



CITY OF EDMONTON

BYLAW 12368

REGULATED RATE OPTION BYLAW

(CONSOLIDATED ON NOVEMBER 26, 2002)

CITY OF EDMONTON
BYLAW 12368, AS AMENDED
REGULATED RATE OPTION BYLAW

Whereas, pursuant to Section 3 of the *Municipal Government Act*, S.A. 1994 c. M26.1, the purposes of a municipality are to provide services, facilities and other things that are necessary or desirable for all or part of a municipality;

And Whereas, the *Electric Utilities Act*, S.A. 1995, c. E-5.5, governs the provision of electric utility services in Alberta;

And Whereas, the *Regulated Rate Option Regulation*, AR 2/2000, s. 4(1) requires the owner of an electrical distribution system to provide, not later than October 1, 2000, a copy of its regulated rate tariff to the Board for information;

And Whereas, the *Regulated Rate Option Regulation*, AR 2/2000, s. 8(b)(ii) permits a wires services provider to make arrangements with other persons to perform any or all of its obligations under the Regulated Rate Option Regulation if the arrangements are approved by the council of the municipality,

And Whereas the *EPCOR Rates Procedures Bylaw 12294*, section 6, requires EPCOR to provide the City Manager with a Rates Report, including a bylaw, at such time as EPCOR seeks to set or amend Rates;

Edmonton City Council enacts:

PART I - PURPOSE, DEFINITIONS AND INTERPRETATION

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|--------------------|---|---|
| PURPOSE | 1 | The purpose of this bylaw is to approve <ul style="list-style-type: none">(a) the Regulated Rate Option Tariff for the Transition Period, and(b) the arrangements between EPCOR Distribution Inc. and EPCOR Energy Services Inc. for the provision of the Regulated Rate Option. |
| DEFINITIONS | 2 | In this bylaw, unless the context otherwise requires: <ul style="list-style-type: none">(a) “City Manager” means the Chief Administrative Officer |

of the City or his delegate.

- (b) **“EESI”** means EPCOR Energy Services Inc.
- (c) **“EPCOR Distribution”** means EPCOR Distribution Inc.;
- (d) **“Price Schedule”** means a document in the form of Schedule 1 setting out the calculations for rates applicable to Regulated Rate Option services in accordance with this Bylaw.
- (e) **”Rate Sheet”** means a document disclosing the numeric values for the Price Schedule, and calculated in accordance with this Bylaw.
- (f) **"RRO Eligible Customer"** means an "eligible customer" as defined in the *Regulated Rate Option Regulation, AR 2/2000, s. 1(b)*.
- (g) **"Transition Period"** means the period beginning on January 1, 2001 and ending at 12 midnight on December 31, 2005 as defined in the Regulated Rate Option Regulation (AR 2/2000) or as amended.

**RULES FOR
INTERPRETATION**

- 3 The marginal notes and headings in this bylaw are for reference purposes only.

PART II - GENERAL

**APPROVAL OF
RATES, TERMS &
CONDITIONS**

- 4 For RRO Eligible Customers, all rates, terms and conditions applicable to Regulated Rate Option services, including adjustments, for the Transition Period shall be in accordance with this Bylaw.
- 5 Effective January 1, 2001, or such date as the Province of Alberta may determine to be the effective date for Regulated Rate Option services, the charges for the retail provision of electricity services shall be in accordance with this Bylaw comprised of:
- (a) Energy Charge (the "Energy Charge")
 - (b) Distribution Access Service Charge (the "Distribution

Charge")

- (c) System Access Service Charge (the "Transmission Charge")
- (d) The Billing Charge (the "Billing Charge")

FLOW THROUGH COMPONENTS

6 Effective January 1, 2001, or such date as the Province of Alberta may determine to be the effective date for Regulated Rate Option services, the flow through charges for the retail provision of electricity services (the "Flow Through Charge") shall be as follows:

- (a) Franchise Fees, being the charges established in a Franchise Agreement;
- (b) Balancing Pool flow through charges, being charges or credits, established by the Government of Alberta Balancing Pool Allocation Regulation.

ENERGY CHARGE ADJUSTMENT

7 Adjustments to the Rate Sheet in relation to the Energy Charge shall be in accordance with Schedule 3 and may be made from time-to-time as follows:

- (a) EESI shall file with the City Manager a revised Rate Sheet reflecting a revised Energy Charge calculated in accordance with this Bylaw.
- (b) The filing referred to in sub-section (a) above must include sufficient information for the City Manager to determine if the revised Energy Charge included in the revised Rate Sheet has been calculated in accordance with the provisions of Schedule 3 to this Bylaw.
- (c) Within 15 days of the date that a revised Rate Sheet is filed under sub-section (a) above, the City Manager shall review the filing and determine whether the revised Energy Charge included in the revised Rate Sheet has been calculated in accordance with the provisions of Schedule 3 to this Bylaw. If after completing such review the City Manager is satisfied that the revised Energy Charge included in the revised Rate Sheet has been calculated in accordance with the provisions of Schedule 3 to this Bylaw then the City Manager shall immediately issue a compliance letter confirming that conclusion.
- (d) Once the compliance letter has been issued in accordance

with sub-section (c) the revised Rate Sheet filed in accordance with the provisions of sub-section (a) above shall, on the effective date stated in the Rate Sheet, be substituted for the Rate Sheet previously in effect and remain in effect until such time as a revised Rate Sheet is substituted therefor in accordance with the provisions of this Section.

