_____)
A Notary Public for the Province of Alberta

SCHEDULE A

TO ALBERTA ENERGY AND UTILITIES BOARD RULING OF SEPTEMBER 24, 2003
EESAI 2004 RRT APPLICATION NO. 1307244 and
EESAI 2004-2005 RRT SETTLEMENT AGREEMENT NO. 1309992

UNDERTAKING PURSUANT TO RULE 12(5)

FORM OF UNDERTAKING FOR AN INDIVIDUAL RECIPIENT
FORM OF UNDERTAKING FOR A CORPORATE RECIPIENT
FORM OF UNDERTAKING FOR BOARD MEMBERS AND BOARD STAFF

**UNDERTAKING FOR INDIVIDUAL RECIPIENT
PURSUANT TO RULE 12(5)
OF THE RULES OF PRACTICE OF THE
ALBERTA ENERGY AND UTILITIES BOARD**

- TO:** The Alberta Energy and Utilities Board (the **Board**)
- AND TO:** EPCOR Energy Services (Alberta) Inc. (**EESAI**)
- AND TO:** Alberta Association of Municipal District and Counties, Alberta Irrigation Projects Association, Alberta Urban Municipalities Association, Consumers Coalition of Alberta and the Montana First Nation (the **Consultation Parties**)

WHEREAS EESAI has by letter dated September 24, 2003 applied to the Board under Rule 12 of the Board's Rules of Practice (**Rule 12**) for confidential treatment of certain information in connection with the proceedings pursuant to Applications 1307244 and 1309992 – (the **Proceeding**),

WHEREAS the Board by Ruling on September 24, 2003 (the **Ruling**) granted EESAI's application and extended confidential treatment to the Information contained in Schedules 'B' to 'F' of EESAI 2004-2005 RRT Settlement Agreement (the **Confidential Information**),

WHEREAS _____ (the **Recipient**) has requested the Board under Rule 12(5) for access to the Confidential Information and the Board has granted the request on the condition that it first execute and deliver this Undertaking,

NOW THEREFORE, in consideration of receiving access to the Confidential Information, the Recipient hereby agrees and undertakes as follows:

1. I have read the Ruling and agree to observe the terms and conditions thereof insofar as they relate to the use and protection of the Confidential Information.
2. I shall not use any of the Confidential Information and all evidence, transcripts, notes, working papers, calculations, analysis or other written materials based on or using the Confidential Information that I receive, review or prepare during the course of the Proceeding (**Related Materials**) for any purpose whatsoever except for the purpose of participating in the Proceeding.
3. I shall maintain all of the Confidential Information and Related Materials in confidence and shall not disclose the Confidential Information to any person except to the Board or to another party approved by the Board as a "Recipient", provided such disclosure is made in connection with the Proceeding and is made in accordance with the Procedural

Directions set out in Schedule B to the Ruling or as otherwise permitted by the Board.

4. I will not copy or reproduce any Confidential Information or Related Materials except in connection with the Proceeding.
5. The obligations created by Paragraphs 1-4 above shall not preclude a Recipient from:
 - a. using or disclosing the Confidential Information at a time when such Confidential Information is generally available to the public other than as a direct or indirect result of any disclosure by the Recipient which is prohibited hereunder;
 - b. using or disclosing the Confidential Information to the extent that the Recipient can demonstrate that such Confidential Information was, prior to the receipt thereof from EESAI, in the possession of the Recipient and was not governed by any other secrecy obligation; and
 - c. disclosing any Confidential Information to the extent such disclosure is required by law, court Ruling or competent authority of any governmental body, provided that the Board, EESAI the Consultation Parties are provided with notice promptly upon the Recipient becoming aware that such disclosure is required.
6. I shall use all reasonable, necessary and appropriate efforts to safeguard the Confidential Information and Related Materials from disclosure or use, other than as permitted hereby.
7. Within 40 days of the Board rendering its decision in respect of the Proceeding, or earlier if directed by the Board, I will:
 - a. expunge all electronic copies of the Confidential Information and Related Materials from all electronic apparatus and data storage media under my direction or control;
 - b. deliver to the Board or destroy all paper copies of the Confidential Information and Related Materials in my possession or under my direction or control; and
 - c. deliver to the Board, EESAI and the Consultation Parties an originally executed Statutory Declaration in the form of Schedule C to the Ruling.
8. I agree to save harmless and to indemnify, each of the Board, EESAI and the Consultation Parties from and against all claims, actions, proceedings, demands, losses, damages, costs, and expenses (including legal fees) which may be brought against the Board, EESAI or any of the Consultation Parties which the Board, EESAI or the Consultation Parties may suffer, sustain, pay or incur, resulting from, or arising in connection with, the unauthorized use or disclosure by me of the Confidential Information or the Related Materials.
9. I acknowledge and agree that any breach of the terms of this Undertaking will cause material and irreparable harm and damage to EESAI or the Consultation Parties. I agree that EESAI and the Consultation Parties shall be entitled to injunctive relief to prevent breaches of this Undertaking, and to specifically enforce the terms and provisions hereof, in addition to any other remedy to which EESAI and the Consultation Parties may be entitled, at law or in equity.

10. I acknowledge that any breach of the terms of the Ruling or of this Undertaking may be the subject of contempt proceedings in the Alberta Court of Queen's Bench.

11. I agree that no failure or delay by the Board, EESAI or the Consultation Parties in exercising any right or privilege in respect of a breach of this Undertaking or of the Ruling, shall operate as a waiver thereof.

MADE at _____, Alberta, this _____ day of _____, 2003.

Recipient's signature

Witness's signature

Recipient's printed name

Witness's printed name

**UNDERTAKING FOR CORPORATE RECIPIENT
PURSUANT TO RULE 12(5)
OF THE RULES OF PRACTICE OF THE
ALBERTA ENERGY AND UTILITIES BOARD**

- TO:** The Alberta Energy and Utilities Board (the **Board**)
- AND TO:** EPCOR Energy Services (Alberta) Inc. (**EESAI**)
- AND TO:** Alberta Association of Municipal District and Counties, Alberta Irrigation Projects Association, Alberta Urban Municipalities Association, Consumers Coalition of Alberta and the Montana First Nation (the **Consultation Parties**)

WHEREAS EESAI has by letter dated September 24, 2003 applied to the Board under Rule 12 of the Board's Rules of Practice (**Rule 12**) for confidential treatment of certain information in connection with the proceedings pursuant to Applications 1307244 and 1309992 – (the **Proceeding**),

WHEREAS the Board by Ruling on September 24, 2003 (the **Ruling**) granted EESAI's application and extended confidential treatment to the Information contained in Schedules 'B' to "F" of EESAI 2004-2005 RRT Settlement Agreement (the **Confidential Information**),

WHEREAS _____ (the **Recipient**) has requested the Board under Rule 12(5) for access to the Confidential Information and the Board has granted the request on the condition that it first execute and deliver this Undertaking,

NOW THEREFORE, in consideration of receiving access to the Confidential Information, the Recipient hereby agrees and undertakes as follows:

1. The Recipient agrees to observe the terms and conditions of the Ruling insofar as they relate to the use and protection of the Confidential Information.
2. Only the following officers, directors, employees, agents, contractors or advisors of the Recipient who have personally executed an Undertaking and delivered same to the Board EESAI and the Consultation Parties (the **Personnel**) shall have access to the Confidential Information:
3. The Recipient and the Personnel shall not use any of the Confidential Information and all evidence, transcripts, notes, working papers, calculations, analysis or other written materials based on or using the Confidential Information that is received, reviewed or

prepared by the Personnel during the course of the Proceeding (**Related Materials**) for any purpose whatsoever except for the purpose of participating in the Proceeding.

4. The Recipient and the Personnel shall maintain all of the Confidential Information and Related Materials in confidence and shall not disclose the Confidential Information to any person except to the Board or to another party approved by the Board as a “Recipient”, provided such disclosure is made in connection with the Proceeding and is made in accordance with the Procedural Directions set out in Schedule B to the Ruling or as otherwise permitted by the Board.
5. The Recipient and the Personnel will not copy or reproduce any Confidential Information or Related Materials except in connection with the Proceeding.
6. The obligations created by Paragraphs 1-4 above shall not preclude a Recipient from:
 - a. using or disclosing the Confidential Information at a time when such Confidential Information is generally available to the public other than as a direct or indirect result of any disclosure by the Recipient or the Personnel which is prohibited hereunder;
 - b. using or disclosing the Confidential Information to the extent that the Recipient can demonstrate that such Confidential Information was, prior to the receipt thereof from EESAI, in the possession of the Recipient and was not governed by any other secrecy obligation; and
 - c. disclosing any Confidential Information to the extent such disclosure is required by law, court Ruling or competent authority of any governmental body, provided that the Board, EESAI and the Consultation Parties are provided with notice promptly upon the Recipient becoming aware that such disclosure is required.
7. The Recipient shall use all reasonable, necessary and appropriate efforts to safeguard the Confidential Information and Related Materials from disclosure or use, other than as permitted hereby.
8. Within 40 days of the Board rendering its decision in respect of the Proceeding, or earlier if directed by the Board, the Recipient will:
 - a. expunge all electronic copies of the Confidential Information and Related Materials from all electronic apparatus and data storage media under its direction or control;
 - b. deliver to the Board or destroy all paper copies of the Confidential Information and Related Materials in its possession or under its direction or control; and
 - c. deliver to the Board, EESAI and the Consultation Parties an originally executed Statutory Declaration in the form of Schedule C to the Ruling.
9. The Recipient agrees to save harmless and to indemnify, each of the Board, EESAI and the Consultation Parties from and against all claims, actions, proceedings, demands, losses, damages, costs, and expenses (including legal fees) which may be brought against the Board, EESAI or the Consultation Parties which the Board, EESAI or the Consultation Parties may suffer, sustain, pay or incur, resulting from, or arising in

connection with, the unauthorized use or disclosure by the Recipient or the Personnel of the Confidential Information or the Related Materials.

10. The Recipient acknowledges and agrees that any breach of the terms of this Undertaking will cause material and irreparable harm and damage to EESAI and the Consultation Parties. The Recipient agrees that EESAI or the Consultation Parties shall be entitled to injunctive relief to prevent breaches of this Undertaking, and to specifically enforce the terms and provisions hereof, in addition to any other remedy to which EESAI or the Consultation Parties may be entitled, at law or in equity.
11. Recipient acknowledges that any breach of the terms of the Ruling or of this Undertaking may be the subject of contempt proceedings in the Alberta Court of Queen's Bench.
12. Recipient agrees that no failure or delay by the Board, EESAI or the Consultation Parties in exercising any right or privilege in respect of a breach of this Undertaking or of the Ruling, shall operate as a waiver thereof.

MADE at _____, Alberta, this _____ day of _____, 2003.

Recipient

Per: _____

**UNDERTAKING FOR BOARD MEMBER AND BOARD STAFF
PURSUANT TO RULE 12(5)
OF THE RULES OF PRACTICE OF THE
ALBERTA ENERGY AND UTILITIES BOARD**

TO: The Alberta Energy and Utilities Board (the **Board**)

WHEREAS EESAI has by letter dated September 24, 2003 applied to the Board under Rule 12 of the Board's Rules of Practice (**Rule 12**) for confidential treatment of certain information in connection with the proceedings pursuant to Applications 1307244 and 1309992 – (the **Proceeding**),

WHEREAS the Board by Ruling on September 24, 2003 (the **Ruling**) granted EESAI's application and extended confidential treatment to the Information contained in Schedules 'B' to 'F' of EESAI 2004-2005 RRT Settlement Agreement (the **Confidential Information**),

WHEREAS _____ (the **Recipient**) requires access to the Confidential Information in connection with carrying out his/her responsibilities to the Board with respect to the Proceeding.

NOW THEREFORE, in consideration of receiving access to the Confidential Information, the Recipient hereby agrees and undertakes as follows:

1. I have read the Ruling and agree to observe the terms and conditions thereof insofar as they relate to the use and protection of the Confidential Information.
2. I shall not use any of the Confidential Information and all evidence, transcripts, notes, working papers, calculations, analysis or other written materials based on or using the Confidential Information that I receive, review or prepare during the course of the Proceeding (**Related Materials**) for any purpose whatsoever except for the purpose of carrying out my responsibilities to the Board in respect of the Proceeding.
3. I shall maintain all of the Confidential Information and Related Materials in confidence and shall not disclose the Confidential Information to any person except to the Board or to another party approved by the Board as a "Recipient", provided such disclosure is made in connection with the Proceeding and is made in accordance with the Procedural Directions set out in Schedule B to the Ruling or as otherwise permitted by the Board.
4. I will not copy or reproduce any Confidential Information or Related Materials except in connection with the Proceeding.
5. The obligations created by Paragraphs 1-4 above shall not preclude a Recipient from:

- a. using or disclosing the Confidential Information at a time when such Confidential Information is generally available to the public other than as a direct or indirect result of any disclosure by the Recipient which is prohibited hereunder;
 - b. using or disclosing the Confidential Information to the extent that the Recipient can demonstrate that such Confidential Information was, prior to the receipt thereof from EESAI, in the possession of the Recipient and was not governed by any other secrecy obligation; and
 - c. disclosing any Confidential Information to the extent such disclosure is required by law, court Ruling or competent authority of any governmental body, provided that the Board is provided with notice promptly upon the Recipient becoming aware that such disclosure is required.
6. I shall use all reasonable, necessary and appropriate efforts to safeguard the Confidential Information and Related Materials from disclosure or use, other than as permitted hereby.
7. Within 40 days of the Board rendering its decision in respect of the Proceeding, or earlier if directed by the Board, I will:
- a. expunge all electronic copies of the Confidential Information and Related Materials from all electronic apparatus and data storage media under my direction or control; and
 - b. deliver to the Board or destroy all paper copies of the Confidential Information and Related Materials in my possession or under my direction or control.

MADE at _____, Alberta, this _____ day of _____, 2003.

Recipient's signature

Witness's signature

Recipient's printed name

Witness's printed name

Appendix "1"

to the EESAI 2004 and 2005 RRT Settlement Agreement Letter
to the AEUB dated August 8, 2003

2004 and 2005 RRT SETTLEMENT AGREEMENT

BETWEEN:

EPCOR Energy Services (Alberta) Inc.
(hereinafter referred to as EESAI)

- and -

**Alberta Association of Municipal Districts and Counties
Alberta Irrigation Projects Association,
Consumers Coalition of Alberta and the
Montana First Nation**
(hereinafter collectively referred to as the Consultation Parties)

WHEREAS:

- a) EESAI has, through an arrangement with Aquila Networks Canada (Alberta) Ltd. (ANC), undertaken responsibility for providing Regulated Rate Tariff (RRT) service to eligible customers in ANC's service area.
- b) In Decision 2000-74, the Alberta Energy and Utilities Board (AEUB) approved EESAI's Energy Price Setting Plan (2001 Plan) that set out a procurement and energy price setting framework for the 2001 – 2005 RRO Transition Period including procurement details for the 2001 calendar year. In Decision 2001-87, the AEUB approved amendments to the 2001 Plan (the 2001 Plan as amended being hereinafter referred to as the 2002 Plan). In Decision 2002-112, the AEUB approved amendments to the 2002 Plan (the 2002 Plan as amended being hereinafter referred to as the 2003 Plan).
- c) Section 7 of the 2003 Plan and section 1 of the November 23, 2000 Consultation Agreement provided for ongoing consultations between EESAI and the Consultation Parties, in respect of implementing the Energy Price Setting Plan and amending and adjusting the energy price setting method (Method) set forth in the Energy Price Setting Plan from time to time.
- d) EESAI and the Consultation Parties have had discussions for the 2004 and 2005 calendar years and related matters and have reached agreement concerning amendments and adjustments to the Method set forth in the Energy Price Setting Plan as more particularly described in this Settlement Agreement (the 2003 Plan as amended as contemplated in this Settlement Agreement being hereinafter referred to as the 2004/2005 Plan).

IT IS HEREBY AGREED AS FOLLOWS:

1. Amendments to the 2003 Plan

In accordance with the provisions of section 7 of the 2003 Plan, EESAI and the Consultation Parties agree to amend and adjust the 2003 Plan as follows:

- a) EESAI and the Consultation Parties agree to amend the Energy Charge Schedule included with the RRO Price Schedules approved by the AEUB on a final basis for 2003 in Decision 2002-112. The amended Energy Charge Schedule, which would be applicable from January 1, 2004 forward, is attached as Attachment "2" to this Settlement Agreement.
- b) EESAI and the Consultation Parties have agreed to certain Threshold Prices, as shown in Schedules "B" and "C" of the 2004/2005 Plan that is attached as Attachment "1" to this Settlement Agreement. The Consultation Parties shall have the option of requesting that EESAI not purchase the required volumes in accordance with Schedules "B" and "C" of the 2004/2005 Plan when the lowest price offered in a RFO Round exceeds the Threshold Price for the relevant Product. In such case, the Consultation Parties shall direct EESAI to either acquire the volumes scheduled for procurement during the period of time that the offer prices exceed the Threshold Price through the Power Pool, or reschedule the Product Volumes for purchase in accordance with the applicable schedule.
- c) The 2004/2005 Plan is to remain in effect for 2004 and 2005. Upon receiving Board approval of the 2004/2005 Plan, EESAI will schedule Product purchases of the forecast hedging requirements for 2005 for the Regulated Rate Tariff Transition Rate Rate Classification Customers in accordance with Schedule "B". There will be no adjustment to the price and volume of Products purchased for 2005 under any circumstances. Section 7 of the 2003 Plan shall be deleted.
- d) EESAI and the Consultation Parties may agree to acquire all or part of the Super Peak Products for the first and fourth quarters of each of 2004 and 2005 through the Power Pool. To the extent that all or a portion of such Super Peak Products are acquired through the Power Pool, the return margin for the portion acquired through the Power Pool, applied in accordance with the Energy Charge Schedule for the relevant period, is to be reduced by 75% from the level established under this Settlement Agreement.
- e) EESAI and the Consultation Parties agree that the Aggregate Line Loss component of the Energy Charge Schedule applicable for 2004 and 2005, for each EESAI RRT Transition Rate Rate Classification, will be set equal to the most recent Board approved theoretical line losses in the Aquila Networks Canada (Alberta) (ANCA) service area plus Unaccounted For Energy, updated by EESAI on a quarterly basis, based upon the most recent 12 months of final settlement results received by EESAI from ANCA. If an amendment to the Energy Charge Schedule is required to adjust for new theoretical line losses, as contemplated above, such amendment will be made on a prospective basis beginning with the next Quarter, provided that any Board decision approving revised theoretical line

losses is issued at least 30 days prior to the start of the next Quarter, otherwise, the change will be implemented in the Quarter after that.

- f) EESAI shall be required to file quarterly updates to Energy Charges with the AEUB for acknowledgement only as provided for in Decision 2002-112.
- g) Procurement will commence immediately following Board approval of the 2004/2005 Plan.
- h) Schedules E and G to the 2003 Plan, which contained the protocol for the MAP Products Offer Round and the Certification of Compliance for the MAP Products Offer, shall be deleted.
- i) References to 2004 and 2005 will be substituted as appropriate for the references to 2003.
- j) References to the Regulated Rate Option will be replaced with references to the Regulated Rate Tariff and consequential amendments will also be made as appropriate

2. Code of Conduct

EESAI and the Consultation Parties agree that the 2004/2005 Code of Conduct, which is based on the Code of Conduct developed in conjunction with the 2003 Plan and a copy of which is attached as Attachment "3" to this Settlement Agreement, will apply for the purpose of procurement under the 2004/2005 Plan. It is acknowledged and agreed that the 2004/2005 Code of Conduct is expressly for the purpose of procurement under the 2004/2005 Plan and is without prejudice to any position that EESAI or the Consultation Parties may take with regard to Code of Conduct issues in any other regulatory or utility matters or proceedings.

3. Continuation of November 23, 2000 Consultation Agreement

EESAI and the Consultation Parties acknowledge and agree that they continue to be bound by the terms of the Consultation Agreement dated November 23, 2000.

4. Filing of Settlement Agreement with the AEUB

Following execution of this Settlement Agreement by EESAI and all Consultation Parties, EESAI agrees to file it with the AEUB for approval on an expedited basis.

5. Support of Settlement Agreement

The Consultation Parties agree to support an application by EESAI to the AEUB for approval of this Settlement Agreement.

6. Conditions Precedent

This Settlement Agreement is contingent on the AEUB accepting all of the provisions of this Settlement Agreement as contemplated in Section 135 of the *Electric Utilities Act*. Unless otherwise agreed by the parties to this Settlement Agreement, if the AEUB rejects this Settlement Agreement in whole or in part, this Settlement Agreement will be null and void.

7. No Review of Return Margin

Notwithstanding paragraph 1 b) of the 2003 Plan and section 4 of the November 29, 2000 Settlement Agreement, neither party may initiate a review of the return margin for either 2004 or 2005.

8. Payment of Costs

- a) EESAI will pay, on an interim refundable basis, the costs incurred by each of the Consultation Parties in respect of the application to the AEUB for approval of this Settlement Agreement and in respect of this Settlement Agreement on receipt of an invoice from each of the Consultation Parties. These costs or an estimate of these costs will be included as part of the Energy Charge in accordance with section 8 of the 2004/2005 Plan.
- b) Unless otherwise agreed, the Consultation Parties each agree to provide EESAI applicable invoice(s) no later than thirty (30) days following issuance of an AEUB order(s) approving the Application (the Order(s)) and to confirm to EESAI in writing that each such invoice complies with the AEUB guidelines for utility costs claims.
- c) EESAI will file with the AEUB a summary of costs paid by EESAI to all Consultation Parties under this section within 60 days of receiving the Order(s). The summary will also include costs incurred by EESAI in respect of the Application and in respect of this Settlement Agreement, and as further described in section 8 of the 2004/2005 Plan. EESAI will request that the AEUB approve the recovery of these costs as part of the RRT Energy Charge for 2004 and 2005 and the Consultation Parties will support such request. Each of the Consultation Parties will be responsible for providing any additional information the AEUB may request in respect of its cost claim(s). If the AEUB determines that all, or any portion, of the costs paid by EESAI to a Consultation Party under this Settlement Agreement may not be recovered as part of the RRT Energy Charge for 2004 and 2005, then the relevant Consultation Party will repay the disallowed amount to EESAI within 30 days following a decision on any review or appeal made in respect of that decision or, if no review or appeal is made, within 35 days following issuance of the original cost decision.

9. General Terms and Conditions of Settlement

- (a) The division of this Settlement Agreement into headings and paragraphs is for convenience and reference only and should not affect the interpretation or construction of this Settlement Agreement.
- (b) This Settlement Agreement and its Attachments constitute the entire agreement between the Parties and no other agreements, expressed or implied, have been made.
- (c) Any alteration or amendment of this Settlement Agreement must be in writing and signed by the Parties.
- (d) This Settlement Agreement will be binding upon, and enure to the benefit of, the Parties and each of their respective trustees, administrators, successors and permitted assigns.
- (e) The terms and conditions of this Settlement Agreement will be interpreted pursuant to the laws of the Province of Alberta. Further, the Courts of the Province of Alberta will have exclusive jurisdiction with respect to any and all legal proceedings which may arise in connection with this Settlement Agreement or any of its terms and conditions.
- (f) If any provision of this Settlement Agreement is found to be invalid by a Court of Law, the Settlement Agreement will be read and interpreted as if the provision were omitted.
- (g) The failure of any Party to exercise any right given to it under this Settlement Agreement or to insist upon the strict compliance with any of the terms or conditions in this Settlement Agreement will not constitute a waiver of any provisions with respect to any other or subsequent breach.
- (h) Time will be of the essence in this Settlement Agreement and every part of this Settlement Agreement and no extension or variance of this Settlement Agreement will operate as a waiver of this provision.
- (i) This Settlement Agreement may be executed in any number of counterparts with the same effect as if the Parties had signed the same copy of this Settlement Agreement. All counterparts will be construed together and constitute one and the same agreement.

DATED as of the 31st day of July, 2003

EPCOR Energy Services (Alberta) Inc.

Consumers Coalition of Alberta

Per: _____

Per: _____

Alberta Association of Municipal Districts &
Counties

Montana First Nation

Per: _____

Per: _____

Alberta Irrigation Projects Association

Per: _____

Attachment "1"
to the EESAI 2004 and 2005 RRT Settlement Agreement
dated August 8, 2003

2004 AND 2005 ENERGY PRICE SETTING PLAN

1. Definitions

Capitalized terms used in this 2004 and 2005 Energy Price Setting Plan (2004/2005 Plan), that are not otherwise defined herein, have the respective meanings ascribed to those terms in Schedule "A" to this 2004/2005 Plan.

2. RRT Transition Rate Energy Cost

The energy cost component of EESAI's RRT Transition Rate will be determined on the basis of the Base Energy Portfolio Price, Off-Peak Energy Portfolio Price and Peak Energy Portfolio Price in the Energy Product Portfolio established under this 2004/2005 Plan.

3. Energy Product Portfolio

- (a) The Energy Product Portfolio may be made up of Monthly Products, Quarterly Products and One-Year Products.
- (b) The target composition of the Energy Product Portfolio for 2004 and 2005 is set out in Schedule "B" to this 2004/2005 Plan in the case of One-Year Products and will be set out in the applicable Monthly Product Schedules established as provided in Section 3(c) in the case of Monthly Products. Quarterly Products may be acquired as a replacement for Monthly Products as provided in the applicable Monthly Product Schedule.
- (c) The target composition of the One-Year Products for 2005 will be established in accordance with the process described for monthly products under Section 3(d). A portion of the target composition for 2005 may be purchased in advance of 2005 in accordance with Schedule B. The process for establishing the Monthly Product Schedules, as provided in Section 3(c), will be used for establishing the One-Year Product Portfolio for 2005.
- (d) The Monthly Product Schedule for each Quarter in 2004 and 2005 will be established in the following manner:
 - (i) At least 7 weeks before the start of each Quarter, EESAI will provide to the Consultation Parties a Monthly Product Schedule it proposes for the Quarter setting out, among other things, the EESAI RRT Transition Rate Volumes of Monthly Products forecast for the Quarter comprised of Monthly Base Product, Monthly Peak Product and Monthly Super Peak

Product proposed to be acquired for each month during the Quarter for EESAI RRT Transition Rate Customers, the Forecast Peak Load Portion for the Quarter, the RCFPLP for each EESAI RRT Transition Rate Rate Classification for the Quarter and the forecast energy consumption at the customer meter for each EESAI RRT Transition Rate Rate Classification for the Quarter.

- (ii) The Consultation Parties will have a period of 1 week to review the proposed Monthly Product Schedule and discuss the EESAI RRT Transition Rate Volumes forecast, the Forecast Peak Load Portion, the RCFPLP for each EESAI RRT Transition Rate Rate Classification for the Quarter and the forecast energy consumption at the customer meter for each EESAI RRT Transition Rate Rate Classification for the Quarter. If the Consultation Parties agree, the Monthly Product Schedule proposed by EESAI will become the Monthly Product Schedule for the Quarter.
- (iii) If the Consultation Parties do not agree with the proposed Monthly Product Schedule within the 1 week period, the matter will be immediately submitted to dispute resolution, which will be conducted as follows:
 - (A) Representatives of EESAI and the Consultation Parties and the Advisor will use their best efforts to meet to discuss the proposed Monthly Product Schedule within 2 business days after the expiration of the 1 week period. At that meeting, each party shall cooperate fully by answering any questions the other party or the Advisor may have respecting the proposed Monthly Product Schedule and EESAI and the Consultation Parties will work diligently and in good faith to reach agreement concerning the proposed Monthly Product Schedule.
 - (B) If no agreement is reached at the meeting provided for under section 3(c)(iii)(A), within 1 business day after the expiration of the 2 business day period the Consultation Parties, collectively, and EESAI will each submit a final proposed Monthly Product Schedule including its proposed EESAI RRT Transition Rate Volumes and Forecast Peak Load Portion, the RCFPLP for each EESAI RRT Transition Rate Rate Classification for the Quarter and the forecast energy consumption at the customer meter for each EESAI RRT Transition Rate Rate Classification for the Quarter (**Final Proposed Monthly Product Schedule**) to each other and to the Advisor. If a party elects not to provide a Final Monthly Product Schedule within the allowed time, the Advisor will proceed to resolve the matter based on the Final Monthly Product Schedule provided by the other party.
 - (C) After considering the Final Proposed Monthly Product Schedule(s) submitted, the Advisor must, within 2 business days of the Final

Monthly Product Schedule(s) being submitted, select one of the following options:

- (1) Decide in favour of EESAI's Final Proposed Monthly Product Schedule, if submitted; or
- (2) Decide in favour of the Consultation Parties' Final Proposed Monthly Product Schedule, if submitted

The Advisor will select the option that, in the opinion of the Advisor, best reflects the required EESAI RRT Transition Rate Volumes and Forecast Peak Load Portion, the RCFPLP for each EESAI RRT Transition Rate Rate Classification for the Quarter and the forecast energy consumption at the customer meter for each EESAI RRT Transition Rate Rate Classification for the Quarter for EESAI's RRT Transition Rate Customers.

- (iv) The Final Proposed Monthly Product Schedule selected by the Advisor will become the Monthly Product Schedule for the Quarter.
- (v) The decision of the Advisor under Section 3(c)(iii) is final and binding on both EESAI and the Consultation Parties and may not be appealed by either party to the AEUB.
- (vi) All of the material provided by a party and positions taken by a party throughout the dispute resolution process are confidential and may not be disclosed by any other party without prior written consent.

4. Acquisition Process

- (a) Subject to Section 4(b), EMC will conduct a series of Rounds, in accordance with the Protocol as necessary to acquire the Total RRT Transition Rate Target Volumes of each Product for the RRT Transition Rate Customers for 2004 and 2005.
- (b) In the case of One-Year Products, the EESAI RRT Transition Rate Volume Percentage share, as set out in Schedule "B" to this 2004 and 2005 Plan, of the total volume of each One-Year Product acquired under this 2004 and 2005 Plan, will be attributed to EESAI's Energy Product Portfolio for the purpose of establishing the energy cost component of EESAI's RRT Transition Rate.
- (c) In the case of Monthly Products, the EESAI RRT Transition Rate Volume Percentage share of the Total RRT Transition Rate Target Volume of each Monthly Product, in each case as set out in the applicable Monthly Product Schedule established in accordance with Section 3(c) above without regard for any changes to the Total RRT Transition Rate Target Volume that may subsequently be made by EESAI in accordance with the Monthly Product Schedule,

will be attributed to EESAI's Energy Product Portfolio for the purpose of establishing the energy cost component of EESAI's RRT Transition Rate.

- (d) Power Pool Target Volumes will be established for scheduled Products if the acquisition process, in accordance with the protocol, produces prices which exceed the Threshold Prices. Threshold Prices are included in Schedule "B" for One-Year Products and Schedule "C" for Monthly Products. The Power Pool Target Volumes will remain in place unless the Consultation Parties agree to either purchase the scheduled Target Volumes at prices greater than the Threshold Prices or reschedule the acquisition of the Products.

5. Determination of Energy Portfolio Prices

- (a) Following completion of Product acquisition for any specified period, the Base Energy Portfolio Price, the Off-Peak Energy Portfolio Price and Peak Energy Portfolio Price will be determined for that period.
- (b) At least 3 weeks before the start of each Quarter of 2004 and 2005, EESAI will provide to the Consultation Parties, the energy price for the Quarter determined in accordance with the formulas set out in the Energy Charge Schedule approved by the AEUB for 2004 and 2005. The Consultation Parties will have a 1 week period to review the energy price after which it will be filed with the AEUB for acknowledgement and will be implemented at the start of the Quarter.
- (c) EESAI will file the resulting energy price with the Board for acknowledgment before the start of each Quarter in 2004 and 2005.

6. Timelines

- (a) The first series of Rounds to acquire Products for the RRT Transition Rate Customers and attribute Products to EESAI's Energy Product Portfolio for 2004 and 2005 will commence immediately upon Board approval and will continue in accordance with the timelines set out in Schedule "B" to this Plan as required to acquire the Total RRT Transition Rate Target Volumes for One-Year Products for 2004 and 2005.
- (b) Subject to Section 4 above, subsequent series of Rounds will be conducted to acquire Monthly Products for the RRT Transition Rate Customers and to attribute Monthly Products to the Energy Product Portfolio in accordance with the timelines set out in the applicable Monthly Product Schedules.

7. Consultation and Dispute Resolution Process

7.1 Designation of Representatives and Board Observer

Prior to first series of Rounds for each of 2004 and 2005, EESAI will designate an individual and an alternate to represent it, and the Consultation Parties will designate two individuals and alternates to represent them during the Rounds (**Representatives**). The designated Representatives will work in good faith to facilitate the carrying out of the Rounds as contemplated by this 2004/2005 Plan.

7.2 Representation during Rounds

Rounds are dynamic processes where it is essential to be able to make decisions in a timely and efficient manner to respond to changing circumstances. The Representatives of EESAI and the Consultation Parties will be available during each Round and, working with the Advisor, will have authority to agree to modifications to the Protocol as necessary to respond to particular circumstances that may arise during the Round with the objective of reducing Energy Portfolio Prices. If, during a Round, the Representatives of EESAI and the Consultation Parties do not agree on a particular modification, the Round will continue without the modification.

7.3 Certification following Round

Within 2 business days following the completion of each Round, EESAI will prepare and circulate to the Representatives of the Consultation Parties and the Advisor, a Certification of Compliance for that Round certifying that EESAI has carried out that Round in compliance with the requirements of this 2004/2005 Plan. Unless EESAI and the Consultation Parties agree to proceed, a subsequent Round will not be initiated until the respective Representatives of EESAI, the Consultation Parties and the Advisor, who were present at the Round, have signed the Certification of Compliance for the Round.

7.4 Consultation Process between Rounds

Representatives of EESAI and the Consultation Parties will meet with the Advisor within 2 business days or such other time as they may agree following the end of each Round. The Representatives and the Advisor will review the results of the Round and any market developments or trends that any party may reasonably believe will have a material impact on the continued implementation of the 2004/2005 Plan. This could include, but is not limited, to significant changes in market prices or RRT Transition Rate load requirements. At the request of either party, EESAI and the Consultation Parties will work in good faith to identify any improvements that can be made to the Protocol taking into account the matters discussed above. EESAI and the Consultation Parties will work diligently to agree on any amendments to the Protocol that may be necessary to implement the identified improvements.

7.5 Dispute Resolution

- (a) If EESAI and the Consultation Parties are unable to agree pursuant to Section 8.4 as to whether any improvements need to be made to the Protocol or on any amendments necessary to implement any identified improvement, subject to Section 7.5(k), either EESAI or the Consultation Parties (**Disputing Party**) may

at any time invoke the dispute resolution process (**Dispute Resolution Process**) under this Section 7.5 by providing a written notice (**Dispute Notice**) to the other party, the Advisor and the Board Observer. The Dispute Notice must:

- (i) identify the specific change that is proposed (**Proposed Change**) and the impact the Proposed Change would reasonably be expected to have on RRT rates, if any; and
 - (ii) identify the reason for the Proposed Change and the harm that would reasonably be expected to occur if the Proposed Change is not made.
- (b) Representatives of EESAI and the Consultation Parties, the Advisor and the Board Observer will use their best efforts to meet to discuss the Proposed Change within 2 business days of the Dispute Notice being provided. At that meeting, the Disputing Party invoking the Dispute Resolution Process shall cooperate fully by answering any questions the other party (**Other Party**), the Advisor or the Board Observer may have respecting the Proposed Change and EESAI and the Consultation Parties will work diligently and in good faith to reach agreement concerning the Proposed Change.
- (c) If no agreement is reached at the meeting provided for under section 7.5(b), the Disputing Party must provide written notice (**Election Notice**) to the Other Party, the Advisor and the Board Observer within 1 business day of the conclusion of the meeting if it wishes to continue the Dispute Resolution Process.
- (d) If the Disputing Party elects to continue the Dispute Resolution Process pursuant to Section 7.5(c), the Other Party may provide written notice (**Continuation Notice**) to the Disputing Party within 1 business day of receiving the Election Notice advising the Disputing Party whether it agrees to continue the Dispute Resolution Process.
- (e) If the Disputing Party does not provide the Election Notice as provided under section 7.5(c), or if the Other Party provides a Continuation Notice advising that it does not agree to continue the Dispute Resolution Process or does not provide the Continuation Notice as provided under section 7.5(d), the Disputing Party will be free to pursue the Proposed Change with the AEUB provided that the Disputing Party must ask the AEUB to decide the matter on an expedited basis and respect the confidential nature of the matters to be addressed to the extent permitted under the AEUB's rules of practice. In pursuing the Proposed Change the Disputing Party and the Other Party will be free to address the consequential impact of changes in the return margin applicable to the energy component of customer bills agreed to by EESAI and the Consultation Parties under Section 4 of the Settlement Agreement filed with the AEUB on November 29, 2000.
- (f) If the Other Party agrees to continue the Dispute Resolution Process under Section 7.5(d), then both the Disputing Party and the Other Party will submit a "Final Proposal" (**Final Proposal**) in respect of the matters addressed in the Dispute Notice, to each other, the Advisor and the Board Observer within 1

business day of the Continuation Notice being provided. Any Final Proposal submitted must include the information required to be included in the Dispute Notice. If a party elects not to provide a Final Proposal within the allowed time, the Advisor and the Board Observer will proceed to resolve the matter based on the Final Proposal provided by the other party.

- (g) After considering the Final Proposal(s) submitted, the Advisor and the Board Observer must, within 2 business days of the Final Proposal(s) being submitted, select one of the following options:
- (i) Decide that no change should be made to the 2004/2005 Plan;
 - (ii) Decide in favour of EESAI's Final Proposal, if submitted; or
 - (iii) Decide in favour of the Consultation Parties' Final Proposal, if submitted

The Advisor and Board Observer will select the option that is most consistent with the intent of the parties as reflected in the 2004/2005 Plan.

- (h) If the Advisor and Board Observer both select either EESAI's or the Consultation Parties' Final Proposal, then the 2004/2005 Plan will be amended in accordance with that Final Proposal. If both the Advisor and the Board Observer both decide that no change should be made to the 2004/2005 Plan, then no changes will be made to the 2003 Plan. If the Advisor and the Board Observer select different Final Proposals, then no change will be made to the 2004/2005 Plan.
- (i) The decision of the Advisor and the Board Observer under Section 7.5(h) concerning the Proposed Changes to the 2004/2005 Plan is final and binding on both EESAI and the Consultation Parties and may not be appealed by either party to the AEUB.
- (j) All of the material provided by a party and positions taken by a party throughout the Dispute Resolution Process are confidential and may not be disclosed by any other party without the written consent of that party.
- (k) The Dispute Resolution Process may not be initiated once a Round has commenced. Unless EESAI and the consultation parties agree to proceed, no Rounds will be initiated while a Dispute Resolution Process is underway.