- (e) If the City Manager concludes that the revised Energy Charge included in the revised Rate Sheet has not been calculated in accordance with the provisions of Schedule 3 to this Bylaw, then EESI may apply to Council in accordance with the procedures for setting or amending Special Rates established under Bylaw 12294 EPCOR Rates Procedures Bylaw to amend this Bylaw.

(S.3, Bylaw 13232, November 26, 2002)

**TRANSMISSION,
DISTRIBUTION &
FLOW-THROUGH
ADJUSTMENTS**

8 Adjustments to the Rate Sheet in relation to the Distribution Charge, Transmission Charge, or Flow-Through Charge shall be in accordance with Schedule 4 and may be made from time-to time as follows:

- (a) EESI shall file with the City Manager a revised Rate Sheet reflecting a revised Distribution Charge, Transmission Charge or Flow-Through Charge, as the case may be, calculated in accordance with this Bylaw.
- (b) The filing referred to in sub-section (a) above must include sufficient information for the City Manager to determine if the revised Distribution Charge, Transmission Charge or Flow-Through Charge, as the case may be, included in the revised Rate Sheet has been calculated in accordance with the provisions of Schedule 4 to this Bylaw.
- (c) Within 15 days of the date that a revised Rate Sheet is filed under sub-section (a) above, the City Manager shall review the filing and determine whether the revised Distribution Charge, Transmission Charge or Flow-Through Charge, as the case may be, included in the revised Rate Sheet has been calculated in accordance with the provisions of Schedule 4 to this Bylaw. If after completing such review the City Manager is satisfied that the revised Distribution Charge, Transmission Charge or Flow-Through Charge, as the case may be, included in the revised Rate Sheet has been calculated in accordance with the provisions of Schedule 4 to this Bylaw then the City Manager shall

immediately issue a compliance letter confirming that conclusion.

- (d) Once the compliance letter has been issued in accordance with sub-section (c) the revised Rate Sheet filed in accordance with the provisions of sub-section (a) above shall, on the effective date stated in the Rate Sheet, be substituted for the Rate Sheet previously in effect and remain in effect until such time as a revised Rate Sheet is substituted therefor in accordance with the provisions of this Section.
- (e) If the City Manager concludes that the revised Distribution Charge, Transmission Charge or Flow-Through Charge, as the case may be, included in the revised Rate Sheet has not been calculated in accordance with the provisions of Schedule 4 to this Bylaw, then EESI may apply to Council in accordance with the procedures for setting or amending Special Rates established under Bylaw 12294 EPCOR Rates Procedures Bylaw to amend this Bylaw.

(S. 4, Bylaw 13232, November 26, 2002)

**TERMS &
CONDITIONS**

- 9 Effective January 1, 2001, or such date as the Province of Alberta may determine to be the effective date for Regulated Rate Option services, the terms and conditions related to the provision for Regulated Rate Option services shall be in accordance with Schedule 2.

**TERMS &
CONDITION
ADJUSTMENTS**

- 10 Amendments to the RRO Terms set out in Schedule 2 may be made from time-to-time as follows:
 - (a) EESI shall file with the City Manager revised RRO Terms reflecting proposed amendments to make them consistent with the RRO Terms for Regulated Rate Option service provided by EPCOR Energy Services (Alberta) Inc. (“EESAI”) in the Aquila Networks Canada (Alberta) Ltd. (“ANCA”) service area.
 - (b) The filing referred to in sub-section (a) above must include sufficient information for the City Manager to determine if the revised RRO Terms are consistent with the RRO Terms for Regulated Rate Option service provided by EESAI in the ANCA service area.

- (c) Within 15 days of the date that revised RRO Terms are filed under sub-section (a) above, the City Manager shall review the filing and determine whether the revised RRO Terms are consistent with the RRO Terms for Regulated Rate Option service provided by EESAI in the ANCA service area. If after completing such review the City Manager is satisfied that the revised RRO Terms are consistent with the RRO Terms for Regulated Rate Option service provided by EESAI in the ANCA service area then the City Manager shall immediately issue a compliance letter confirming that conclusion.
- (d) Once the compliance letter has been issued in accordance with sub-section (c) the revised RRO Terms shall, on the effective date stated in the revised RRO Terms, be substituted for the RRO Terms previously in effect and remain in effect until such time as revised RRO Terms are substituted therefor in accordance with the provisions of this Section.
- (e) If the City Manager concludes that the revised RRO Terms are not consistent with the RRO Terms for Regulated Rate Option service provided by EESAI in the ANCA service area, then EESI may apply to Council in accordance with the provisions of the *Procedures and Committee Bylaw* and the *Municipal Government Act* to amend this Bylaw.
- (f) EESI may apply to Council in accordance with the provisions of the *Procedures and Committee Bylaw* and the *Municipal Government Act* for authorization to amend the RRO Terms for purposes other than to make them consistent with the RRO Terms for Regulated Rate Option service provided by EESI in the ANCA service area.