8. Costs

Costs incurred by EESAI or the Consultation Parties in relation to the 2004/2005 Plan or prior Plans including, costs related to any dispute resolution matter, whether before the AEUB or Board Observer and Advisor, and the costs of the Advisor and AEUB administration costs will be included in the energy costs for EESAI's RRT Transition Rate Customers.

Schedule A
to the 2004 and 2005 Energy Price Setting Plan
dated August 8, 2003

DEFINITIONS

1. General Definitions

In the 2004 and 2005 Energy Price Setting Plan (**2004/2005 Plan**),

Advisor means an independent expert retained by the Consultation Parties and EESAI to provide advice and assistance as provided in the 2004/2005 Plan;

AEUB means the Alberta Energy and Utilities Board;

ANCA Service Area means the service area of Aquila Networks Canada (Alberta) Ltd. in Alberta;

Board means the Alberta Energy and Utilities Board;

Board Observer means the individual designated by the AEUB to observe and assist as provided in the 2004/2005 Plan;

Certification of Compliance means, (i) in relation to a RFO Round, a certification that EESAI has carried out that RFO Round in compliance with the requirements of the 2004/2005 Plan, in the form of the Certification of Compliance attached as Schedule "E" to the 2004/2005 Plan, with such modifications as may be necessary to reflect the particular details of that RFO Round;

Consultation Parties means Alberta Association of Municipal Districts and Counties, Alberta Irrigation Projects Association, Alberta Urban Municipalities Association, Consumers Coalition of Alberta, and Montana First Nation;

EMC means EPCOR Merchant & Capital L.P.;

EUI means EPCOR Utilities Inc.;

Exchanges means (i) the online internet trading systems for electrical energy in Alberta operated by Alberta Watt Exchange Ltd., and (ii) NGX Canada Inc.;

Method means, the energy price setting method set out in the 2004/2005 Plan;

Monthly Product Schedule means, in relation to a Quarter, a schedule for the Quarter in the applicable form attached as Schedule "C" to the 2004/2005 Plan setting out, among other things, the Total RRT Transition Rate Volumes, Total RRT Transition Rate Target Volume, EESAI RRT Transition Rate Volumes and EESAI RRT Transition Rate Volume Percentage, the Forecast Peak Load Portion for EESAI's RRT Transition Rate Customer for that Quarter, the RCFPLP for each EESAI RRT Transition Rate Rate Classification

for the Quarter and the forecast energy consumption at the customer meter for each EESAI RRT Transition Rate Rate Classification for the Quarter;

Protocol means the RFO Protocol;

Q1 means January, February and March of 2004 or 2005;

Q2 means April, May and June of 2004 or 2005;

Q3 means July, August and September of 2004 or 2005;

Q4 means October, November and December of 2004 or 2005;

Quarters means Q1, Q2, Q3 and Q4 and **Quarter** means any of Q1, Q2, Q3 or Q4;

RFO means, in relation to a Product, a request for an offer made by EESAI to a Qualified Supplier for supplies of that Product;

RFO Protocol means the Protocol for RFO Round attached as Schedule "D" to the 2004/2005 Plan;

RFO Round means a RFO process, administered by the Advisor, conducted in accordance with the RFO Protocol;

Round means a RFO Round;

RRT means a regulated rate tariff as contemplated under section 103 of the Electric Utilities Act S.A. 2003, c. E-5.1;

RRT Transition Rate means a regulated rate tariff for eligible customers approved by the AEUB under the section 103 of the Electric Utilities Act S.A. 2003, c. E-5.1;

RRT Transition Rate Customers means the customers of EESAI and EPCOR Energy Services Inc. receiving RRT Transition Rate service,

Target Volume means, in relation to a Round, the amount of Product targeted to be acquired in that Round.

2. **Product Definitions**

In the 2004/ 2005 Plan,

Base Period means the period from 00:00 hours to 24:00 hours, Monday through Sunday inclusive;

Base Product means an agreement to supply power twenty-four hours a day, seven days a week and may include a Monthly Base Product and a One-Year Base Product;

Monthly Product means a Monthly Base Product, a Monthly Peak Product or a Monthly Off-Peak Product;

Monthly Base Product means a Base Product having a one-month term;

Monthly Off-Peak Product means a Monthly Off-Peak (7x8) Product, or a Monthly Super Off-Peak (7x18) Product having a one-month term

Monthly Off-Peak (7x8) Product means an Off-Peak (7x8) Product having a one-month term;

Monthly Super Off-Peak (7x18) Product means a Super Off-Peak (7x18) Product having a one-month term;

Monthly Peak Product means a Monthly Peak (7x16) Product, or a Monthly Super Peak (7x6) Product;

Monthly Peak (7x16) Product means a Peak (7x16) Product having a one-month term;

Monthly Super Peak (7x6) Product means a Super Peak (7x6) Product having a one-month term;

Off-Peak (7x8) Period means the period from 0:00 hours to 7:00 hours and from 23:00 hours to 0:00 hours, Monday through Sunday inclusive;

Off-Peak Periods means Off-Peak (7x8) Periods, Super Off-Peak (7x18) Periods and

Off-Peak Period means any of Off-Peak (7x8) Period, or Super Off-Peak (7x18) Period as the context may require.

Off-Peak Product means an agreement to supply power during an Off-Peak Period and may include a Monthly Off-Peak Product and/or a One-Year Off-Peak Product;

Off-Peak (7x8) Product means an agreement to supply power during a Peak (7x8) Period;

One-Year Product means a One-Year Base Product, a One-Year Peak Product or a One-Year Off-Peak Product;

One-Year Base Product means a Base Product having a one-year term;

One-Year Off-Peak Product means a One-Year Off-Peak (7x8) Product;

One-Year Off-Peak (7x8) Product means an Off-Peak (7x8) Product having a one-year term;

One-Year Peak Product means a One-Year Peak (7x16) Product;

One-Year Peak (7x16) Product means a Peak (7x16) Product having a one-year term;

Peak (7x16) Period means the period from 7:00 hours to 23:00 hours, Monday through Sunday inclusive.

Peak Periods means Peak (7x16) Periods, Super Peak (7x6) Periods and **Peak Period** means either of a Peak (7x16) Period, or Super Peak (7x6) Period as the context may require.

Peak Product means an agreement to supply power during a Peak Period and may include a Monthly Peak Product and/or a One-Year Peak Product;

Peak (7x16) Product means an agreement to supply power during a Peak (7x16) Period;

Product means a Base Product, a Peak Product or an Off-Peak Product;

Quarterly Base Product means a Base Product having a one Quarter term;

Quarterly Off-Peak Product means a Quarterly Off-Peak (7x8) Product;

Quarterly Off-Peak (7x8) Product means an Off-Peak (7x8) Product having a one-Quarter term;

Quarterly Product means a Quarterly Base Product, a Quarterly Peak Product, or a Quarterly Off-Peak Product;

Quarterly Peak Product means a Quarterly Peak (7x16) Product;

Quarterly Peak (7x16) Product means a Peak (7x16) Product having a one-Quarter term;

Quarterly Product means a Quarterly Base Product or a Quarterly Peak Product;

Shoulder Peak Period means a Peak Period excluding the Super Peak Period portion of the Peak Period.

Super Off-Peak (7x18) Period means the period from 0:00 hours to 16:00 hours and 22:00 hours to 0:00 hours, Monday through Sunday inclusive;

Super Off-Peak (7x18) Product means an agreement to supply power during a Super Off-Peak (7x18) Period;

Super Peak (7x6) Period means the period from 16:00 hours to 22:00 hours, Monday through Sunday inclusive, including holidays.

Super Peak (7x6) Product means an agreement to supply power during a Super Peak (7x6) Period;

3. Price, Volume and Portfolio Definitions

In the 2004/2005 Plan,

Base Energy Portfolio Price means, for a Quarter, the average price (weighted by volume) of the Base Products in the Energy Product Portfolio for that period, expressed in \$/MWh;

EESAI RRT Rate Classification has the meaning given to that term in the EESAI Regulated Rate Tariff Transition Rate Price Schedule.

EESAI RRT Volumes means (i) in relation to One-Year Products for a year, EESAI's reasonable forecast of the total volume of One-Year Base Products and One-Year Peak Products required (with separate procurement) for its RRT Transition Rate Customers in the ANCA Service Area as set out in Table 1 of Schedule "B" to the 2004/2005 Plan and (ii) in relation to Monthly Products, EESAI's reasonable forecast of the volume of Monthly Base Products and Monthly Peak Products required (with separate procurement) for its RRT Transition Rate Customers in the ANCA Service Area for a month, as set out in the Monthly Product Schedule for the Quarter in which that month occurs.

EESAI RRT Transition Rate Volume Percentage means (i) in relation to One-Year Products for a year, EESAI's reasonable forecast of the total volume of One-Year Base Products and One-Year Peak Products required (with separate procurement) for its RRT Transition Rate Customers in the ANCA Service Area relative to the total volume of One-Year Base Products and One-Year Peak Products required (with separate procurement) for RRT Transition Rate Customers as set out in Table 1 of Schedule "B" to the 2004/2005 Plan and (ii) in relation to Monthly Products, EESAI's reasonable forecast of the volume of Monthly Base Products and Monthly Peak Products required (with separate procurement) for its RRT Transition Rate Customers in the ANCA Service Area for a month relative to the total volume of Monthly Base Products and Monthly Peak Products required (with separate procurement) for RRT Transition Rate Customers as set out in the Monthly Product Schedule for the Quarter in which that month occurs.

Energy Portfolio Prices means, for a Quarter, the Base Energy Portfolio Price, the Off Peak Energy Portfolio Price and the Peak Energy Portfolio Price for that period;

Energy Product Portfolio means, at a point in time, the portfolio of Base Products and Peak Products that have then been acquired or deemed to have been acquired for the Energy Product Portfolio pursuant to the 2001 Plan, and the 2004/2005 Plan and the terms of which have not expired at that time;

Forecast Price means, in relation to a Monthly Product for the second or third month of a Quarter:

- (i) the price of an offer (if any) or, if there are more than one, the simple average of the prices of offers for volumes of at least 5MW of the energy product corresponding to the Monthly Product recorded, during the last Round conducted to acquire the Monthly Product for the first month of the Quarter, from the Exchange Screens (as defined in the applicable Protocol) at the time the indicative Heat Rate is being determined under Step 2 of the RFO Round Protocol; or

-
- (ii) if the price referred to in (i) of this definition is not available, the last transacted price (if any) or, if there is more than one, the simple average of the last transacted prices for volumes of at least 5MW of the energy product corresponding to the Monthly Product obtained from the Exchanges (as defined in the applicable Protocol) at the time referred to in (i) of this definition; or
 - (iii) if prices referred to in (i) and (ii) of this definition are not available and the Quarter is:
 - (A) the first, second or third Quarter, EESAI will propose a price for the Monthly Product to the Consultation parties and they will work diligently and in good faith to agree on the price and the Forecast Price for the Monthly Product will be the agreed price or, failing agreement within two business days, the actual price for the Monthly Product acquired for the first month of the Quarter; or
 - (B) the fourth Quarter, the Forecast Price for the Monthly Product will be the Proposed Monthly Product Price or, when available, the Monthly Product Price established as provided below in this definition.

If (iii)(B) of this definition applies, EESAI will propose a price for the Monthly Product (**Proposed Monthly Product Price**) to the Consultation Parties. If the Consultation Parties do not agree with the Proposed Monthly Product Price, the parties will work diligently and in good faith with each other and the Advisor to reach agreement. Either EESAI or the Consultation Parties may at any time invoke the Dispute Resolution Process under Section 7.5 of the 2004/ 2005 Plan by providing a Dispute Notice to the other party. The price agreed on by EESAI and the Consultation Parties or determined pursuant to the Dispute Resolution Process (**Monthly Product Price**) will be the Forecast Price for the Monthly Product. Pending agreement or determination of the Monthly Product Price, the Proposed Monthly Product Price will be used for the purposes of the Section 5 of the Energy Price Setting Plan.

Forecast Peak Load Portion (FPLP) means, in relation to a Quarter, the value set out in Table 1d of the Monthly Product Schedule for that Quarter.

Off-Peak Energy Portfolio Cost means, for a period, the amount determined by subtracting the Peak Energy Portfolio Cost from the Total Energy Portfolio Cost for that period.

Off-Peak Energy Portfolio Price means, for a Quarter, the amount determined as follows:

$$\text{OPEPP} = \text{OPEPC} / [\text{TEPV} \times (1 - \text{FPLP})]$$

where:

OPEPP is the Off-Peak Energy Portfolio Price for that Quarter, expressed in \$/MWh;

OPEPC is the Off-Peak Energy Portfolio Cost for that Quarter;

TEPV is the Total Energy Portfolio Volume for that Quarter;

FPLP is the Forecast Peak Load Portion for that Quarter;

Peak Energy Portfolio Cost means, for a Quarter, the amount determined as follows:

$$\text{PEPC} = \text{TEPV} \times \text{FPLP} \times \text{PEPP}$$

where:

PEPC is the Peak Energy Portfolio Cost for that Quarter, expressed in \$/MWh;

TEPV is the Total Energy Portfolio Volume for that Quarter;

FPLP is the Forecast Peak Load Portion for that Quarter;

PEPP is the Peak Energy Portfolio Price for that Quarter;

Peak Energy Portfolio Price means, in the case of Q1, the Peak Energy Portfolio Price (Unadjusted) for that Quarter and in the case of each of the other Quarters, the Peak Energy Portfolio Price (Unadjusted) plus the Peak Energy Portfolio Price Adjustment for that Quarter if it is a positive amount or minus the Peak Energy Portfolio Price Adjustment for that Quarter if it is a negative amount;

Peak Energy Portfolio Price (Unadjusted) means, for a Quarter, the price for Peak Products included in the Energy Product for that Quarter which will be equal to the quotient of:

(a) the sum of:

(i) $\text{YP}(7 \times 16)\text{PMW}_y \times \text{QP}(7 \times 16)\text{PH}_Q \times \text{YP}(7 \times 16)\text{PP}_y$;

(ii) $\text{MP}(7 \times 16)\text{PMW}_{m1\text{-for}} \times \text{MP}(7 \times 16)\text{PH}_{m1} \times \text{MP}(7 \times 16)\text{PP}_{m1\text{-act}}$;

(iii) $\text{MP}(7 \times 16)\text{PMW}_{m2\text{-for}} \times \text{MP}(7 \times 16)\text{PH}_{m2} \times \text{MP}(7 \times 16)\text{PP}_{m2\text{-for}}$;

(iv) $\text{MP}(7 \times 16)\text{PMW}_{m3\text{-for}} \times \text{MP}(7 \times 16)\text{PH}_{m3} \times \text{MP}(7 \times 16)\text{PP}_{m3\text{-for}}$;

(v) $\text{MSP}(7 \times 6)\text{PMW}_{m1\text{-for}} \times \text{MSP}(7 \times 6)\text{PH}_{m1} \times \text{MSP}(7 \times 6)\text{PP}_{m1\text{-act}}$;

(vi) $\text{MSP}(7 \times 6)\text{PMW}_{m2\text{-for}} \times \text{MSP}(7 \times 6)\text{PH}_{m2} \times \text{MSP}(7 \times 6)\text{PP}_{m2\text{-for}}$;

(vii) $\text{MSP}(7 \times 6)\text{PMW}_{m3\text{-for}} \times \text{MSP}(7 \times 6)\text{PH}_{m3} \times \text{MSP}(7 \times 6)\text{PP}_{m3\text{-for}}$; and

(viii) $\text{QP}(7 \times 16)\text{PMW}_q \times \text{QP}(7 \times 16)\text{PH}_Q \times \text{QP}(7 \times 16)\text{PP}_Q$;

divided by;

- (b) the sum of:
- (i) $YP(7x16)PMW_y \times QP(7x16)PH_Q$;
 - (ii) $MP(7x16)PMW_{m1-for} \times MP(7x16)PH_{m1}$;
 - (iii) $MP(7x16)PMW_{m2-for} \times MP(7x16)PH_{m2}$;
 - (iv) $MP(7x16)PMW_{m3-for} \times MP(7x16)PH_{m3}$;
 - (v) $MSP(7x6)PMW_{m1-for} \times MSP(7x6)PH_{m1}$;
 - (vi) $MSP(7x6)PMW_{m2-for} \times MSP(7x6)PH_{m2}$;
 - (vii) $MSP(7x6)PMW_{m3-for} \times MSP(7x6)PH_{m3}$; and,
 - (viii) $QP(7x16)PMW_Q \times QP(7x16)PH_Q$;

where:

$YP(7x16)PMW_y$ is the total capacity of One-Year Peak (7x16) Products, expressed in MWs, acquired for the Energy Product Portfolio for 2004 or 2005

$QP(7x16)PH_Q$ is the total number of hours in Peak (7x16) Periods that occur in that Quarter;

$YP(7x16)PP_y$ is the average (weighted by capacity acquired) of the prices of the One Year Peak (7x16) Products acquired for the Energy Product Portfolio for 2004 or 2005;

$MP(7x16)PMW_{m1-for}$ is the total capacity of Monthly Peak (7x16) Products, expressed in MWs, forecast in the Monthly Product Schedule for that Quarter to be acquired for the Energy Product Portfolio for the first month of that Quarter;

$MP(7x16)PH_{m1}$ is the total number of hours in Peak (7x16) Periods that occur in the first month of that Quarter;

$MP(7x16)PP_{m1-act}$ is the average (weighted by capacity acquired) of the prices of the Monthly Peak (7x16) Products acquired for the Energy Product Portfolio for the first month of that Quarter;

$MP(7x16)PMW_{m2-for}$ is the total capacity of Monthly Peak (7x16) Products, expressed in MWs, forecast in the Monthly Product Schedule for that Quarter to be acquired for the Energy Product Portfolio for the second month of that Quarter;

$MP(7x16)PH_{m2}$ is the total number of hours in Peak (7x16) Periods that occur in the second month of that Quarter;

MP(7x16)PP_{m2-for} is the Forecast Price of the Monthly Peak (7x16) Products to be acquired for the Energy Product Portfolio for the second month of that Quarter;

MP(7x16)PMW_{m3-for} is the total capacity of Monthly Peak (7x16) Products, expressed in MWs, forecast in the Monthly Product Schedule for that Quarter to be acquired for the Energy Product Portfolio for the third month of that Quarter;

MP(7x16)PH_{m3} is the total number of hours in Peak (7x16) Periods that occur in the third month of that Quarter;

MP(7x16)PP_{m3-for} is the Forecast Price of the Monthly Peak (7x16) Products to be acquired for the Energy Product Portfolio for the third month of that Quarter;

MSP(7x6)PMW_{m1-for} is the total capacity of Monthly Super Peak (7x6) Products, expressed in MWs, forecast in the Monthly Product Schedule for that Quarter to be acquired for the Energy Product Portfolio for the first month of that Quarter;

MSP(7x6)PH_{m1} is the total number of hours in Super Peak (7x6) Periods that occur in the first month of that Quarter;

MSP(7x6)PP_{m1-act} is the average price (weighted by capacity purchased) of the Monthly Super Peak (7x6) Products acquired for the Energy Product Portfolio for the first month of that Quarter;

MSP(7x6)PMW_{m2-for} is the total capacity of Monthly Super Peak (7x6) Products, expressed in MWs, forecast in the Monthly Product Schedule for that Quarter to be acquired for the Energy Product Portfolio for the second month of that Quarter;

MSP(7x6)PH_{m2} is the total number of hours in Super Peak (7x6) Periods that occur in the second month of that Quarter;

MSP(7x6)PP_{m2-for} is the Forecast Price of the Monthly Super Peak (7x6) Products to be acquired for the Energy Product Portfolio for the second month of that Quarter;