(S.5, Bylaw 13232, November 26, 2002)

**APPROVAL OF
ARRANGEMENTS
FOR PRO
PROVISION**

- 11 Council hereby approves the arrangements for the provision of the Regulated Rate Option service by EESI in accordance with Schedule 3 and Schedule 4 to this Bylaw.

(S.6, 13232, November 26, 2002)

- 12 If either or both of EPCOR Distribution or the RRO service provided by EESI become subject to what is intended to be exclusive regulation by the Alberta Energy and Utilities Board, a successor thereto, or other Provincial regulatory authority (other than Council) then EESAI and EPCOR Distribution shall thereafter

not be required to comply with the provisions of this Bylaw.

(S.8, Bylaw 13232, November 26, 2002)

SCHEDULES

13 The following Schedules are included in and form part of this Bylaw:

- (a) RRO – Schedule 1 Price Schedule, dated August 29, 2000.
- (b) RRO – Schedule 2 RRO Terms;
- (c) RRO – Schedule 3 Agreement for Regulated Rate Option Energy Services;
- (d) RRO – Schedule 4 Agreement for Regulated Rate Option System Delivery and Billing.

(S.7, Bylaw 13232, November 26, 2002)

(NOTE: Consolidation made under Section 69 of the Municipal Government Act, S.A., 1994, C. M-26.1 and Bylaw No. 12005, and printed under the City Manager’s authority.)

Bylaw 12368, passed by Council August 30, 2000

Amendments:

Bylaw 13232, November 26, 2002

ATTACHMENTS - BYLAW 12368

12368 SCHEDULE 1

12368 SCHEDULE 2

12368 SCHEDULE 3

12368 SCHEDULE 4

RRO – Schedule 1

Price Schedule

Regulated Rate Option - Price Schedule

Residential Service

Applicable: To residential customers within the City of Edmonton that have not chosen an alternative price option or an alternative retail supplier of electricity. Residential Service is only available to single or two family dwellings consisting of a suite of rooms provided with sleeping and cooking facilities which is being used primarily for domestic use and which have an energy meter. Where a business is conducted from a dwelling that is also used for domestic purposes, Residential Service is not available if the service panel capacity is larger than 200 amps.

Price: Energy Charge:

Shall be calculated as the value "RSEC" as set out in the Rate Sheet, multiplied by the customer's energy consumption.

System Access Service Charge:

Shall be calculated as the value "RSSAS", as set out in the Rate Sheet, multiplied by the customer's energy consumption.

Distribution Access Service Charge:

Shall be calculated as the value "RSDASF", as set out in the Rate Sheet, per month, plus the value "RSDASV", as set out in the Rate Sheet, multiplied by the customer's energy consumption.

Billing Charge: \$ 5.40 / month

Franchise Fee Charge:

Shall be determined in accordance with the Franchise Agreement.

Balancing Pool Flow Through:

Shall apply as required by the Government of Alberta's Balancing Pool Allocation Regulation.

Regulations:

The RRO Terms apply.

The above prices constitute a price cap. EPCOR Energy Services Inc. is authorized to issue a revised Price Schedule, at any time, with prices equal to or below the above prices. Such revised Price Schedule must be filed with the City of Edmonton, for information.

Regulated Rate Option - Price Schedule

Security Light Service

Applicable: To existing unmetered Security Light Service customers within the City of Edmonton that have not chosen an alternative price option or an alternative retail supplier of electricity. This price is not available to new services.

Consumption: The deemed energy consumption per month varies with nominal wattage as follows:

	70 W	100 W	150 W	250 W	400 W
Monthly kWh	36	50	209	114	179

Price: Energy Charge:

Shall be calculated as the value “SLEC” as set out in the Rate Sheet, multiplied by the customer’s energy consumption.

System Access Service Charge:

Shall be calculated as the value “SLSAS”, as set out in the Rate Sheet, multiplied by the customer’s energy consumption.

Distribution Access Service Charge:

Shall be calculated as the value “SLDASF”, as set out in the Rate Sheet, per month, plus the value “SLDASV”, as set out in the Rate Sheet, multiplied by the customer’s energy consumption.

Billing Charge: \$1.33

Franchise Fee Charge:

Shall be determined in accordance with the Franchise Agreement.

Balancing Pool Flow Through:

Shall apply as required by the Government of Alberta's Balancing Pool Allocation Regulation.