MSP(7x6)PMW_{m3-for} is the total capacity of Monthly Super Peak (7x6) Products, expressed in MWs, forecast in the Monthly Product Schedule for that Quarter to be acquired for the Energy Product Portfolio for the third month of that Quarter;

MSP(7x6)PH_{m3} is the total number of hours in Super Peak (7x6) Periods that occur in the third month of that Quarter;

MSP(7x6)PP_{m3-for} is the Forecast Price of the Monthly Super Peak (7x6) Products to be acquired for the Energy Product Portfolio for the third month of that Quarter;

QP(7x16)PMW_Q is the total capacity of Quarterly Peak (7x16) Products, expressed in MWs, acquired for the Energy Product Portfolio for that Quarter;

QP(7x16)PP_Q is the average (weighted by capacity acquired) of the prices of the Quarterly Peak (7x16) Products acquired for the Energy Product Portfolio for that Quarter;

Peak Energy Portfolio Price Adjustment means, for a Quarter, the positive or negative adjustment to the Peak Energy Portfolio Price (Unadjusted) for that Quarter for the actual prices of Monthly Peak Products acquired for the Energy Product Portfolio for the second and third months of the immediately preceding Quarter which will be a positive or negative amount equal to the quotient of:

(a) the sum of:

- (i) $MP(7x16)PMW_{m2(Q-1)-for} \times MP(7x16)PH_{m2(Q-1)} \times (MP(7x16)PP_{m2(Q-1)-act} - MP(7x16)PP_{m2(Q-1)-for});$
- (ii) $MP(7x16)PMW_{m3(Q-1)-for} \times MP(7x16)PH_{m3(Q-1)} \times (MP(7x16)PP_{m3(Q-1)-act} - MP(7x16)PP_{m3(Q-1)-for});$
- (iii) $MSP(7x6)PMW_{m2(Q-1)-for} \times MSP(7x6)PH_{m2(Q-1)} \times (MSP(7x6)PP_{m2(Q-1)-act} - MSP(7x6)PP_{m2(Q-1)-for});$
- (iv) $MSP(7x6)PMW_{m3(Q-1)-for} \times MSP(7x6)PH_{m3(Q-1)} \times (MSP(7x6)PP_{m3(Q-1)-act} - MSP(7x6)PP_{m3(Q-1)-for});$

divided by;

(b) the sum of:

- (i) $YP(7x16)PMW_y \times QP(7x16)PH_Q;$
- (ii) $MP(7x16)PMW_{m1-for} \times MP(7x16)PH_{m1};$
- (iii) $MP(7x16)PMW_{m2-for} \times MP(7x16)PH_{m2};$
- (iv) $MP(7x16)PMW_{m3-for} \times MP(7x16)PH_{m3};$
- (v) $MSP(7x6)PMW_{m1-for} \times MSP(7x6)PH_{m1};$
- (vi) $MSP(7x6)PMW_{m2-for} \times MSP(7x6)PH_{m2};$
- (vii) $MSP(7x6)PMW_{m3-for} \times MSP(7x6)PH_{m3};$
- (viii) $QP(7x16)PMW_Q \times QP(7x16)PH_Q;$

where:

YP(7x16)PMW_y is the total capacity of One-Year Peak (7x16) Products, expressed in MWs, acquired for the Energy Product Portfolio for 2004 and 2005;

QP(7x16)PH_Q is the total number of hours in Peak (7x16) Periods that occur in the Quarter for which the Peak Energy Portfolio Price Adjustment is being determined;

MP(7x16)PMW_{m2(Q-1)-for} is the total capacity of Monthly Peak (7x16) Products, expressed in MWs, forecast in the Monthly Product Schedule for the immediately preceding Quarter to be acquired for the Energy Product Portfolio for the second month of that Quarter;

MP(7x16)PH_{m2(Q-1)} is the total number of hours in Peak (7x16) Periods that occur in the second month of the immediately preceding Quarter;

MP(7x16)PP_{m2(Q-1)-act} is the average (weighted by capacity acquired) of the prices of the Monthly Peak (7x16) Products to be acquired for the Energy Product Portfolio for the second month of the immediately preceding Quarter;

MP(7x16)PP_{m2(Q-1)-for} is the Forecast Price of the Monthly Peak (7x16) Products to be acquired for the Energy Product Portfolio for the second month of the immediately preceding Quarter;

MP(7x16)PMW_{m3(Q-1)-for} is the total capacity of Monthly Peak (7x16) Products, expressed in MWs, forecast in the Monthly Product Schedule for the immediately preceding Quarter to be acquired for the Energy Product Portfolio for the third month of that Quarter;

MP(7x16)PH_{m3(Q-1)} is the total number of hours in Peak (7x16) Periods that occur in the third month of the immediately preceding Quarter;

MP(7x16)PP_{m3(Q-1)-act} is the average (weighted by capacity acquired) of the prices of the Monthly Peak (7x16) Products acquired for the Energy Product Portfolio for the third month of the immediately preceding Quarter;

MP(7x16)PP_{m3(Q-1)-for} is the Forecast Price of the Monthly Peak (6x16) Products to be acquired for the Energy Product Portfolio for the third month of the immediately preceding Quarter;

MSP(7x6)PH_Q is the total number of hours in Super Peak (7x6) Periods that occur in the Quarter for which the Peak Energy Portfolio Price Adjustment is being determined;

MSP(7x6)PMW_{m2(Q-1)-for} is the total capacity of Monthly Super Peak (7x6) Products, expressed in MWs, forecast in the Monthly Product Schedule for the immediately preceding Quarter to be acquired for the Energy Product Portfolio for the second month of that Quarter;

MSP(7x6)PH_{m2(Q-1)} is the total number of hours in Super Peak (7x6) Periods that occur in the second month of the immediately preceding Quarter;

MSP(7x6)PP_{m2(Q-1)-act} is the average (weighted by capacity acquired) of the prices of the Monthly Super Peak (7x6) Products acquired for the Energy Product Portfolio for the second month of the immediately preceding Quarter;

MSP(7x6)PP_{m2(Q-1)-for} is the Forecast Price of the Monthly Super Peak (7x6) Products to be acquired for the Energy Product Portfolio for the second month of the immediately preceding Quarter;

MSP(7x6)PMW_{m3(Q-1)-for} is the total capacity of Monthly Super Peak (7x6) Products, expressed in MWs, forecast in the Monthly Product Schedule for the immediately preceding month to be acquired for the Energy Product Portfolio for the third month of that Quarter;

MSP(7x6)PH_{m3(Q-1)} is the total number of hours in Super Peak (7x6) Periods that occur in the third month of the immediately preceding Quarter;

MSP(7x6)PP_{m3(Q-1)-act} is the average (weighted by capacity acquired) of the prices of the Monthly Super Peak (7x6) Products acquired for the Energy Product Portfolio for the third month of the immediately preceding Quarter;

MSP(7x6)PP_{m3(Q-1)-for} is the Forecast Price of the Monthly Super Peak (7x6) Products to be acquired for the Energy Product Portfolio for the third month of the immediately preceding Quarter;

MP(7x16)PMW_{m1-for} is the total capacity of Monthly Peak (7x16) Products, expressed in MWs, forecast in the Monthly Product Schedule for the Quarter for which the Peak Energy Portfolio Price Adjustment is being determined to be acquired for the Energy Product Portfolio for the first month of that Quarter;

MP(7x16)PH_{m1} is the total number of hours in Peak (7x16) Periods that occur in the first month of the Quarter for which the Peak Energy Portfolio Price Adjustment is being determined;

MP(7x16)PMW_{m2-for} is the total capacity of Monthly Peak (7x16) Products, expressed in MWs, forecast in the Monthly Product Schedule for the Quarter for which the Peak Energy Portfolio Price Adjustment is being determined to be acquired for the Energy Product Portfolio for the second month of that Quarter;

MP(7x16)PH_{m2} is the total number of hours in Peak (7x16) Periods that occur in the second month of the Quarter for which the Peak Energy Portfolio Price Adjustment is being determined;

MP(7x16)PMW_{m3-for} is the total capacity of Monthly Peak (7x16) Products, expressed in MWs, forecast in the Forecast for the Quarter for which the Peak Energy Portfolio Price Adjustment is being determined to be acquired for the Energy Product Portfolio for the third month of that Quarter;

MP(7x16)PH_{m3} is the total number of hours in Peak (7x16) Periods that occur in the third month of the Quarter for which the Peak Energy Portfolio Price Adjustment is being determined;

QP(7x16)PMW_y is the total capacity of Quarterly Peak (7x16) Products, expressed in MWs, acquired for the Energy Product Portfolio for the Quarter for which the Peak Energy Portfolio Price Adjustment is being determined;

Product Ratio means an agreed upon ratio of Peak Product or Super Peak Product to Base Product as determined in accordance with Schedule B or C for an RFO Round, that if exceeded, the Consultation Parties have an option to purchase the next Product closest to (or including) Base Product (i.e. Peak Product as a replacement for Super Peak Product or Base Product as a replacement for Peak Product).

Rate Classification Forecast Peak Load Portion (RCFPLP) means, in relation to an EESAI RRT Transition Rate Rate Classification for a Quarter, the value for that EESAI RRT Transition Rate Rate Classification set out in Table 1e of the Monthly Product Schedule for that Quarter.

Threshold Price means an agreed upon price, as determined in either Schedule B or C (as applicable), that if exceeded, the Consultation Parties have an option of requesting that EESAI not purchase the required Product volumes in an RFO Round.

Total Energy Portfolio Cost (Unadjusted) means, for a Quarter, the amount equal to the sum of:

- (i) $YBPMW_y \times QBPH_Q \times YBPP_y$;
- (ii) $MBPMW_{m1\text{-for}} \times MBPH_{m1} \times MBPP_{m1\text{-act}}$;
- (iii) $MBPMW_{m2\text{-for}} \times MBPH_{m2} \times MBPP_{m2\text{-for}}$;
- (iv) $MBPMW_{m3\text{-for}} \times MBPH_{m3} \times MBPP_{m3\text{-for}}$;
- (v) $YP(7x16)PMW_y \times QP(7x16)PH_Q \times YP(7x16)PP_y$;
- (vi) $MP(7x16)PMW_{m1\text{-for}} \times MP(7x16)PH_{m1} \times MP(7x16)PP_{m1\text{-act}}$;
- (vii) $MP(7x16)PMW_{m2\text{-for}} \times MP(7x16)PH_{m2} \times MP(7x16)PP_{m2\text{-for}}$;
- (viii) $MP(7x16)PMW_{m3\text{-for}} \times MP(7x16)PH_{m3} \times MP(7x16)PP_{m3\text{-for}}$;
- (ix) $MSP(7x6)PMW_{m1\text{-for}} \times MSP(7x6)PH_{m1} \times MSP(7x6)PP_{m1\text{-act}}$;
- (x) $MSP(7x6)PMW_{m2\text{-for}} \times MSP(7x6)PH_{m2} \times MSP(7x6)PP_{m2\text{-for}}$;
- (xi) $MSP(7x6)PMW_{m3\text{-for}} \times MSP(7x6)PH_{m3} \times MSP(7x6)PP_{m3\text{-for}}$;
- (xii) $QBPMW_Q \times QBPH_Q \times QBPP_Q$; and

(xiii) $QP(7x16)PMW_Q \times QP(7x16)PH_Q \times QP(7x16)PP_Q$;

where:

YBPMW_y is the total capacity of One-Year Base Products, expressed in MWs, acquired for the Energy Product Portfolio for 2004 or 2005;

QBPH_Q is the total number of hours in Base Periods that occur in that Quarter;

YBPP_y is the average (weighted by capacity acquired) of the prices of the One Year Base Products acquired for the Energy Product Portfolio for 2004 or 2005;

MBPMW_{m1-for} is the total capacity of Monthly Base Products, expressed in MWs, forecast in the Monthly Product Schedule for that Quarter to be acquired for the Energy Product Portfolio for the first month of that Quarter;

MBPH_{m1} is the total number of hours in Base Periods that occur in the first month of that Quarter;

MBPP_{m1-act} is the average (weighted by capacity acquired) of the prices of the Monthly Base Products acquired for the Energy Product Portfolio for the first month of that Quarter;

MBPMW_{m2-for} is the total capacity of Monthly Base Products, expressed in MWs, forecast in the Monthly Product Schedule for that Quarter to be acquired for the Energy Product Portfolio for the second month of that Quarter;

MBPH_{m2} is the total number of hours in Base Periods that occur in the second month of that Quarter;

MBPP_{m2-for} is the Forecast Price of the Monthly Base Products to be acquired for the Energy Product Portfolio for the second month of that Quarter;

MBPMW_{m3-for} is the total capacity of Monthly Base Products, expressed in MWs, forecast in the Monthly Product Schedule for that Quarter to be acquired for the Energy Product Portfolio for the third month of that Quarter;

MBPH_{m3} is the total number of hours in Base Periods that occur in the third month of that Quarter;

MBPP_{m3-for} is the Forecast Price of the Monthly Base Products to be acquired for the Energy Product Portfolio for the third month of that Quarter;

YP(7x16)PMW_y is the total capacity of One-Year Peak (7x16) Products, expressed in MWs, acquired for the Energy Product Portfolio for 2004 or 2005;

QP(7x16)PH_Q is the total number of hours in Peak (7x16) Periods that occur in that Quarter;

YP(7x16)PP_y is the average (weighted by capacity acquired) of the prices of the One Year Peak (7x16) Products acquired for the Energy Product Portfolio for 2004 or 2005;

MP(7x16)PMW_{m1-for} is the total capacity of Monthly Peak (7x16) Products, expressed in MWs, forecast in the Monthly Product Schedule to that Quarter to be acquired for the Energy Product Portfolio for the first month of that Quarter;

MP(7x16)PH_{m1} is the total number of hours in Peak (7x16) Periods that occur in the first month of that Quarter;

MP(7x16)PP_{m1-act} is the average (weighted by capacity acquired) of the prices of the Monthly Peak (7x16) Products acquired for the Energy Product Portfolio for the first month of that Quarter;

MP(7x16)PMW_{m2-for} is the total capacity of Monthly Peak (7x16) Products, expressed in MWs, forecast in the Monthly Product Schedule for that Quarter to be acquired for the Energy Product Portfolio for the second month of that Quarter;

MP(7x16)PH_{m2} is the total number of hours in Peak (7x16) Periods that occur in the second month of that Quarter;

MP(7x16)PP_{m2-for} is the Forecast Price of the Monthly Peak (7x16) Products to be acquired for the Energy Product Portfolio for the second month of that Quarter;

MP(7x16)PMW_{m3-for} is the total capacity of Monthly Peak (7x16) Products, expressed in MWs, forecast in the Monthly Product Schedule for that Quarter to be acquired for the Energy Product Portfolio for the third month of that Quarter;

MP(7x16)PH_{m3} is the total number of hours in Peak (7x16) Periods that occur in the third month of that Quarter;

MP(7x16)PP_{m3-for} is the Forecast Price of the Monthly Peak (6x16) Products to be acquired for the Energy Product Portfolio for the third month of that Quarter;

MSP(7x6)PMW_{m1-for} is the total capacity of Monthly Super Peak (7x6) Products, expressed in MWs, forecast in the Monthly Product Schedule for that Quarter to be acquired for the Energy Product Portfolio for the first month of that Quarter;

MSP(7x6)PH_{m1} is the total number of hours in Super Peak (7x6) Periods that occur in the first month of that Quarter;

MSP(7x6)PP_{m1-act} is the average price (weighted by capacity purchased) of the Monthly Super Peak (7x6) Products acquired for the Energy Product Portfolio for the first month of that Quarter;

MSP(7x6)PMW_{m2-for} is the total capacity of Monthly Super Peak (7x6) Products, expressed in MWs, forecast in the Monthly Product Schedule for that Quarter to

be acquired for the Energy Product Portfolio I for the second month of that Quarter;

MSP(7x6)PH_{m2} is the total number of hours in Super Peak (7x6) Periods that occur in the second month of that Quarter;

MSP(7x6)PP_{m2-for} is the Forecast Price of the Monthly Super Peak (7x6) Products to be acquired for the Energy Product Portfolio for the second month of that Quarter;

MSP(7x6)PMW_{m3-for} is the total capacity of Monthly Super Peak (7x6) Products, expressed in MWs, forecast in the Monthly Product Schedule for that Quarter to be acquired for the Energy Product Portfolio for the third month of that Quarter;

MSP(7x6)PH_{m3} is the total number of hours in Super Peak (7x6) Periods that occur in the third month of that Quarter;

MSP(7x6)PP_{m3-for} is the Forecast Price of the Monthly Super Peak (7x6) Products to be acquired for the Energy Product Portfolio for the third month of that Quarter;

QBPMW_Q is the total capacity of Quarterly Base Products, expressed in MWs, acquired for the Energy Product Portfolio for that Quarter;

QP(7x16)PMW_Q is the total capacity of Quarterly Peak (7x16) Products, expressed in MWs, acquired for the Energy Product Portfolio for that Quarter;

QP(7x16)PP_Q is the average (weighted by capacity acquired) of the prices of the Quarterly Peak (7x16) Products acquired for the Energy Product Portfolio for that Quarter;

Total Energy Portfolio Cost Adjustment means, for a Quarter, the positive or negative adjustment to the Total Energy Portfolio Cost (Unadjusted) for that Quarter for the actual prices of Monthly Products acquired for the Energy Product Portfolio for the second and third months of the immediately preceding Quarter which will be a positive or negative amount equal to the sum of:

- (i) $MBPMW_{m2(Q-1)-for} \times MBPH_{m2(Q-1)} \times (MBPP_{m2(Q-1)-act} - MBPP_{m2(Q-1)-for});$
- (ii) $MBPMW_{m3(Q-1)-for} \times MBPH_{m3(Q-1)} \times (MBPP_{m3(Q-1)-act} - MBPP_{m3(Q-1)-for});$
- (iii) $MP(7x16)PMW_{m2(Q-1)-for} \times MP(7x16)PH_{m2(Q-1)} \times (MP(7x16)PP_{m2(Q-1)-act} - MP(7x16)PP_{m2(Q-1)-for});$
- (iv) $MP(7x16)PMW_{m3(Q-1)-for} \times MP(7x16)PH_{m3(Q-1)} \times (MP(7x16)PP_{m3(Q-1)-act} - MP(7x16)PP_{m3(Q-1)-for});$
- (v) $MSP(7x6)PMW_{m2(Q-1)-for} \times MSP(7x6)PH_{m2(Q-1)} \times (MSP(7x6)PP_{m2(Q-1)-act} - MSP(7x6)PP_{m2(Q-1)-for});$

$$(vi) \quad \text{MSP}(7x6)\text{PMW}_{m3(Q-1)\text{-for}} \times \text{MSP}(7x6)\text{PH}_{m3(Q-1)} \times (\text{MSP}(7x6)\text{PP}_{m3(Q-1)\text{-act}} - \text{MSP}(7x6)\text{PP}_{m3(Q-1)\text{-for}});$$

where:

MBPMW_{m2(Q-1)-for} is the total capacity of Monthly Base Products, expressed in MWs, forecast in the Monthly Product Forecast for the immediately preceding Quarter to be acquired for the Energy Product Portfolio for the second month in that Quarter;

MBPH_{m2(Q-1)} is the total number of hours in Base Periods that occur in the second month of the immediately preceding Quarter;

MBPP_{m2(Q-1)-act} is the average (weighted by capacity acquired) of the prices of the Monthly Base Products acquired for the Energy Product Portfolio for the second month of the immediately preceding Quarter;

MBPP_{m2(Q-1)-for} is the Forecast Price of the Monthly Base Products to be acquired for the Energy Product Portfolio for the second month of the immediately preceding Quarter;

MBPMW_{m3(Q-1)-for} is the total capacity of Monthly Base Products, expressed in MWs, forecast in the Monthly Product Schedule for the immediately preceding Quarter to be acquired for the Energy Product Portfolio for the third month of that Quarter;

MBPH_{m3(Q-1)} is the total number of hours in Base Periods that occur in the third month of the immediately preceding Quarter;

MBPP_{m3(Q-1)-act} is the average (weighted by capacity acquired) of the prices of the Monthly Base Products acquired for the Energy Product Portfolio for the third month of the immediately preceding Quarter;

MBPP_{m3(Q-1)-for} is the Forecast Price of the Monthly Base Products to be acquired for the Energy Product Portfolio for the third month of the immediately preceding Quarter;

MP(7x16)PMW_{m2(Q-1)-for} is the total capacity of Monthly Peak (7x16) Products, expressed in MWs, forecast in the Monthly Product Schedule for the immediately preceding Quarter to be acquired for the Energy Product Portfolio for the second month of that Quarter;

MP(7x16)PH_{m2(Q-1)} is the total number of hours in Peak (7x16) Periods that occur in the second month of the immediately preceding Quarter;

MP(7x16)PP_{m2(Q-1)-act} is the average (weighted by capacity acquired) of the prices of the Monthly Peak (7x16) Products to be acquired for the Energy Product Portfolio for the second month of the immediately preceding Quarter;

MP(7x16)PP_{m2(Q-1)-for} is the Forecast Price of the Monthly Peak (7x16) Products to be acquired for the Energy Product Portfolio for the second month of the immediately preceding Quarter;

MP(7x16)PMW_{m3(Q-1)-for} is the total capacity of Monthly Peak (7x16) Products, expressed in MWs, forecast in the Monthly Product Schedule for the immediately preceding Quarter to be acquired for the Energy Product Portfolio for the third month of that Quarter;

MP(7x16)PH_{m3(Q-1)} is the total number of hours in Peak (7x16) Periods that occur in the third month of the immediately preceding Quarter;

MP(7x16)PP_{m3(Q-1)-act} is the average (weighted by capacity acquired) of the prices of the Monthly Peak (6x16) Products acquired for the Energy Product Portfolio for the third month of the immediately preceding Quarter;

MP(7x16)PP_{m3(Q-1)-for} is the Forecast Price of the Monthly Peak (6x16) Products to be acquired for the Energy Product Portfolio for the third month of the immediately preceding Quarter;

MSP(7x6)PMW_y is the total capacity of One-Year Super Peak (7x6) Products, expressed in MWs, acquired for the Energy Product Portfolio for 2004/ 2005

MSP(7x6)PH_Q is the total number of hours in Super Peak (7x6) Periods that occur in the Quarter for which the Peak Energy Portfolio Price Adjustment is being determined;

MSP(7x6)PMW_{m2(Q-1)-for} is the total capacity of Monthly Super Peak (7x6) Products, expressed in MWs, forecast in the Monthly Product Schedule for the immediately preceding Quarter to be acquired for the Energy Product Portfolio for the second month of that Quarter;

MSP(7x6)PH_{m2(Q-1)} is the total number of hours in Super Peak (7x6) Periods that occur in the second month of the immediately preceding Quarter;

MSP(7x6)PP_{m2(Q-1)-act} is the average (weighted by capacity acquired) of the prices of the Monthly Super Peak (7x6) Products acquired for the Energy Product Portfolio for the second month of the immediately preceding Quarter;

MSP(7x6)PP_{m2(Q-1)-for} is the Forecast Price of the Monthly Super Peak (7x6) Products to be acquired for the Energy Product Portfolio for the second month of the immediately preceding Quarter;

MSP(7x6)PMW_{m3(Q-1)-for} is the total capacity of Monthly Super Peak (7x6) Products, expressed in MWs, forecast in the Monthly Product Schedule for the immediately preceding month to be acquired for the Energy Product Portfolio for the third month of that Quarter;

MSP(7x6)PH_{m3(Q-1)} is the total number of hours in Super Peak (7x6) Periods that occur in the third month of the immediately preceding Quarter;

MSP(7x6)PP_{m3(Q-1)-act} is the average (weighted by capacity acquired) of the prices of the Monthly Super Peak (7x6) Products acquired for the Energy Product Portfolio for the third month of the immediately preceding Quarter;

MSP(7x6)PP_{m3(Q-1)-for} is the Forecast Price of the Monthly Super Peak (7x6) Products to be acquired for the Energy Product Portfolio for the third month of the immediately preceding Quarter;

Total Energy Portfolio Price means, for a Quarter, the average price (weighted by volume) of the Products in the Energy Product Portfolio for that period, expressed in \$/MWh;

Total Energy Portfolio Volume means, for a Quarter, the total volume of Products in the Energy Product Portfolio for that Quarter which will be equal to the sum of:

- (i) $YBPMW_y \times QBPH_Q$;
- (ii) $MBPMW_{m1-for} \times MBPH_{m1}$;
- (iii) $MBPMW_{m2-for} \times MBPH_{m2}$;
- (iv) $MBPMW_{m3-for} \times MBPH_{m3}$;
- (v) $YP(7x16)PMW_y \times QP(7x16)PH_Q$;
- (vi) $MP(7x16)PMW_{m1-for} \times MP(7x16)PH_{m1}$;
- (vii) $MP(7x16)PMW_{m2-for} \times MP(7x16)PH_{m2}$;
- (viii) $MP(7x16)PMW_{m3-for} \times MP(7x16)PH_{m3}$;
- (ix) $MSP(7x6)PMW_{m1-for} \times MSP(7x6)PH_{m1}$;
- (x) $MSP(7x6)PMW_{m2-for} \times MSP(7x6)PH_{m2}$;
- (xi) $MSP(7x6)PMW_{m3-for} \times MSP(7x6)PH_{m3}$;
- (xii) $QBPMW_Q \times QBPH_Q$; and
- (xiii) $QP(7x16)PMW_Q \times QP(7x16)PH_Q$;

where:

YBPMW_y is the total capacity of One-Year Base Products, expressed in MWs, acquired for the Energy Product Portfolio for 2004 or 2005;

QBPH_Q is the total number of hours in Base Periods that occur in that Quarter;

MBPMW_{m1-for} is the total capacity of Monthly Base Products, expressed in MWs, forecast in the Monthly Product Schedule for that Quarter to be acquired for the Energy Product Portfolio for the first month of that Quarter;

MBPH_{m1} is the total number of hours in Base Periods that occur in the first month of that Quarter;

MBPMW_{m2-for} is the total capacity of Monthly Base Products, expressed in MWs, forecast in the Monthly Product Schedule for that Quarter to be acquired for the Energy Product Portfolio for the second month of that Quarter;

MBPH_{m2} is the total number of hours in Base Periods that occur in the second month of that Quarter;

MBPMW_{m3-for} is the total capacity of Monthly Base Products, expressed in MWs, forecast in the Monthly Product Schedule for that Quarter to be acquired for the Energy Product Portfolio for the third month of that Quarter;

MBPH_{m3} is the total number of hours in Base Periods that occur in the third month of that Quarter;

YP(7x16)PMW_y is the total capacity of One-Year Peak (7x16) Products, expressed in MWs, acquired for the Energy Product Portfolio for 2004/ 2005;

QP(7x16)PH_Q is the total number of hours in Peak (7x16) Periods that occur in that Quarter;

MP(7x16)PMW_{m1-for} is the total capacity of Monthly Peak (7x16) Products, expressed in MWs, forecast in the Monthly Product Schedule to that Quarter to be acquired for the Energy Product Portfolio for the first month of that Quarter;

MP(7x16)PH_{m1} is the total number of hours in Peak (7x16) Periods that occur in the first month of that Quarter;

MP(7x16)PMW_{m2-for} is the total capacity of Monthly Peak (7x16) Products, expressed in MWs, forecast in the Monthly Product Schedule for that Quarter to be acquired for the Energy Product Portfolio for the second month of that Quarter;

MP(7x16)PH_{m2} is the total number of hours in Peak (7x16) Periods that occur in the second month of that Quarter;

MP(7x16)PMW_{m3-for} is the total capacity of Monthly Peak (7x16) Products, expressed in MWs, forecast in the Monthly Product Schedule for that Quarter to be acquired for the Energy Product Portfolio for the third month of that Quarter;

MP(7x16)PH_{m3} is the total number of hours in Peak (7x16) Periods that occur in the third month of that Quarter;

MSP(7x6)PMW_{m1-for} is the total capacity of Monthly Super Peak (7x6) Products, expressed in MWs, forecast in the Monthly Product Schedule for that Quarter to be acquired for the Energy Product Portfolio for the first month of that Quarter;

MSP(7x6)PH_{m1} is the total number of hours in Super Peak (7x6) Periods that occur in the first month of that Quarter;

MSP(7x6)PMW_{m2-for} is the total capacity of Monthly Super Peak (7x6) Products, expressed in MWs, forecast in the Monthly Product Schedule for that Quarter to be acquired for the Energy Product Portfolio I for the second month of that Quarter;

MSP(7x6)PH_{m2} is the total number of hours in Super Peak (7x6) Periods that occur in the second month of that Quarter;

MSP(7x6)PMW_{m3-for} is the total capacity of Monthly Super Peak (7x6) Products, expressed in MWs, forecast in the Monthly Product Schedule for that Quarter to be acquired for the Energy Product Portfolio for the third month of that Quarter;

MSP(7x6)PH_{m3} is the total number of hours in Super Peak (7x6) Periods that occur in the third month of that Quarter;

QBPMW_Q is the total capacity of Quarterly Base Products, expressed in MWs, acquired for the Energy Product Portfolio for that Quarter;

QP(7x16)PMW_Q is the total capacity of Quarterly Peak (7x16) Products, expressed in MWs, acquired for the Energy Product Portfolio for that Quarter;

Total RRT Transition Rate Target Volumes means (i) in relation to One-Year Products for a year, EESAI's reasonable forecast of the total volume of One-Year Base Products and One-Year Peak Products required (with joint procurement) for the RRT Transition Rate Customers as set out in either Table 1 or Table 2 of Schedule "B" to the 2004/2005 Plan and (ii) in relation to Monthly Products, EESAI's reasonable forecast of the volume of Monthly Base Products and Monthly Peak Products required (with joint procurement) for the RRT Transition Rate Customers for a month, as set out in the Monthly Product Schedule for the Quarter in which that month occurs.

Total RRT Transition Rate Volumes means (i) in relation to One-Year Products for a year, EESAI's reasonable forecast of the total volume of One-Year Base Products and One-Year Peak Products required (with separate procurement) for the RRT Transition Rate Customers as set out in either Table 1 or Table 2 of Schedule "B" to the 2004/2005 Plan and (ii) in relation to Monthly Products, EESAI's reasonable forecast of the volume of Monthly Base Products and Monthly Peak Products required (with separate procurement) for the RRT Transition Rate Customers for a month, as set out in the Monthly Product Schedule for the Quarter in which that month occurs.

Schedule B
to the 2004 and 2005 Energy Price Setting Plan
dated August 8, 2003

COMPOSITION OF
TARGET ENERGY PORTFOLIO – ONE-YEAR PRODUCTS

The contents of this Schedule constitute Commercially Sensitive Information and therefore are excluded from any public filing with the AEUB.

Schedule C
to the 2004 and 2005 Energy Price Setting Plan
dated August 8, 2003

FORMS OF MONTHLY PRODUCT SCHEDULES

The contents of this Schedule constitute Commercially Sensitive Information and therefore are excluded from any public filing with the AEUB.

Schedule D
to the 2004 and 2005 Energy Price Setting Plan
dated August 8, 2003

PROTOCOL FOR RFO ROUND

The contents of this Schedule constitute Commercially Sensitive Information and therefore are excluded from any public filing with the AEUB.

Schedule E
to the 2004 and 2005 Energy Price Setting Plan
dated August 7, 2003

CERTIFICATION OF COMPLIANCE – RFO ROUND

The contents of this Schedule constitute Commercially Sensitive Information and therefore are excluded from any public filing with the AEUB.

Schedule F
to the 2004 and 2005 Energy Price Setting Plan
dated August 8, 2003

CERTIFICATION OF COMPLIANCE – INTER-SESSION ROUND

The contents of this Schedule constitute Commercially Sensitive Information and therefore are excluded from any public filing with the AEUB.

Attachment "2"
 to the EESAI 2004 and 2005 RRT Settlement Agreement
 to the AEUB dated August 8, 2003

Regulated Rate Tariff Transition Rate- Price Schedule

ENERGY CHARGE SCHEDULE APPLICABLE FOR 2004/2005

The Average Energy Charge (AEC) applicable to each EESAI RRT Transition Rate Rate Classification for each Quarter in 2004 and 2005 will be determined as follows:

$$AEC = [(Peak\ Energy\ Portfolio\ Price \times RCFPLP + Off\ Peak\ Energy\ Portfolio\ Price \times (1 - RCFPLP)) \times HC \times LF + PTC] \times (1 + RM)$$

where:

“Peak Energy Portfolio Price” is the Peak Energy Portfolio Price for that Quarter, expressed in \$/MWh, determined in accordance with the 2004/2005 Energy Price Setting Plan.

“RCFPLP” is the Rate Classification Forecast Peak Load Portion, as defined in Schedule “A” to the 2004/2005 Energy Price Setting Plan, for that Rate Classification for that Quarter.

“Off Peak Energy Portfolio Price” is the Off Peak Energy Portfolio Price for that Quarter, expressed in \$/MWh, determined in accordance with the 2004 and 2005 Energy Price Setting Plan.

“LF” is the aggregate Line Loss Factor which is applicable to the EESAI RRT Transition Rate Rate Classification for which the AEC is being determined for 2004 and 2005.

EESAI RRT Rate Classification	Line Loss Factor
Residential	1.0492
Irrigation	1.0353
Farm	1.0997

“HC” is a factor of 1.0015 on account of hedging cost.

“PTC” is a flow through of the Alberta Power Pool trading charge, currently set at \$0.11/MWh.

“RM” is the Return Margin for that Quarter determined as follows:

- (a) if the pre-RM Average Energy Rate is less than or equal to \$75/MWh, then:

$$RM = .0375; \text{ or}$$

- (b) if the pre-RM Average Energy Rate is greater than \$75/MWh, then:

$$RM = [.0375 \times 75 + .005 \times (\text{pre-RM Average Energy Rate} - 75)] / \text{pre-RM Average Energy Rate}$$

where:

pre-RM Average Energy Rate equals (Peak Energy Portfolio Price x RCFPLP + Off Peak Energy Portfolio Price x (1 - RCFPLP)) x HC x LF + PTC

To the extent that all or a portion of the Super Peak (7x6) Product is acquired through the Power Pool, the return margin applied for the relevant quarter would be adjusted in accordance with the following formula:

$$ARM_q = (ARM_1 \times TEPV_1 \div TEPV_q) + (ARM_2 \times TEPV_2 \div TEPV_q) + (ARM_3 \times TEPV_3 \div TEPV_q)$$

where

ARM_q is the Adjusted Return Margin for the purposes of the Energy Charge Schedule for a Quarter.

ARM₁ is the Adjusted Return Margin for the first month of the quarter based on the following formula:

$$ARM_1 = \{1 - [(PPV_1 \times PPVP_1 \times 0.75) \div (TEPP_1 \times TEPV_1)]\} \times 3.75\%$$

where

PPV₁ is the Pool Price Volume which is based on the total energy acquired from the Power Pool on a flow through basis for the first month of the quarter.

PPVP₁ is the Pool Price Volume Price which is based on the weighted average price of the volume purchased from the Power Pool for the first month of a Quarter.

TEPP₁ is the Total Energy Portfolio Price which means, for the first month of a quarter, the average price (weighted by volume) of the Products in the Energy Product Portfolio for that period, including the Pool Price Volume, expressed in \$/MWh.

TEPV₁ is the Total Energy Portfolio Volume which means, for the first month of a quarter, the total volume of Products in the Energy Product Portfolio for that month including the Pool Price Volume.

ARM₂ is the Adjusted Return Margin for the second month of the quarter and is calculated based on the same formula as ARM₁ *mutatis mutandis*.

ARM₃ is the Adjusted Return Margin for the third month of the quarter and is calculated based on the same formula as ARM₁ *mutatis mutandis*.

TEPV_q is the Total Energy Portfolio Volume which means, for the quarter, the total volume of Products in the Energy Product Portfolio for that quarter.

Attachment "3"
to the 2004 and 2005 RRT Settlement Agreement
dated August 8, 2003

Code of Conduct for the EESAI Energy Price Setting Plan

1. In addition to its own personnel, EESAI may be relying on personnel of EPCOR Energy Services Inc. (EESI), EPCOR Utilities Inc. (EUI), and EPCOR Merchant and Capital L.P. (EMC) to implement various aspects of the Plan.
2. All personnel of EESAI EESI, EUI and EMC who are privy to the commercially sensitive information relied on by the Plan (**Commercially Sensitive Information**), including specific pricing parameters, RFO and Exchange Offer energy procurement strategies, developed for the purposes of energy price setting for EESAI's RROT that is bolded and italicized in the Plan (including any attachments) for identification have been or will be required to sign a Procurement Conduct Agreement requiring them to keep all Commercially Sensitive Information strictly confidential and to not disclose any Commercially Sensitive Information to any other person or use the Commercially Sensitive Information, except for the purposes of the Plan. A copy of the Procurement Conduct Agreement for new personnel is attached as Schedule "A" to this Code.
3. In order to implement the Protocol, EESAI will need to disclose Commercially Sensitive Information to EMC trading personnel (**Traders**) to the extent the Traders need to know information to acquire energy for the purposes of implementing the Plan in accordance with the Protocol. Traders are not to disclose any non-public information they receive concerning the implementation of the Plan to any other person except as necessary to carry out their function of acquiring energy for the purposes of implementing the Plan in accordance with the Protocol. Provided that the information disclosed to the Trader only to the extent described above, the Trader will not be required to sign a Procurement Conduct Agreement notwithstanding Section 2.
4. EMC is not to use any non-public information it receives concerning the implementation of the Plan except for the purposes of the Plan.
5. The Advisor, any consultants (**Consultants**) retained by EESAI and the Consultation Parties in respect of the Plan, and the Board Observer will be required to sign confidentiality agreements requiring them to keep all Commercially Sensitive Information strictly confidential and to not disclose any Commercially Sensitive Information to any other person or use the Commercially Sensitive Information, except for the purposes of the Plan.
6. EESAI and the Consultation Parties continue to bound by the Consultation Agreement dated November 23, 2000 that requires both EESAI and the Consultation Parties to keep all Commercially Sensitive Information strictly confidential and to not disclose any Commercially Sensitive Information to any other person or use the Commercially Sensitive Information, except for the purposes of the Plan.

7. If EESAI, the Consultation Parties, the Advisor, Consultants, or the Board Observer becomes aware of an unauthorized disclosure or unauthorized use, or a possible unauthorized disclosure or unauthorized use, of Commercially Sensitive Information (**Possible Unauthorized Use or Disclosure**) that party will immediately report that concern to each of the other parties.

8. In the event that a Possible Unauthorized Use or Disclosure is reported, EESAI, the Consultation Parties, the Advisor, Consultants and the Board Observer will meet within 48 hours of the report being circulated to discuss the concerns contained in the report. If, after discussing the report, a concern remains, any party will be free to apply to the Board as it see fit, provided the party must ask the Board to respect the confidential nature of the Commercially Sensitive Information and other matters to be addressed to the extent permitted under the Board rules of practice.