Regulations:

The RRO Terms apply.

The above prices constitute a price cap. EPCOR Energy Services Inc. is authorized to issue a revised Price Schedule, at any time, with prices equal to or below the above prices. Such revised Price Schedule must be filed with the City of Edmonton, for information.

Regulated Rate Option - Price Schedule

Commercial Service < 50 kVA

Applicable: To each separate electrical service, within the City of Edmonton, which is not eligible for Residential or Security Light Service and which has a billing demand of less than 50 kVA, and for which,

- (i) in 1999 the total annual consumption of electric energy was less than 250 MWh, or
- (ii) it is reasonably forecasted that during the years 2001 to 2003 the total annual consumption of electric energy will be less than 250 MWh, and
- (iii) the customer has not chosen an alternative price option or an alternative retail electricity supplier.

Price: Energy Charge:

Shall be calculated as the value "CS<50EC" as set out in the Rate Sheet, multiplied by the customer's energy consumption.

System Access Service Charge:

Shall be calculated as the value "CS<50SAS", as set out in the Rate Sheet, multiplied by the customer's energy consumption.

Distribution Access Service Charge:

Shall be calculated as the value "CS<50DASF", as set out in the Rate Sheet, per month, plus the value "CS<50DASV", as set out in the Rate Sheet, multiplied by the customer's energy consumption.

Billing Charge: \$ 5.40 /month

Billing Demand is the greatest of:

- i) The registered kVA of demand at the highest 15 minute interval recorded at each site, by the current or a previous customer, in the 12 month period ending with the current billing period,
- ii) The Minimum Demand as determined by any applicable contract.

Franchise Fee Charge:

Shall be determined in accordance with the Franchise Agreement.

Balancing Pool Flow Through:

Shall apply as required by the Government of Alberta's Balancing Pool Allocation Regulation.

Regulations:

The RRO Terms apply.

The above prices constitute a price cap. EPCOR Energy Services Inc. is authorized to issue a revised Price Schedule, at any time, with prices equal to or below the above prices. Such revised Price Schedule must be filed with the City of Edmonton, for information.

Regulated Rate Option - Price Schedule

Commercial Service > 50 kVA

- Applicable:** To each separate electrical service, within the City of Edmonton, with a billing demand greater than or equal to 50 kVA, and for which,
- (i) in 1999 the total annual consumption of electric energy was less than 250 MWh, or
 - (ii) it is reasonably forecasted that during the years 2001 to 2003 the total annual consumption of electric energy will be less than 250 MWh, and
 - (iii) The customer has not chosen an alternative retail electricity supplier.

Price: Energy Charge:
Shall be calculated as the value "CS>50EC" as set out in the Rate Sheet, multiplied by the customer's energy consumption.

System Access Service Charge:
Shall be calculated as the value "CS>50SAS", as set out in the Rate Sheet, multiplied by the customer's energy consumption.

Distribution Access Service Charge:
Shall be calculated as the value "CS>50DASF", as set out in the Rate Sheet, per month, plus the value "CS>50DASD", as set out in the Rate Sheet, multiplied by the customer's billing Demand, plus the value "CS>50DASV", as set out in the Rate Sheet, multiplied by the customer's energy consumption.

Billing Charge: \$ 5.40 /month

Billing Demand is the greatest of:

- i) The registered kVA of demand at the highest 15 minute interval recorded at each site, by the current or a previous customer, in the 12 month period ending with the current billing period,
- ii) The Minimum Demand as determined by any applicable contract,
- iii) The Price Minimum of 50 kVA.

Franchise Fee Charge:

Shall be determined in accordance with the Franchise.

Balancing Pool Flow Through:

Shall apply as required by the Government of Alberta's Balancing Pool Allocation Regulation.

Regulations:

The RRO Terms apply.

The above prices constitute a price cap. EPCOR Energy Services Inc. is authorized to issue a revised Price Schedule, at any time, with prices equal to or below the above prices. Such revised Price Schedule must be filed with the City of Edmonton, for information.

Regulated Rate Option – Price Schedule

Unmetered Option

Applicable: To each service where energy consumption is small and can be easily predicted. The estimated consumption will be based on equipment nameplate rating and operational patterns. These services will be supplied under the Price Schedule, Commercial Service <50kVA. EPCOR Energy Services reserves the right to audit and re-estimate energy consumption. The customer may provide an acceptable meter socket and request metered service.