Schedule "A"
to the Code of Conduct for the EESAI Energy Price Setting Plan
dated August 8, 2003

PROCUREMENT CONDUCT AGREEMENT
(July, 2003)

TO: EPCOR Utilities Inc. (EUI)

WHEREAS:

- A. EPCOR Energy Services (Alberta) Inc. (**EESAI**) has adopted the energy price setting method set out in its Energy Price Setting Plan for 2004 and 2005, (**2004/2005 Plan**) for the purposes of acquiring an energy supply and setting the energy price for RRT Transition Rate customers who receive service under its RRT for Aquila Networks Canada (Alberta) service area (**RRT Transition Rate Load**). Implementation of the 2003 Plan will involve rounds of requests for offers (**RFO**) from third party suppliers to acquire an energy supply for the RRT Transition Rate Load including the use of alternative mechanisms such as forward contracts as may be agreed between EESAI and the Consultation Parties.
- B. The 2004/2005 Plan, as amended and adjusted from time to time, relies on the commercially sensitive information (**Commercially Sensitive Information**), including specific pricing parameters and RFO energy procurement strategies, developed for the purposes of energy price setting for EESAI's RRT that is bolded and italicized in the Plan (including any attachments) for identification and has been excluded from the copy of the Plan attached as Schedule "1". The disclosure of the Commercially Sensitive Information could adversely affect EESAI's ability to acquire energy supplies for the RRT customers and/or the costs incurred by EESAI to acquire those supplies. EESAI has entered into the Consultation Agreement dated November 23, 2000 (**Consultation Agreement**) with the Alberta Association of Municipal Districts and Counties, Alberta Irrigation Projects Association, Alberta Urban Municipalities Association, Consumers Coalition of Alberta, First Nations and Public Institutional Consumers of Alberta under which, among other things, EESAI agreed to keep strictly confidential and to not use that Commercially Sensitive Information except for the purposes of the 2004/2005 Plan. A copy of the Consultation Agreement is attached as Schedule "2".
- C. EUI has made efforts to identify, and to organize and manage the involvement of, directors, officers, employees and agents of EUI and its subsidiaries that have been involved or may become involved with the matters addressed in this Procurement Conduct Agreement.

NOW THEREFORE, in consideration of being permitted to become involved with the matters addressed in this Procurement Conduct Agreement, the undersigned agrees, acknowledges and confirms as follows:

1. The undersigned has read and understands the attached confidentiality provisions of the Consultation Agreement and agrees to abide by these provisions and their spirit and intent. In particular, until the earlier of December 31, 2005 or the date the 2004/2005 Plan is no longer used or intended to be used for the purposes of energy price setting for EESAI's RRT, subject to Section 2 below, the undersigned agrees to keep the Commercially Sensitive Information strictly confidential and to not disclose to any other person or use the Commercially Sensitive Information, except for the purposes of the 2004/2005 Plan.
2. The provisions of this Procurement Conduct Agreement relating to Commercially Sensitive Information will not apply to any part of such Commercially Sensitive Information that is now or subsequently becomes part of the public domain through no violation of the Procurement Conduct Agreement.
3. If the undersigned becomes aware of a breach, or of any information the undersigned believes may indicate a breach, by any other person who is a party to an agreement corresponding to this Procurement Conduct Agreement, the undersigned will immediately report that breach or possible breach to the General Counsel of EUI and to the Director of Internal Audit of EUI and conduct himself or herself in accordance with their direction.
4. The undersigned acknowledges that the mishandling or unauthorized use or disclosure by the undersigned of Commercially Sensitive Information could cause irreparable harm and significant injury to EUI and/or its subsidiaries.
5. The undersigned understands that a breach of this Procurement Conduct agreement could result in disciplinary action, if intentional, including possible termination of his or her employment or possible civil or criminal proceedings against the undersigned.

AGREED TO this ____ day of _____, 2003

Print Employee Name and Title

PUBLIC NOTICE

2004 Regulated Rate Option

Take notice that EPCOR Energy Services (Alberta) Inc. has commenced negotiations to amend its 2003 Regulated Rate Option ("RRO") Price-Setting Plan for 2004 (the "2004 Plan") for the residential, farm and irrigation customer classifications. The 2004 Plan will be an update to that first approved in Decision 2000-74 by the Alberta Energy and Utilities Board which set out the RRO tariff price-setting methodology, recoverable charges, and risk premium payable to EESAI providing RRO service to the above noted customer classifications through December 31, 2005. The 2004 Plan is currently being developed in consultation with representatives from the following consumer organizations:

- Alberta Association of Municipal Districts and Counties
- Alberta Urban Municipalities Association
- Alberta Irrigation Projects Association
- Consumers Coalition of Alberta
- Ermineskin and Montana Nations, and
- Public Institutional Consumers of Alberta

To obtain additional information regarding this negotiation, or to express an interest in participating in the negotiations, please contact (by no later than June 20, 2003):

Mike MacBeath
Manager, Retail Regulation Affairs
EPCOR Utilities Inc.
10065 Jasper Avenue
Edmonton, AB T5J 3B1
Telephone: (780) 412-3891
Facsimile: (780) 412-3096
Email: mmacbeath@epcor.ca

www.epcor.ca



Appendix "6"
to the EESAI 2004 and 2005 RRT Settlement Application Letter
to the AEUB dated August 8, 2003

Customer	Location	Description
Customer 1	St. Albert	Question regarding regulated electricity prices for 2004 – to aid in the development of their condominium budget process.
Customer 2	Northern Alberta	General inquiry regarding electricity rates.
Customer 3	Red Deer	Inquiry regarding whether the Notice advertisement impacted customers on competitive contract.
Customer 4	Thorsby	Customer wanted to receive a copy of any agreement relating to the 2004 RRT. A copy of the July 15 application was mailed to this customer on July 17.
Customer 5	Lethbridge	Expressed dissatisfaction via facsimile regarding EPCOR and Aquila Networks Canada customer service. This individual also wanted to receive a copy of any agreement relating to the 2004 RRT. A copy of the July 15 application was mailed to this customer on July 21. Customer does not reside within the ANC service area.
Customer 6	Southern Alberta	An individual representing a defined customer group expressed an interest in the settlement discussions. EPCOR provide the individual with the contact information for the Alberta Irrigation Projects Association.
Customer 7	Northern Alberta	General inquiry regarding electricity rates.



BR-EESAI.2

Reference: Settlement Agreement, Page 2. Amendments to the 2003 Plan

The Board wishes to understand the impact of the proposed changes to the EESAI's approved 2003 Energy Price Setting Plan.

The Board recognizes the confidential and commercially sensitive nature of the Agreement. If the direct provision of the information requested below would breach the confidential agreement between EESAI and the Consultation Parties, please provide a practical substitute for the information requested that would allow the Board to understand the expected impact of the proposed changes.

Requests:

- (a) Using the amended Energy Charge Schedule, Attachment 2 to the Agreement, please provide EESAI's best estimate of 2004 and 2005 energy charges.
- (b) Please discuss how use of Threshold Prices would impact the amount of RRT load that could be procured through the Power Pool. To the extent that it is possible, please use numerical examples to illustrate how the Threshold Prices concept would work and the different potential impacts this change could have on the volume and prices of RRT energy to be procured.
- (c) Please discuss and provide numerical examples to illustrate how the proposed Super Peak Products acquisition strategy would work. What percentage of the total annual RRT load do the Super Peak Products for the first and fourth quarters of 2004 and 2005 represent?
- (d) What is the nature and magnitude of the impact that would result from using the proposed Aggregate Line Loss methodology for each EESAI RRT Transition Rate Classification?
- (e) In addition to filing quarterly updates to Energy Charges with the EUB for acknowledgement, does EESAI intend to also make these available on its website? If not, why not?

Responses:

- a) Table 1 provides 2004 and 2005 energy prices for residential, farm and irrigation customers estimated on the basis of current forward prices and estimated ratios of on-peak and on-super-peak to base prices. Energy prices for 2003 are included for comparison purposes. It should be noted that the actual energy prices would be determined only if and when the 2004 and 2005 Energy Price Setting Plan is

approved and implemented and would reflect the actual procurement costs prevailing at the relevant times.

Table 1: Estimated 2004 and 2005 Energy Prices (\$/MWh)

	Residential	Farm	Irrigation
2003 Q1	61.29	59.35	57.25
2003 Q2	61.29	59.35	55.68
2003 Q3	64.40	65.27	58.32
2003 Q4	62.41	65.47	59.94
2004 Q1	54.63	57.25	51.69
2004 Q2	52.02	54.51	49.97
2004 Q3	52.94	55.48	50.43
2004 Q4	52.92	55.46	49.99
2005 Q1	48.88	51.22	46.49
2005 Q2	48.78	51.12	46.60
2005 Q3	48.93	51.28	46.62
2005 Q4	49.44	51.81	46.49

- b) The Threshold Prices should not have a significant impact on the volumes and prices of RRT energy to be procured. The Threshold Prices simply represent price points, determined on the basis of historical prices, at which the Consultation Parties will have the option set out in paragraph 1(b) of the Settlement Agreement.
- c) The Super Peak Product will be acquired along with all other energy products and will become part of the Energy Product Portfolio. If, during the acquisition process, the market prices of Super Peak Product were to be higher than the Threshold Prices shown in Schedule "C" to the 2004 and 2005 Energy Price Setting Plan, then the Consultation Parties would have the option set out in paragraph 1(b) of the Settlement Agreement. Table 2 shows Super Peak hedging volume for the first and fourth quarters of 2004 and 2005 as a percentage of total hedging volume for each of those years.

Table 2: Super Peak (Q1 and Q4) as % of Total Annual Volume

2004	2.4%
2005	2.4%



BR-EESAI.2

- d) The proposed Aggregate Line Loss methodology is essentially the same as that currently in place. The only change is that the updates of the Aggregate Distribution Line Losses will be done more frequently and will represent more recent settlement information. The Distribution Line Losses will be updated to reflect changes to the approved Aquila Networks Canada (Alberta) Ltd. Distribution Tariff. EESAI will also update the Unaccounted For Energy (UFE) on a quarterly basis with the most recent 12 months of final settlement data.
- e) EPCOR does, and will continue to, provide price information from the quarterly updates filed with the Board on EPCOR's website. The current 2003 quarterly rate information is available at:

<http://www.epcor.ca/News/Rate+Information/Electricity+Rates/2003+Regulated+Rate+Option+-+Electric+Energy+Charge.htm>

Response to BR-EESAI.4

Changes From Final 2003 Bills @ October 1 to Final 2004 Bills @ January 1

Line No.	Rate Class Description	Rate Code	A	B	C	D	E	F	G	H	I
			Final 2003 @ October 1 ¢/kWh	Cessation of Final 2000 Deferral Rider PPDA part ¢/kWh	Cessation of Final 2000 Deferral Rider OMA part ¢/kWh	Cessation of 2003 Distribution Adjustment Rider ¢/kWh	Cessation of 2001 RROT Shortfall Rider ¢/kWh	Energy Cost Change ¢/kWh	Final 2004 @ January 1 ¢/kWh	Change (G - A) ¢/kWh	Change H A %
1	Residential	1100	11.74	(0.62)	(0.01)	2.03	(2.03)	(0.92)	10.19	(1.55)	(13.2%)
2	ANCA Farm	2100	11.39	(0.67)	0.02	2.02	(2.17)	(0.67)	9.92	(1.47)	(12.9%)
3	ANCA Irrigation	2600	10.00	(0.39)	(0.14)	1.03	(2.01)	(0.73)	7.76	(2.24)	(22.4%)

- Note:
- Final 2003 Bills are for the 2003 calendar year.
 - Final 2004 Bills are for the 2004 calendar year.
 - Monthly consumption was assumed to be constant.
 - The Cessation of 2001 RROT Shortfall Rider is for Rider A Customers only as per Decision 2003-031.

Response to BR-EESAI.4**Changes From Final 2004 Bills @ January 1 to Final 2005 Bills @ January 1**

			A	B	C	D	E
Line No.	Rate Class Description	Rate Code	Final 2004 @ January 1 ¢/kWh	Energy Cost Change ¢/kWh	Final 2005 @ January 1 ¢/kWh	Change (C - A) ¢/kWh	Change D A %
1	Residential	1100	10.19	(0.41)	9.78	(0.41)	(4.0%)
2	ANCA Farm	2100	9.92	(0.43)	9.49	(0.43)	(4.4%)
3	ANCA Irrigation	2600	7.76	(0.40)	7.36	(0.40)	(5.1%)

- Note:
- Final 2004 Bills are for the 2004 calendar year.
 - Final 2005 Bills are for the 2005 calendar year.
 - Monthly consumption was assumed to be constant.
 - For Rider A Customers only as per Decision 2003-031.

EPCOR Energy Services (Alberta) Inc. (EESAI)
Effects of Rate and Rider Changes for Residential Rate 1100, 1999 - 2003 (RIDER A CUSTOMERS ONLY)

Energy Price Assumptions		Unit	Customer Usage Level			
2005 RROT Energy Price	4.90¢/kWh	kWh Mo.	Low Usage	Typical Usage	High Usage	
2004 RROT Energy Price	5.31¢/kWh		300	600	1,200	
2003 RROT Energy Price @ Oct 1, 2003	6.23¢/kWh		1	1	1	
2003 RROT Energy Price @ Jul 1, 2003	6.19¢/kWh					
2003 RROT Energy Price @ Apr 1, 2003	6.08¢/kWh					
2003 RROT Energy Price @ Jan 1, 2003	5.97¢/kWh					
2002 RROT Energy Price	6.50¢/kWh					
2001 RROT Energy Price	11.0¢/kWh					
Interim 2001 RROT Shortfall (w/ overcharge)	2.742¢/kWh					
Final 2000 Pool Price Deferral Rider	0.616¢/kWh					

Row No.	Rate Component	Relative to	Effective Date	Costs for Each Usage Level (\$/month) and Percentage Change Relative to Specified Row				
1	December 1999 Rate	-	Dec 31, 99	\$32.16	-	\$53.27	\$95.50	-
2	December 2000 Rate	[1]	Dec 31, 00	\$38.13	18.6%	\$58.45	\$99.07	3.7%
3	Interim 2001 Rate	[2]	Jan 1, 01	\$19.13	(49.8%)	\$58.34	\$136.76	38.0%
4	Final 2001 Base, Jul-Dec 2001	[3]	Jan 1, 01	\$19.49	1.9%	\$59.90	\$140.74	2.9%
4a	Transmission Rider Jan-Jun 2001	[4]	Jul 1, 01	\$1.14	5.9%	\$2.29	\$4.57	3.2%
4b	Distribution Refund Jan-Jun 2001	[4]	Jul 1, 01	(\$0.32)	(1.6%)	(\$0.64)	(\$1.27)	(0.9%)
4c	U99099 Outstanding Matters	[4]	Jul 1, 01	\$3.65	18.7%	\$7.29	\$14.58	10.4%
4d	2000 Unbilled Revenue	[4]	Jul 1, 01	(\$5.22)	(26.8%)	(\$10.44)	(\$20.88)	(14.8%)
4e	Combined Delivery Rider	[4]	Jul 1, 01	(\$0.75)	(3.8%)	(\$1.50)	(\$3.00)	(2.1%)
5	Final 2001 Bill, Jul-Dec 2001	[4]	Jul 1, 01	\$18.74	(3.8%)	\$58.40	\$137.74	(2.1%)
5a	Changes between Final 2001 Bills & 2002 Base Rates							
5b	Alberta Electricity Auction Rebate	[5]	Jan 1, 02	\$40.00	213.5%	\$40.00	\$40.00	29.0%
5c	Combined Interim Delivery Rider (1e)	[5]	Jan 1, 02	\$0.75	4.0%	\$1.50	\$3.00	2.2%
5d	Energy Cost Change	[5]	Jan 1, 02	(\$13.50)	(72.1%)	(\$27.00)	(\$54.00)	(39.2%)
5e	Retailer RROT Margin	[5]	Jan 1, 02	\$0.99	5.3%	\$1.27	\$1.83	1.3%
6	Predicted Base 2002 Rate	[5]	Jan 1, 02	\$46.98	150.7%	\$74.18	\$128.57	(6.7%)
6a	Interim 2001 RROT Shortfall Rider (including overcharge)	[6]	Jan 1, 02	\$8.23	17.5%	\$16.45	\$32.91	25.6%
6b	Interim 2002 T Adjustment Rider	[6]	Jan 1, 02	(\$0.93)	(2.0%)	(\$1.86)	(\$3.72)	(2.9%)
6c	Interim 2000 Pool Price Deferral Rider	[6]	Jan 1, 02	\$4.02	8.6%	\$8.03	\$16.07	12.5%
6d	Combined Interim Transition Rider	[6]	Jan 1, 02	\$11.31	24.1%	\$22.63	\$45.25	35.2%
7	2002 Bill with Interim PPDA	[5]	Jan 1, 02	\$58.29	211.1%	\$96.80	\$173.83	26.2%
7a	Replace Interim with Final 2000 Deferral Rider							
7b	Interim 2000 Pool Price Deferral Rider	[6]	Jul 1, 02	(\$4.02)	(6.9%)	(\$8.03)	(\$16.07)	(9.2%)
7c	Final 2000 Deferral Rider -PPDA part	[6]	Jul 1, 02	\$1.85	3.2%	\$3.70	\$7.39	4.3%
7d	Final 2000 Deferral Rider -OMA part	[6]	Jul 1, 02	\$0.02	0.0%	\$0.04	\$0.08	0.0%
8	2002 Bill with Final Deferral	[5]	Jul 1, 02	\$56.14	199.7%	\$92.51	\$165.23	20.0%
8a	Changes between Final 2002 Bills & 2003 Base Rates							
8b	Energy Cost Change	[8]	Jan 1, 03	(\$1.60)	(2.9%)	(\$3.20)	(\$6.40)	(3.9%)
9	Predicted Base 2003 Rate	[8]	Jan 1, 03	\$54.54	(2.9%)	\$89.31	\$158.83	(3.9%)
9a	Change in 2001 RROT Shortfall Rider (from Interim to Final Rates)	[9]	Jan 1, 03	(\$0.76)	(1.4%)	(\$1.51)	(\$3.03)	(1.9%)
10	Predicted 2003 Bills	[8]	Jan 1, 03	\$53.79	(4.2%)	\$87.79	\$155.81	(5.7%)
10a	Changes between 2003 Base Rates @ Jan 1 & 2003 Base Rates @ Apr 1							
10b	Energy Cost Change	[10]	Apr 1, 03	\$0.33	0.6%	\$0.66	\$1.32	0.8%
11	Predicted Base 2003 Rate	[10]	Apr 1, 03	\$54.12	0.6%	\$88.45	\$157.12	0.8%
11a	2001 RRO Shortfall Reconciliation Rider A	[11]	Apr 1, 03	(\$1.39)	(2.6%)	(\$2.78)	(\$5.56)	(3.5%)
12	Predicted 2003 Bills	[10]	Apr 1, 03	\$52.73	(2.0%)	\$85.67	\$151.56	(2.7%)
12a	Changes between 2003 Base Rates @ Apr 1 & 2003 Base Rates @ Jul 1							
12b	Energy Cost Change	[12]	Jul 1, 03	\$0.33	0.6%	\$0.67	\$1.33	0.9%
13	Predicted Base 2003 Rate	[12]	Jul 1, 03	\$53.06	0.6%	\$86.34	\$152.89	0.9%
13a	Cessation of Interim 2003 T Adjustment Rider	[13]	Aug 1, 03	\$0.93	1.8%	\$1.86	\$3.72	2.4%
13b	2003 Distribution Adjustment Rider	[13]	Aug 1, 03	(\$9.14)	(17.2%)	(\$18.15)	(\$36.17)	(11.9%)
13c	Municipal Assessment Rider (Rider A-1)	[13]	Aug 1, 03	\$0.40	0.8%	\$0.53	\$0.80	0.5%
13d	Changes between 2003 DT Rates @ Jul 1 @ 2003 DT Rates @ Aug 1							
13e	Distribution and Transmission Cost Change	[13]	Aug 1, 03	(\$4.86)	(9.2%)	(\$9.64)	(\$19.28)	(6.3%)
14	Predicted 2003 Bills	[13]	Aug 1, 03	\$40.39	(23.9%)	\$70.14	\$129.61	(15.2%)
14a	Changes between 2003 Base Rates @ Jul 1 & 2003 Base Rates @ Oct 1							
14b	Energy Cost Change	[13]	Oct 1, 03	\$0.14	0.3%	\$0.28	\$0.57	0.4%
15	Predicted Base 2003 Rate	[14]	Oct 1, 03	\$40.53	0.4%	\$70.42	\$130.18	0.4%
15a	Cessation of Final 2000 Deferral Rider -PPDA part	[7]	Jan 1, 04	(\$1.85)	(4.6%)	(\$3.70)	(\$7.39)	(5.7%)
15b	Cessation of Final 2000 Deferral Rider -OMA part	[7]	Jan 1, 04	(\$0.02)	(0.1%)	(\$0.04)	(\$0.08)	(0.1%)
15c	Cessation of 2003 Distribution Adjustment Rider	[13]	Jan 1, 04	\$9.14	22.6%	\$18.15	\$36.17	14.0%
15d	Cessation of Interim 2001 RROT Shortfall Rider (including overcharge)	[6]	Jan 1, 04	(\$8.23)	(20.3%)	(\$16.45)	(\$32.91)	(25.3%)
15e	Cessation of Change in 2001 RROT Shortfall Rider (to Final Rates @ Apr 1)	[9]	Jan 1, 04	\$0.76	1.9%	\$1.51	\$3.03	2.3%
15f	Cessation of 2001 RRO Shortfall Reconciliation Rider A	[11]	Jan 1, 04	\$1.39	3.4%	\$2.78	\$5.56	4.3%
15g	Changes between 2003 Base Rates @ Oct 1 & 2004 Base Rates @ Jan 1							
15h	Energy Cost Change	[15]	Jan 1, 04	(\$2.77)	(6.8%)	(\$5.53)	(\$11.06)	(8.5%)
16	Predicted 2004 Bills	[15]	Jan 1, 04	\$38.96	(3.9%)	\$61.14	\$105.49	(19.0%)
16a	Changes between 2004 Base Rates @ Jan 1 & 2005 Base Rates @ Jan 1							
16b	Energy Cost Change	[16]	Jan 1, 05	(\$1.24)	(3.2%)	(\$2.47)	(\$4.94)	(4.7%)
17	Predicted Base 2005 Rate	[16]	Jan 1, 05	\$37.72	(3.2%)	\$58.67	\$100.55	(4.7%)