Deemed energy consumption for common unmetered services:

Device	Estimated Monthly Consumption kWh
Cable Television Signal Booster	300
Phone Booth 1 Lamp	75
Phone Booth 2 Lamp	150
Phone Booth 1 Lamp, 1 Sign	160
Phone Booth 2 Lamp, 1 Sign	265
Bus Shelter illuminated advertising	205
Airport “Caulder high line lights”	39
Airport Perimeter lights	776
City – China Gate	1180
Drainage Flow Monitor (per location)	150
Rail Road Hazard Lights	82
Canadian Forces Base Lighting	19770

EPCOR Regulated Rates Option Miscellaneous Fees

1. ACCOUNT CONNECTION FEE

A Connection fee is applied as follows:

- a) Where power at a service is currently on at the time of application and where responsibility for paying the account is being transferred from an existing customer to a new customer at a site, the charge is \$10.00. Three business days notice is required prior to the service being transferred to the responsibility of the new Customer. Expedited service is available at an additional charge of \$10.00
- b) Where an arrangement has been made and the account is being automatically transferred to the responsibility of a property owner or landlord upon a tenant applying for termination of power service, the charge is \$5.00
- c) Where a service exists but has been physically turned off at the time of application, the charge is \$22.00. Three business days notice is required. Expedited service is available at an additional charge of \$24.00

2. RECONNECTION OF SERVICE

The fee for reconnection of service after cut-off for non-payment of account shall be as \$41.00.

3. RETURNED CHEQUE CHARGE

Where a customer's payment is not honoured by the customer's bank, a charge of \$20 will apply for each such payment received by EPCOR Energy Services.

4. COLLECTION FEE

Where EPCOR delivers a “Turn-Off Notice” to a customer due to non-payment of amounts owing, a collection fee of \$15.00 will be applied to the customer’s account.

5. METER TESTING CHARGE

EPCOR Energy Services will arrange to test the accuracy of a customer’s meter upon payment of a charge of \$50.00. The charge will be refunded if the meter proves to be defective in any way.

6. COST RECOVERY CHARGES

For miscellaneous service requests including providing historical data and other record searches, the charge will be based on the estimated cost of providing the service.

RRO - Schedule 2

RRO Terms

ARTICLE 1 - GENERAL

1.1 Provision of Regulated Rate Service

EPCOR Distribution Inc. (EPCOR Distribution”) has made arrangements with EPCOR Energy Services Inc. (“EESI”) to perform all of EPCOR Distribution’s obligations to provide Regulated Rate Service to Eligible Customers. EESI provides Regulated Rate Service under its Regulated Rate Tariff which has been approved by a City of Edmonton bylaw and includes these RRO Terms and the Price Schedule. The Price Schedule sets out the prices approved by the Regulator for Regulated Rate Service provided by EESI.

These RRO Terms are the terms and conditions upon which EESI offers and provides Regulated Rate Service to Eligible Customers.

The Regulated Rate Tariff is available for public inspection during normal business hours at EESI’s business offices.

1.2 Effective Date

The Regulated Rate Tariff takes effect on January 1, 2001, or such date as the Province of Alberta may determine to be the effective date for Regulated Rate Option Services.

1.3 Customers Bound by Regulated Rate Tariff

The Regulated Rate Tariff applies to each Customer. Without limiting the generality of the foregoing, the entering into of a Regulated Rate Service Agreement by a Customer, the receipt by the Customer of Regulated Rate Service or the payment by the Customer of a bill rendered by EESI in relation to Regulated Rate Service shall constitute acceptance by the Customer of all of the provisions of the Regulated Rate Tariff.

1.4 Modification of Regulated Rate Tariff

No agent or employee of EESI is authorized to modify any provision or price contained in the Regulated Rate Tariff or to bind EESI to perform in any manner inconsistent with the Regulated Rate Tariff. Without limiting the generality of the foregoing, no agreement can provide for the waiver or alteration of any part of the Regulated Rate Tariff unless such agreement is first filed with and approved by the Regulator.

1.5 Regulatory Approval and Amendment

The Regulator has approved the RRO Terms. EESI may amend the RRO Terms by filing a notice of amendment with the Regulator. The amendment will take effect 60 days after such notice is filed unless the Regulator directs otherwise. Whenever the Regulator approves an amendment to the RRO Terms or an amendment otherwise takes effect, the applicable section(s) of the RRO Terms will be revised to incorporate the

amendments and the effective date of the amendments will be indicated in the revised section(s).

1.6 Availability of Service under SLR Tariff

An Eligible Customer who is unable to continue to purchase Electricity Services from the Eligible Customer's Retailer for the reasons set out in Section 12(2) of the RRR Regulation or who for any reason is unable to obtain Electricity Services and who has not made arrangements to purchase Electricity Services from another Retailer, is entitled to obtain Electricity Services under EESI's SLR Tariff.

ARTICLE 2 - DEFINITIONS AND INTERPRETATION

2.1 Definitions

The following words and phrases, whenever used in the Regulated Rate Tariff, shall have the following meanings:

"Alberta Interconnected Electric System" means the "interconnected electric system" as defined in the EUA.

"Business Day" means a "business day" as defined in the RRR Regulation.

"Customer" means:

- (a) an Eligible Customer who did not select a Retailer by November 1, 2000, or such later date as may be set by EPCOR Distribution under the RRR Regulation, from whom to purchase Electricity Services; or
- (b) an Eligible Customer, other than an Eligible Customer referred to in paragraph (a) of this definition, who is receiving Regulated Rate Service or who has applied for Regulated Rate Service from EESI.

"Customer of Record" means the Customer for whom EESI has opened an account pursuant to Section 3.2 or Section 5.8.

"Distribution Access Service" means "distribution access service" as defined in the EUA provided to Customers by means of EPCOR Distribution's Distribution System under the Distribution Tariff.

"Distribution System" means "electric distribution system" as defined in the EUA.

“Distribution Tariff” means, at any point in time, EPCOR Distribution’s price schedule and terms and conditions for the provision of Distribution Access Service approved by the Regulator and in effect at such time.

“Electricity Services” means “electricity services” as defined in the EUA.

“Eligible Customer” means a Rate Classification Customer in EPCOR Distribution’s service area and includes, until December 31, 2003, a Small Commercial Customer.

“Energy” means “electric energy” as defined in the EUA, expressed in kilowatt hours.

“EUA” means the *Electric Utilities Act*, S.A. 1995, c.E-5.5, including the regulations enacted thereunder, as re-enacted, amended or replaced from time to time.

“Exchange” means “exchange” as defined in the EUA.

“Facilities” means physical facilities including, without limitation, transmission and distribution lines, wires, transformers, meters, meter reading devices and other electrical apparatus.

“Non-Regulated Rate Services” means the various services, other than Regulated Rate Service, provided to a Customer by EESI and other Persons from time to time.

“Person” means a person, firm, partnership, corporation, organization or REA or other association, and includes an individual member thereof.

“Price Schedule” means, the Price Schedule, approved by Bylaw 12368 – Schedule 1.

“Rate Classification Customer” means a Residential Rate Classification Customer.

“RRR Regulation” means the *Roles, Relationships and Responsibilities Regulation*, AR 86/2000.

“RRO Terms” means these terms and conditions, approved by Bylaw 12368 – Schedule 2, as they may be amended from time to time.

“Regulated Rate Service” means:

- (a) arranging for the Exchange or purchase of Energy on behalf of a Customer;
- (b) arranging for Distribution Access Service on behalf of a Customer

in accordance with the RRO Tariff and to the exclusion of any other service provided by any Retailer.

“Regulated Rate Service Agreement” means an agreement between EESI and a Customer in a form acceptable to EESI.

“Regulated Rate Tariff” means the RRO Tariff approved by Bylaw 12368, including these RRO Terms approved by Bylaw 12368 – Schedule 2, the Price Schedule, the RRO Energy Services Agreement and the RRO System Delivery and Billing Agreement.

“Regulator” means the Municipal Council of the City of Edmonton.

“Residential Rate Classification Customer” means a residential customers receiving or eligible to receive Residential Service as specified in the Price Schedule.

“Retailer” means a “retailer” as defined in the EUA.

“RRO Energy Services Agreement” means the Agreement for Regulated Rate Option Energy Services, approved by Bylaw-12368 – Schedule 3.

“RRO System Delivery and Billing Agreement” means the Agreement for Regulated Rate Option System Delivery and Billing, approved by Bylaw 12368 – Schedule 4.

“Service Connection” means the Facilities required to physically connect a Customer’s Facilities to EPCOR Distribution’s Distribution System.

“Site” means, in relation to a Service Connection for a Customer, EPCOR Distribution’s meter or another point designated by EPCOR Distribution located on the Customer’s premises.

“SLR Tariff” means, at any point in time, the Supplier of Last Resort Tariff of EESI in effect at such time.

“Small Commercial Customer” means a Person in EPCOR Distribution’s service area other than a Rate Classification Customer if:

- (a) with respect to each separate property on which such Person used electricity in 1999, such Person’s total annual consumption of Energy was less than 250 MWh; or
- (b) EESI reasonably forecasts that with respect to each separate property on which such Person will use electricity during the period ending on December 31, 2003, such Person’s total annual consumption of Energy will be less than 250 MWh.

2.2 Conflicts

If there is any conflict between a provision expressly set out in an application or agreement for the provision of Rate Service Agreement and an order of the Regulator or

these RRO Terms, the order of the Regulator or these RRO Terms, as the case may be, shall govern.

2.3 Headings

The division of these RRO Terms into sections, subsections and other subdivisions and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of these RRO Terms.

2.4 Rates and Fees

All rates, charges and fees referred to in these RRO Terms are as set out in the Price Schedule.

ARTICLE 3 - REGULATED RATE SERVICE

3.1 Availability

Regulated Rate Service is available to Eligible Customers strictly in accordance with the Regulated Rate Tariff.

3.2 Application For Service

A residential Eligible Customer, who is not receiving Regulated Rate Service from EESI, can apply for Regulated Rate Service at a Site by contacting EESI by telephone or by any other means acceptable to EESI. At its sole discretion, EESI may require any residential Eligible Customer to provide a photo proof of identification. A commercial Eligible Customer, who is not receiving Regulated Rate Service from EESI, must complete an application in writing for Regulated Rate Service at a Site.