Note: Row No. 9a - Change in 2001 RROT Shortfall Rider is slightly different from Appendix 2 in Decision 2002-112 because Final Collection Shortfall Charges were not available at the time that the Appendix was prepared. For the purposes of producing the Bill Comparison, the RRO Shortfall Riders and Reconciliation Riders were calculated as rates (in cents/kWh) and multiplied by the average monthly consumption. Monthly consumption was assumed to be constant.
 2003 RROT Energy Price @ Apr 1, 2003 reflects revised Q2 Energy Charges.
 Interim 2003 T Adjustment Rider previously Interim 2002 Transmission Adjustment Rider as per Decision 2001-113
 Municipal Assessment Rider (Rider A-1), average of 2.24% as per ANCA responses to Decision 2003-053 Directions

**EPCOR Energy Services (Alberta) Inc. (EESAI)
Effects of Rate and Rider Changes for ANCA Farm Rate 2100, 1999 - 2003 (RIDER A CUSTOMERS ONLY)**

Energy Price Assumptions		Unit	Customer Usage Level		
			Low Usage	Typical Usage	High Usage
2005 RROT Energy Price	5.14¢/kWh	kWh kVa %	900 5 27.4%	1,400 7.5 28.4%	7,500 25 45.7%
2004 RROT Energy Price	5.57¢/kWh				
2003 RROT Energy Price @ Oct 1, 2003	6.24¢/kWh				
2003 RROT Energy Price @ Jul 1, 2003	6.06¢/kWh				
2003 RROT Energy Price @ Apr 1, 2003	5.90¢/kWh				
2003 RROT Energy Price @ Jan 1, 2003	5.83¢/kWh				
2002 RROT Energy Price	6.50¢/kWh				
2001 RROT Energy Price	11.0¢/kWh				
Interim 2001 RROT Shortfall (w/ overcharge)	2.67¢/kWh				
Final 2000 Pool Price Deferral Rider	0.672¢/kWh				

Row No.	Rate Component	Relative to Row	Effective Date	Costs for Each Usage Level (\$/month) and Percentage Change Relative to Specified Row					
1	December 1999 Rate	-	Dec 31, 99	\$73.35	-	\$110.56	-	\$505.93	-
2	December 2000 Rate	[1]	Dec 31, 00	\$75.01	2.3%	\$112.33	1.6%	\$496.14	(1.9%)
3	Interim 2001 Rate	[2]	Jan 1, 01	\$62.65	(16.5%)	\$113.78	1.3%	\$680.95	37.2%
4	Final 2001 Base, Jul-Dec 2001	[3]	Jan 1, 01	\$70.21	12.1%	\$125.64	10.4%	\$746.67	9.7%
4a	Transmission Rider Jan-Jun 2001	[4]	Jul 1, 01	\$4.00	5.7%	\$6.22	4.9%	\$33.30	4.5%
4b	Distribution Refund Jan-Jun 2001	[4]	Jul 1, 01	(\$0.66)	(0.9%)	(\$1.02)	(0.8%)	(\$5.48)	(0.7%)
4c	U99099 Outstanding Matters	[4]	Jul 1, 01	\$11.07	15.8%	\$17.22	13.7%	\$92.25	12.4%
4d	2000 Unbilled Revenue	[4]	Jul 1, 01	(\$17.66)	(25.1%)	(\$27.47)	(21.9%)	(\$147.15)	(19.7%)
4e	Combined Interim Delivery Rider	[4]	Jul 1, 01	(\$3.25)	(4.6%)	(\$5.05)	(4.0%)	(\$27.08)	(3.6%)
5	Final 2001 Bill, Jul-Dec 2001	[4]	Jul 1, 01	\$66.96	(4.6%)	\$120.59	(4.0%)	\$719.59	(3.6%)
5a	Changes between Final 2001 Bills & 2002 Base Rates								
5b	Alberta Electricity Auction Rebate	[5]	Jan 1, 02	\$72.40	108.1%	\$90.40	75.0%	\$310.00	43.1%
5c	Combined Interim Delivery Rider (1e)	[5]	Jan 1, 02	\$3.25	4.9%	\$5.05	4.2%	\$27.08	3.8%
5d	Energy Cost Change	[5]	Jan 1, 02	(\$45.00)	(67.2%)	(\$70.00)	(58.0%)	(\$375.00)	(52.1%)
5e	Retailer Margin	[5]	Jan 1, 02	\$1.47	2.2%	\$2.06	1.7%	\$7.28	1.0%
6	Predicted Base 2002 Rate	[5]	Jan 1, 02	\$99.08	48.0%	\$148.11	22.8%	\$688.95	(4.3%)
6a	Interim 2001 RROT Shortfall Rider (including overcharge)	[6]	Jan 1, 02	\$24.10	24.3%	\$37.49	25.3%	\$200.86	29.2%
6b	Interim 2002 T Adjustment Rider	[6]	Jan 1, 02	(\$2.79)	(2.8%)	(\$4.34)	(2.9%)	(\$23.25)	(3.4%)
6c	Interim 2000 Pool Price Deferral Rider	[6]	Jan 1, 02	\$9.45	9.5%	\$14.70	9.9%	\$78.75	11.4%
6d	Combined Interim Transition Rider	[6]	Jan 1, 02	\$30.76	31.0%	\$47.85	32.3%	\$256.36	37.2%
7	2002 Bill with Interim PPDA	[5]	Jan 1, 02	\$129.84	93.9%	\$195.96	62.5%	\$945.31	31.4%
7a	Replace Interim with Final 2000 Deferral Rider								
7b	Interim 2000 Pool Price Deferral Rider	[6]	Jul 1, 02	(\$9.45)	(7.3%)	(\$14.70)	(7.5%)	(\$78.75)	(8.3%)
7c	Final 2000 Deferral Rider -PPDA part	[6]	Jul 1, 02	\$6.05	4.7%	\$9.41	4.8%	\$50.40	5.3%
7d	Final 2000 Deferral Rider -OMA part	[6]	Jul 1, 02	(\$0.16)	(0.1%)	(\$0.25)	(0.1%)	(\$1.35)	(0.1%)
8	2002 Bill with Final Deferral	[5]	Jul 1, 02	\$126.28	88.6%	\$190.42	57.9%	\$915.61	27.2%
8a	Changes between Final 2002 Bills & 2003 Base Rates								
8b	Energy Cost Change	[8]	Jan 1, 03	(\$6.06)	(4.8%)	(\$9.43)	(5.0%)	(\$50.53)	(5.5%)
9	Predicted Base 2003 Rate	[8]	Jan 1, 03	\$120.22	(4.8%)	\$180.99	(5.0%)	\$865.08	(5.5%)
9a	Change in 2001 RROT Shortfall Rider (from Interim to Final Rates)	[9]	Jan 1, 03	(\$1.62)	(1.3%)	(\$2.52)	(1.4%)	(\$13.48)	(1.6%)
10	Predicted 2003 Bills	[8]	Jan 1, 03	\$118.60	(6.1%)	\$178.47	(6.3%)	\$851.60	(7.0%)
10a	Changes between 2003 Base Rates @ Jan 1 & 2003 Base Rates @ Apr 1								
10b	Energy Cost Change	[10]	Apr 1, 03	\$0.63	0.5%	\$0.98	0.6%	\$5.27	0.6%
11	Predicted Base 2003 Rate	[10]	Apr 1, 03	\$119.23	0.5%	\$179.45	0.6%	\$856.67	0.6%
11a	2001 RRO Shortfall Reconciliation Rider A	[11]	Apr 1, 03	(\$2.92)	(2.5%)	(\$4.55)	(2.5%)	(\$24.35)	(2.8%)
12	Predicted 2003 Bills	[10]	Apr 1, 03	\$116.31	(1.9%)	\$174.91	(2.0%)	\$832.52	(2.2%)
12a	Changes between 2003 Base Rates @ Apr 1 & 2003 Base Rates @ Jul 1								
12b	Energy Cost Change	[12]	Jul 1, 03	\$1.48	1.3%	\$2.31	1.3%	\$12.36	1.5%
13	Predicted Base 2003 Rate	[12]	Jul 1, 03	\$117.79	1.3%	\$177.22	1.3%	\$844.87	1.5%
13a	Cessation of Interim 2003 T Adjustment Rider	[13]	Aug 1, 03	\$2.79	2.4%	\$4.34	2.4%	\$23.25	2.8%
13b	2003 Distribution Adjustment Rider	[13]	Aug 1, 03	(\$19.62)	(16.7%)	(\$28.33)	(16.0%)	(\$98.80)	(11.7%)
13c	Municipal Assessment Rider (Rider A-1)	[13]	Aug 1, 03	-	-	-	-	-	-
13d	Changes between 2003 DT Rates @ Jul 1 @ 2003 DT Rates @ Aug 1								
13e	Distribution and Transmission Cost Change	[13]	Aug 1, 03	\$3.00	2.5%	\$3.82	2.2%	(\$0.20)	(0.0%)
14	Predicted 2003 Bills	[13]	Aug 1, 03	\$103.96	(11.7%)	\$157.05	(11.4%)	\$769.12	(9.0%)
14a	Changes between 2003 Base Rates @ Jul 1 & 2003 Base Rates @ Oct 1								
14b	Energy Cost Change	[13]	Oct 1, 03	\$1.57	1.3%	\$2.45	1.4%	\$13.11	1.6%
15	Predicted Base 2003 Rate	[14]	Oct 1, 03	\$105.53	1.5%	\$159.49	1.6%	\$782.23	1.7%
15a	Cessation of Final 2000 Deferral Rider -PPDA part	[7]	Jan 1, 04	(\$6.05)	(5.7%)	(\$9.41)	(5.9%)	(\$50.40)	(6.4%)
15b	Cessation of Final 2000 Deferral Rider -OMA part	[7]	Jan 1, 04	\$0.16	0.2%	\$0.25	0.2%	\$1.35	0.2%
15c	Cessation of 2003 Distribution Adjustment Rider	[13]	Jan 1, 04	\$19.62	18.6%	\$28.33	17.8%	\$98.80	12.6%
15d	Cessation of Interim 2001 RROT Shortfall Rider (including overcharge)	[6]	Jan 1, 04	(\$24.10)	(22.8%)	(\$37.49)	(23.5%)	(\$200.86)	(25.7%)
15e	Cessation of Change in 2001 RROT Shortfall Rider (to Final Rates @ Apr 1)	[9]	Jan 1, 04	\$1.62	1.5%	\$2.52	1.6%	\$13.48	1.7%
15f	Cessation of 2001 RRO Shortfall Reconciliation Rider A	[11]	Jan 1, 04	\$2.92	2.8%	\$4.55	2.9%	\$24.35	3.1%
15g	Changes between 2003 Base Rates @ Oct 1 & 2004 Base Rates @ Jan 1								
15h	Energy Cost Change	[15]	Jan 1, 04	(\$6.02)	(5.7%)	(\$9.36)	(5.9%)	(\$50.14)	(6.4%)
16	Predicted 2004 Bills	[15]	Jan 1, 04	\$93.69	(11.2%)	\$138.87	(12.9%)	\$618.81	(20.9%)
16a	Changes between 2004 Base Rates @ Jan 1 & 2005 Base Rates @ Jan 1								
16b	Energy Cost Change	[16]	Jan 1, 05	(\$3.89)	(4.1%)	(\$6.04)	(4.4%)	(\$32.38)	(5.2%)
17	Predicted Base 2005 Rate	[16]	Jan 1, 05	\$89.80	(4.1%)	\$132.83	(4.4%)	\$586.43	(5.2%)

Note: Row No. 9a - Change in 2001 RROT Shortfall Rider is slightly different from Appendix 2 in Decision 2002-112 because Final Collection Shortfall Charges were not available at the time that the Appendix was prepared. For the purposes of producing the Bill Comparison, the RRO Shortfall Riders and Reconciliation Riders were calculated as rates (in cents/kWh) and multiplied by the average monthly consumption.

Monthly consumption was assumed to be constant.

2003 RROT Energy Price @ Apr 1, 2003 reflects revised Q2 Energy Charges.

Interim 2003 T Adjustment Rider previously Interim 2002 Transmission Adjustment Rider as per Decision 2001-113

This rate class is exempt from the Municipal Assessment Rider (Rider A-1) as per Decision 2003-053

EPCOR Energy Services (Alberta) Inc. (EESAI)
Effects of Rate and Rider Changes for ANCA Irrigation Rate 2600, 1999 - 2003 (RIDERS A CUSTOMERS ONLY)

Energy Price Assumptions		Unit	Customer Usage Level			
2005 RROT Energy Price	4.66¢/kWh					
2004 RROT Energy Price	5.05¢/kWh					
2003 RROT Energy Price @ Oct 1, 2003	5.78¢/kWh					
2003 RROT Energy Price @ Jul 1, 2003	5.68¢/kWh					
2003 RROT Energy Price @ Apr 1, 2003	5.63¢/kWh					
2003 RROT Energy Price @ Jan 1, 2003	5.60¢/kWh					
2002 RROT Energy Price	6.50¢/kWh	Hr	450	900	1,350	
2001 RROT Energy Price	11.0¢/kWh	HP	60	60	60	
Interim 2001 RROT Shortfall (w/ overcharge)	2.278¢/kWh	kWh	2,877	5,755	8,632	
Final 2000 Pool Price Deferral Rider	0.393¢/kWh					