EESI requires no less than 3 full Business Days prior notice to ensure a timely connection of Regulated Rate Service at a Site. Expedited connection of Regulated Rate Service is available at an additional charge. EESI may declare at any time, that 90 days notice is required to obtain Regulated Rate Service. During any such period, an additional fee will apply in lieu of notice.

If EESI accepts a Customer's application, EESI will open an account for the Customer for Regulated Rate Service at the applied for Site and the Customer shall be the "Customer of Record" for the Site, and will pay EESI a processing charge for opening the account. The Customer will be responsible to pay to EESI all amounts charged to the account from the time the account is opened until it is closed as provided in Sections 3.7 and 3.8.

EESI may, in its sole discretion, require an applicant for Regulated Rate Service or a Customer receiving Regulated Rate Service to enter into a Regulated Rate Service

Agreement with EESI.

3.3 Credit Information

EESI may at any time request information required to determine a prospective Customer's or existing Customer's credit history and to determine the credit risk of the Customer, including without limiting, identification, contact and credit information. If a prospective Customer or existing Customer refuses to provide the requested information, then EESI may refuse or discontinue, as the case may be, Regulated Rate Service to the Customer.

3.4 Refusal of Regulated Rate Service

EESI reserves the right to refuse Regulated Rate Service to a Customer at a Site where:

- (a) a previous Customer at the Site had a history of non-payment and EESI believes, on reasonable grounds, that the defaulting Customer would continue to occupy the premises located at the Site;
- (b) the Customer has not complied with the applicable provisions of the Regulated Rate Tariff to EESI's satisfaction;
- (c) the Customer has not provided the deposit required by EPCOR;
- (d) EESI is not satisfied with the Customer's credit rating or credit history;
- (e) the Customer has an outstanding balance with EESI for Regulated Rate Service.

3.5 Customer Change of Name or Information

If a Customer has a change of name or contact information, including mailing address and telephone number, for continuation of Regulated Rate Service the Customer must immediately notify EESI of such change. EESI reserves the right to require that such notification be made in writing.

3.6 Deposits

3.6.1 Requirement for Deposit

EESI, in its sole discretion, may require a deposit or an increase in an existing deposit by a Customer including, without limitation, in the following circumstances:

- (a) the Customer has paid a bill late;
- (b) the Customer has issued more than one cheque that has been returned for non-sufficient funds in any six month period;

- (c) there has been a significant increase in the Customer's monthly consumption of Energy;
- (d) the Customer's service was disconnected for non-payment;
- (e) upon application by the Customer for re-connection after a cut-off for non-payment; or
- (f) the Customer making the application for service has a credit rating which is not satisfactory to EESI.

3.6.2 Waiver of Deposit Requirement

EESI, in its sole discretion, may waive the requirement for a deposit by Customer under Section 3.6.1. including, without limitation, in the following circumstances:

- (a) where the Customer has a previous good payment history with EESI;
- (b) where a result satisfactory to EESI is obtained from an external credit check;
- (c) where the Customer provides a co-signor who agrees to be personally responsible for payment for Energy supplied and services rendered to the Customer and who has a credit rating acceptable to EESI; or
- (d) where the Customer provides to EESI an indemnity bond or irrevocable letter of credit from a financial institution satisfactory to EESI.

3.6.3 Maximum Deposit

The maximum deposit EESI will require from a Customer under this Regulated Rate Tariff is equal to three times the monthly total charge payable by the Customer, as estimated by EESI.

3.6.4 Return of Deposit

A deposit made by a Customer may be returned to the Customer after a satisfactory payment history over a period of 12 consecutive months or when the Customer's Regulated Rate Service is terminated and the Customer's account is closed. Where a Customer's Regulated Rate Service is terminated and the Customer's account is closed for non-payment, prior to any refund, the deposit will be applied to the balance owing by the Customer to EESI.

3.6.5 Interest Payable on Deposits

EESI will pay to a Customer at the end of each calendar year or when the Customer's account is closed, simple interest on the daily balance of any cash deposit held by EESI in respect of the Customer. The interest rate applicable for each year is the "Bank Rate"

announced by the Bank of Canada and in effect on January 1 of that year.

3.7 Closing an Account

Subject to Section 3.8, a Customer may close an account for Regulated Rate Service at a Site by giving EESI notice to close the account. In order to close the account on a specified date, EESI requires at least three full Business Days' prior notice. Expedited service is available at an additional charge. EESI will determine whether a final meter reading is required.

3.8 Account Closure on Switch of Retailer

To close an account for Regulated Rate Service at a Site for the purpose of switching to a new Retailer, a Customer must give EESI at least 90 days prior notice to close the account.