Row No.	Rate Component	Relative to Row	Effective Date	Costs for Each Usage Level (\$/month) and Percentage Change Relative to Specified Row				
1	December 1999 Rate	-	Dec 31, 99	\$202.76	-	\$352.09	\$501.42	-
2	December 2000 Rate	[1]	Dec 31, 00	\$280.57	38.4%	\$451.45	\$622.33	24.1%
3	Interim 2001 Rate	[2]	Jan 1, 01	\$341.36	21.7%	\$585.65	\$829.95	33.4%
4	Final 2001 Base, Jul-Dec 2001	[3]	Jan 1, 01	\$364.06	6.6%	\$635.40	\$906.74	9.3%
4a	Transmission Rider Jan-Jun 2001	[4]	Jul 1, 01	\$8.11	2.2%	\$16.23	\$24.34	2.7%
4b	Distribution Refund Jan-Jun 2001	[4]	Jul 1, 01	(\$0.58)	(0.2%)	(\$1.15)	(\$1.73)	(0.2%)
4c	U99099 Outstanding Matters	[4]	Jul 1, 01	\$36.77	10.1%	\$73.55	\$110.32	12.2%
4d	2000 Unbilled Revenue	[4]	Jul 1, 01	-	-	-	-	-
4e	Combined Delivery Rider	[4]	Jul 1, 01	\$44.31	12.2%	\$88.62	\$132.94	14.7%
5	Final 2001 Bill, Jul-Dec 2001	[4]	Jul 1, 01	\$408.37	12.2%	\$724.03	\$1,039.68	14.7%
5a	Changes between Final 2001 Bills & 2002 Base Rates							
5b	Alberta Electricity Auction Rebate	[5]	Jan 1, 02	\$103.59	25.4%	\$207.17	\$310.76	29.9%
5c	Combined Interim Delivery Rider (1e)	[5]	Jan 1, 02	(\$44.31)	(10.9%)	(\$88.62)	(\$132.94)	(12.8%)
5d	Energy Cost Change	[5]	Jan 1, 02	(\$143.87)	(35.2%)	(\$287.74)	(\$431.61)	(41.5%)
5e	RROT Retailer Margin	[5]	Jan 1, 02	\$5.13	1.3%	\$6.78	\$8.43	0.8%
6	Predicted Base 2002 Rate	[5]	Jan 1, 02	\$328.90	(19.5%)	\$561.61	\$794.32	(23.6%)
6a	Interim 2001 RROT Shortfall Rider (including overcharge)	[6]	Jan 1, 02	\$65.55	19.9%	\$131.10	\$196.65	24.8%
6b	Interim 2002 T Adjustment Rider	[6]	Jan 1, 02	(\$8.92)	(2.7%)	(\$17.84)	(\$26.76)	(3.4%)
6c	Interim 2000 Pool Price Deferral Rider	[6]	Jan 1, 02	\$5.84	1.8%	\$11.68	\$17.52	2.2%
6d	Combined Interim Transition Rider	[6]	Jan 1, 02	\$62.47	19.0%	\$124.94	\$187.41	23.6%
7	2002 Bill with Interim PPDA	[5]	Jan 1, 02	\$391.37	(4.2%)	\$686.55	\$981.73	(5.6%)
7a	Replace Interim with Final 2000 Deferral Rider							
7b	Interim 2000 Pool Price Deferral Rider	[6]	Jul 1, 02	(\$5.84)	(1.5%)	(\$11.68)	(\$17.52)	(1.8%)
7c	Final 2000 Deferral Rider -PPDA part	[6]	Jul 1, 02	\$11.31	2.9%	\$22.62	\$33.92	3.5%
7d	Final 2000 Deferral Rider -OMA part	[6]	Jul 1, 02	\$4.03	1.0%	\$8.06	\$12.09	1.2%
8	2002 Bill with Final Deferral	[5]	Jul 1, 02	\$400.87	(1.8%)	\$705.54	\$1,010.22	(2.8%)
8a	Changes between Final 2002 Bills & 2003 Base Rates							
8b	Energy Cost Change	[8]	Jan 1, 03	(\$25.81)	(6.4%)	(\$51.62)	(\$77.43)	(7.7%)
9	Predicted Base 2003 Rate	[8]	Jan 1, 03	\$375.06	(6.4%)	\$653.92	\$932.79	(7.7%)
9a	Change in 2001 RROT Shortfall Rider (from Interim to Final Rates)	[9]	Jan 1, 03	(\$7.96)	(2.1%)	(\$15.91)	(\$23.87)	(2.6%)
10	Predicted 2003 Bills	[8]	Jan 1, 03	\$367.10	(8.4%)	\$638.01	\$908.91	(10.0%)
10a	Changes between 2003 Base Rates @ Jan 1 & 2003 Base Rates @ Apr 1							
10b	Energy Cost Change	[10]	Apr 1, 03	\$0.76	0.2%	\$1.53	\$2.29	0.3%
11	Predicted Base 2003 Rate	[10]	Apr 1, 03	\$367.86	0.2%	\$639.53	\$911.20	0.3%
11a	2001 RRO Shortfall Reconciliation Rider A	[11]	Apr 1, 03	\$0.34	0.1%	\$0.67	\$1.01	0.1%
12	Predicted 2003 Bills	[10]	Apr 1, 03	\$368.20	0.3%	\$640.21	\$912.21	0.4%
12a	Changes between 2003 Base Rates @ Apr 1 & 2003 Base Rates @ Jul 1							
12b	Energy Cost Change	[12]	Jul 1, 03	\$1.47	0.4%	\$2.95	\$4.42	0.5%
13	Predicted Base 2003 Rate	[12]	Jul 1, 03	\$369.68	0.4%	\$643.16	\$916.64	0.5%
13a	Cessation of Interim 2003 T Adjustment Rider	[13]	Aug 1, 03	\$8.92	2.4%	\$17.84	\$26.76	2.9%
13b	2003 Distribution Adjustment Rider	[13]	Aug 1, 03	(\$44.62)	(12.1%)	(\$89.24)	(\$133.87)	(14.8%)
13c	Municipal Assessment Rider (Rider A-1)	[13]	Aug 1, 03	-	-	-	-	-
13d	Changes between 2003 DT Rates @ Jul 1 @ 2003 DT Rates @ Aug 1							
13e	Distribution and Transmission Cost Change	[13]	Aug 1, 03	(\$23.87)	(6.5%)	(\$47.74)	(\$71.61)	(7.8%)
14	Predicted 2003 Bills	[13]	Aug 1, 03	\$310.11	(16.1%)	\$569.79	\$829.50	(9.5%)
14a	Changes between 2003 Base Rates @ Jul 1 & 2003 Base Rates @ Oct 1							
14b	Energy Cost Change	[13]	Oct 1, 03	\$2.85	0.8%	\$5.70	\$8.55	0.9%
15	Predicted Base 2003 Rate	[14]	Oct 1, 03	\$312.96	0.9%	\$575.48	\$838.04	1.0%
15a	Cessation of Final 2000 Deferral Rider -PPDA part	[7]	Jan 1, 04	(\$11.31)	(3.6%)	(\$22.62)	(\$33.92)	(4.0%)
15b	Cessation of Final 2000 Deferral Rider -OMA part	[7]	Jan 1, 04	(\$4.03)	(1.3%)	(\$8.06)	(\$12.09)	(1.4%)
15c	Cessation of 2003 Distribution Adjustment Rider	[13]	Jan 1, 04	\$44.62	14.3%	\$89.24	\$133.87	14.5%
15d	Cessation of Interim 2001 RROT Shortfall Rider (including overcharge)	[6]	Jan 1, 04	(\$65.55)	(20.9%)	(\$131.10)	(\$196.65)	(23.5%)
15e	Cessation of Change in 2001 RROT Shortfall Rider (to Final Rates @ Apr 1)	[9]	Jan 1, 04	\$7.96	2.5%	\$15.91	\$23.87	2.8%
15f	Cessation of 2001 RRO Shortfall Reconciliation Rider A	[11]	Jan 1, 04	(\$0.34)	(0.1%)	(\$0.67)	(\$1.01)	(0.1%)
15g	Changes between 2003 Base Rates @ Oct 1 & 2004 Base Rates @ Jan 1							
15h	Energy Cost Change	[15]	Jan 1, 04	(\$20.94)	(6.7%)	(\$41.88)	(\$62.82)	(7.5%)
16	Predicted 2004 Bills	[15]	Jan 1, 04	\$263.37	(15.8%)	\$446.58	\$629.83	(24.8%)
16a	Changes between 2004 Base Rates @ Jan 1 & 2005 Base Rates @ Jan 1							
16b	Energy Cost Change	[16]	Jan 1, 05	(\$11.42)	(4.3%)	(\$22.85)	(\$34.27)	(5.4%)
17	Predicted Base 2005 Rate	[16]	Jan 1, 05	\$251.95	(4.3%)	\$423.74	\$595.56	(5.4%)

Note: Row No. 9a - Change in 2001 RROT Shortfall Rider is slightly different from Appendix 2 in Decision 2002-112 because Final Collection Shortfall Charges were not available at the time that the Appendix was prepared.

For the purposes of producing the Bill Comparison, the RRO Shortfall Riders and Reconciliation Riders were calculated as rates (in cents/kWh) and multiplied by the average monthly consumption.

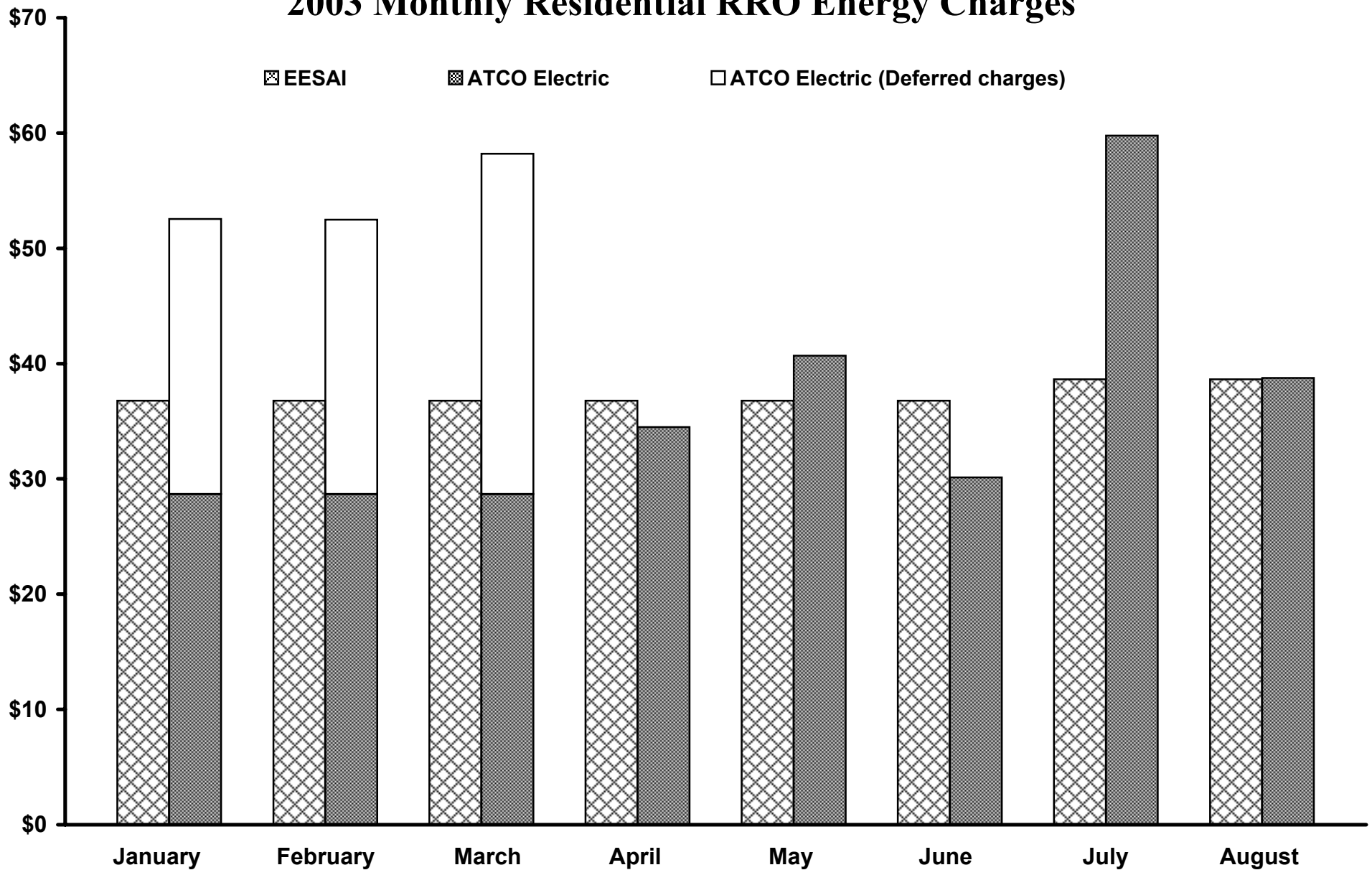
Monthly consumption was assumed to be constant.

2003 RROT Energy Price @ Apr 1, 2003 reflects revised Q2 Energy Charges.

Interim 2003 T Adjustment Rider previously Interim 2002 Transmission Adjustment Rider as per Decision 2001-113

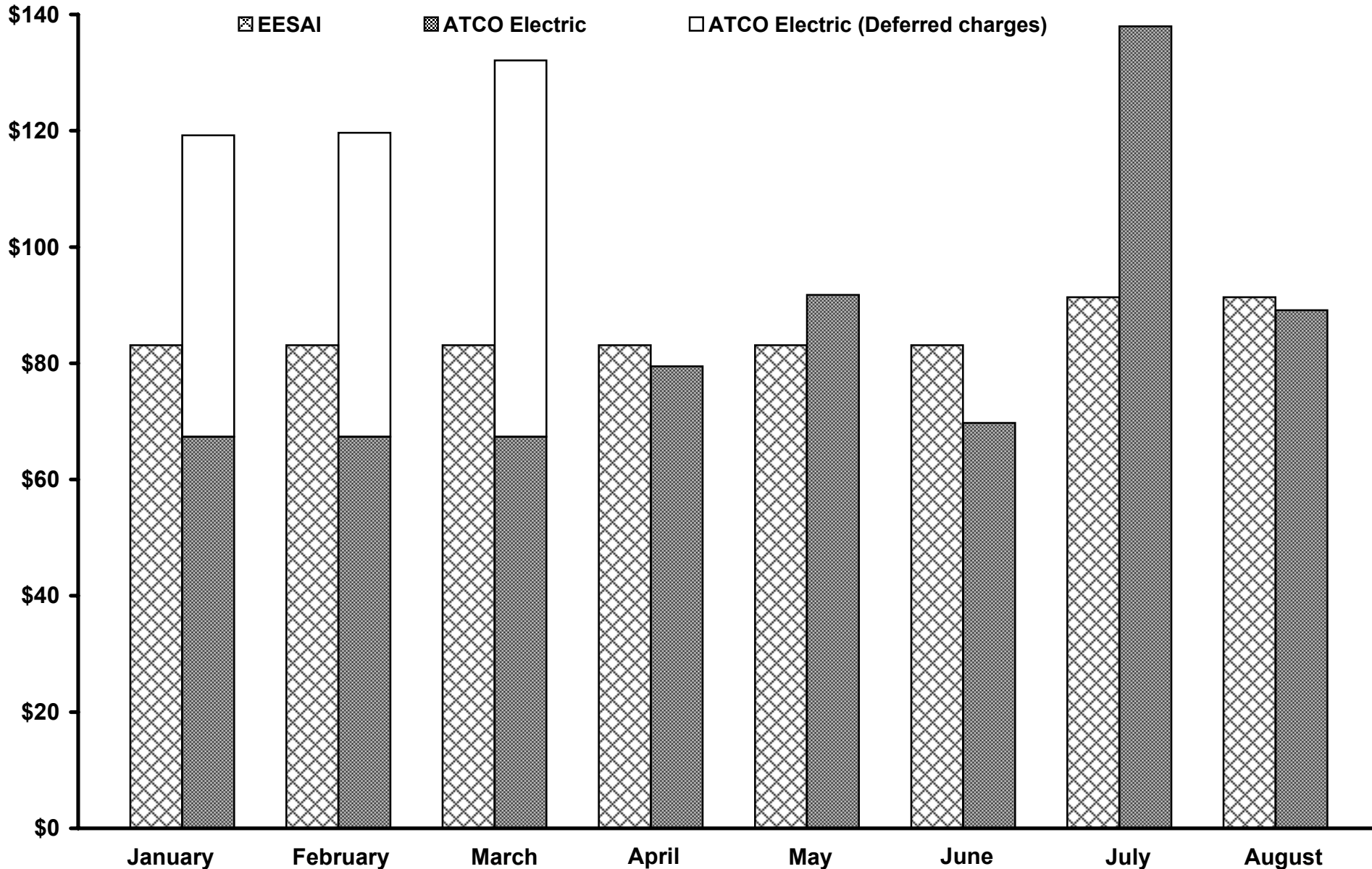
This rate class is exempt from the Municipal Assessment Rider (Rider A-1) as per Decision 2003-053

2003 Monthly Residential RRO Energy Charges



*Based on average monthly consumption of 600 kWh.
Deferred charges estimated.*

2003 Monthly Farm RRO Energy Charges



*Based on average monthly consumption of 1,400 kWh.
Deferred charges estimated.*

EESAI and ATCO Electric 2003 RRO Energy Price Comparison

	2003 RRO Energy price (\$/kWh)							
	<i>EESAI</i>			<i>ATCO Electric</i>				
	Farm	Residential	Farm (Base)	Farm (Total)	Farm (Deferred charges)	Residential (Base)	Residential (Total)	Residential (Deferred charges)
January	\$0.059350	\$0.061290	\$0.048100	\$0.085144	\$0.037044	\$0.047800	\$0.087558	\$0.039758
February	\$0.059350	\$0.061290	\$0.048100	\$0.085462	\$0.037362	\$0.047800	\$0.087486	\$0.039686
March	\$0.059350	\$0.061290	\$0.048100	\$0.094364	\$0.046264	\$0.047800	\$0.097012	\$0.049212
April	\$0.059350	\$0.061290	\$0.056771	\$0.056771	\$0.000000	\$0.057490	\$0.057490	\$0.000000
May	\$0.059350	\$0.061290	\$0.065533	\$0.065533	\$0.000000	\$0.067815	\$0.067815	\$0.000000
June	\$0.059350	\$0.061290	\$0.049816	\$0.049816	\$0.000000	\$0.050204	\$0.050204	\$0.000000
July	\$0.065270	\$0.064400	\$0.098549	\$0.098549	\$0.000000	\$0.099631	\$0.099631	\$0.000000
August	\$0.065270	\$0.064400	\$0.063666	\$0.063666	\$0.000000	\$0.064603	\$0.064603	\$0.000000

	2003 Typical RRO Energy charge							
	<i>EESAI</i>			<i>ATCO Electric</i>				
	Farm	Residential	Farm (Base)	Farm (Deferred charges)	Farm (Total)	Residential (Base)	Residential (Deferred charges)	Residential (Total)
January	\$83.09	\$36.77	\$67.34	\$51.86	\$119.20	\$28.68	\$23.86	\$52.54
February	\$83.09	\$36.77	\$67.34	\$52.31	\$119.65	\$28.68	\$23.81	\$52.49
March	\$83.09	\$36.77	\$67.34	\$64.77	\$132.11	\$28.68	\$29.53	\$58.21
April	\$83.09	\$36.77	\$79.48	\$0.00	\$79.48	\$34.49	\$0.00	\$34.49
May	\$83.09	\$36.77	\$91.75	\$0.00	\$91.75	\$40.69	\$0.00	\$40.69
June	\$83.09	\$36.77	\$69.74	\$0.00	\$69.74	\$30.12	\$0.00	\$30.12
July	\$91.38	\$38.64	\$137.97	\$0.00	\$137.97	\$59.78	\$0.00	\$59.78
August	\$91.38	\$38.64	\$89.13	\$0.00	\$89.13	\$38.76	\$0.00	\$38.76

	Monthly difference		Cumulative difference	
	<i>ATCO Electric - EESAI</i>		<i>ATCO Electric - EESAI</i>	
	Farm	Residential	Farm	Residential
January	\$36.11	\$15.76	\$36.11	\$15.76
February	\$36.56	\$15.72	\$72.67	\$31.48
March	\$49.02	\$21.43	\$121.69	\$52.91
April	-\$3.61	-\$2.28	\$118.08	\$50.63
May	\$8.66	\$3.92	\$126.73	\$54.55
June	-\$13.35	-\$6.65	\$113.39	\$47.90
July	\$47.81	\$20.62	\$161.20	\$68.51

Residential and farm monthly consumption assumed to be 600 kWh and 1,400 kWh, respectively.
Deferred charges estimated. See BR-EESAI.10.
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2003 Farm RRO Energy Charges																						
	Spacer	January	January	Spacer	February	February	Spacer	March	March	Spacer	April	April	Spacer	May	May	Spacer	June	June	Spacer	July	July	Spacer
EESAI		\$83.09	\$0.00		\$83.09	\$0.00		\$83.09	\$0.00		\$83.09	\$0.00		\$83.09	\$0.00		\$83.09	\$0.00		\$91.38	\$0.00	
ATCO Electric		\$0.00	\$67.34		\$0.00	\$67.34		\$0.00	\$67.34		\$0.00	\$79.48		\$0.00	\$91.75		\$0.00	\$69.74		\$0.00	\$137.97	
ATCO Electric (Deferred charges)		\$0.00	\$51.86		\$0.00	\$52.31		\$0.00	\$64.77		\$0.00	\$0.00		\$0.00	\$0.00		\$0.00	\$0.00		\$0.00	\$0.00	

2003 Residential RRO Energy Charges																						
	Spacer	January	January	Spacer	February	February	Spacer	March	March	Spacer	April	April	Spacer	May	May	Spacer	June	June	Spacer	July	July	Spacer
EESAI		\$36.77	\$0.00		\$36.77	\$0.00		\$36.77	\$0.00		\$36.77	\$0.00		\$36.77	\$0.00		\$36.77	\$0.00		\$38.64	\$0.00	
ATCO Electric		\$0.00	\$28.68		\$0.00	\$28.68		\$0.00	\$28.68		\$0.00	\$34.49		\$0.00	\$40.69		\$0.00	\$30.12		\$0.00	\$59.78	
ATCO Electric (Deferred charges)		\$0.00	\$23.86		\$0.00	\$23.81		\$0.00	\$29.53		\$0.00	\$0.00		\$0.00	\$0.00		\$0.00	\$0.00		\$0.00	\$0.00	