3.9 Account and Regulated Rate Service May Not Be Assigned

A Customer cannot assign his account for Regulated Rate Service or any rights in relation to Regulated Rate Service for a Site to a new occupant or owner of the premises at which the Site is located. The new occupant or owner must apply for Regulated Rate Service at the Site. The Customer is responsible for payment for all Regulated Rate Service provided to the Customer up to the time EESI has closed the account and final charges for consumption have been applied.

ARTICLE 4 - MEASUREMENT OF ENERGY CONSUMPTION

4.1 Measurement provided by EPCOR Distribution

EPCOR Distribution provides to EESI under its Distribution Tariff meter readings and estimates of consumption of Energy by Customers. Billings to Customers under these RRO Terms shall be based on those meter readings and estimates. EESI assumes no liability to the Customer for meter readings and estimates provided by EPCOR Distribution.

4.2 Meter Testing

If a Customer believes his meter to be in error, EESI will arrange to have the meter tested by EPCOR Distribution at the request of the Customer and the Customer will pay EESI a charge for meter testing.

ARTICLE 5 - BILLINGS AND PAYMENT

5.1 Billing Practices

EESI performs RRO Services for Customers on credit and does not require payment in advance, except where a deposit is required in accordance with these RRO Terms.

Charges for RRO Services are due on the date that a Customer's meter is read, or estimated as the case may be, however, EESI will allow no less than 21 days for payment without credit charge or interest by a payment due date stated on the Customer's bill.

Once a month, EESI will send a Customer bill for Regulated Rate Service provided to the Customer during the previous month, calculated in accordance with the Price Schedule. The bill may be combined with a bill for Non-Regulated Rate Services provided to the Customer by EESI.

5.2 Responsibility to Pay

Each Customer shall pay the full amount of any bill issued to the Customer by EESI by the due date specified on the bill, without prejudice to the Customer's right to contest any rate or fee charged. A failure to pay any amount billed by EESI shall be a default of payment under these RRO Terms and the Customer shall be subject to EESI's collection policies, including discontinuance or termination of Regulated Rate Service and de-energization or disconnection of the Customer's Service Connection(s) as provided under Article 6.

If a Customer's account is closed, any outstanding charges may be transferred to any other Regulated Rate Tariff account held by the same person.

5.3 Lost Bills

If a Customer's bill is lost or not received, the Customer should contact EESI to determine the amount owed. Failure to receive a bill does not release a Customer from the obligation to pay the amount owing to EESI under the Regulated Rate Tariff. The late payment charge under Section 5.4 will apply if the bill is not paid by its due date. If a Customer requires a duplicate copy of the bill, a charge may apply.

5.4 Late Payment Charge

If a Customer does not pay a bill for a month in full by the due date specified in the bill, the Customer will be liable to pay to EESI, in addition to the amount of the bill, a late payment charge equal to 2.5% of the amount of the bill that applies to the current billing period. Should the bill remain outstanding after the due date, EESI may commence

collection action. In addition, EESI may require a deposit or an increase in the amount of an existing deposit.

5.5 Partial Payments

Partial payments on an account will be applied to the unpaid amounts (including amounts for Non-Regulated Rate Services) outstanding on the oldest bills. If a payment does not cover the total unpaid amount outstanding on a bill and the bill includes charges for both Regulated Rate Service and Unregulated Service, then the payment will be applied to the unpaid charges for Regulated Rate Service and Unregulated Service, pro rata, on the basis of the respective amounts for those charges.

5.6 Responsibility for Collection Costs

Any collection costs incurred by EESI, such as courier costs and legal fees, will be added to the Customer's bill. Recovery of any remaining outstanding balance may be referred to a collection agency.

5.7 Dishonoured Cheque Charge

A Customer will be charged a fee for each cheque dishonoured for non-sufficient funds. A dishonoured cheque may trigger immediate collection action which could lead to de-energization or disconnection of the Customer's Service Connection(s) as provided under Article 6.

5.8 Other Occupants' Liability for Payment

Where the Customer of Record for a Site has vacated the premises where the Site is located or defaulted on payment of a bill for Regulated Rate Service, other occupants of the premises who continue to receive Regulated Rate Service shall be deemed to be the Customer of Record and shall be liable for payment for Regulated Rate Services provided in accordance with the Regulated Rate Tariff.

ARTICLE 6 - TERMINATION OF REGULATED RATE SERVICE FOR DEFAULT

6.1 Termination of Regulated Rate Service

In the event of a default by the Customer under the Regulated Rate Tariff or any Regulated Service Agreement, EESI may, in its sole discretion, discontinue or terminate Regulated Rate Service to the Customer and require EPCOR Distribution to de-energize or disconnect the Customer's Service Connection(s) and discontinue Distribution Access Service to the Customer or otherwise exercise and enforce any other right or remedy EESI may have.

6.2 Restoration of Regulated Rate Service

In the event of discontinuance or termination of Regulated Rate Service and de-energization or disconnection of a Service Connection of a Customer for non-payment, to have Regulated Rate Service restored, the Customer must pay all outstanding bills in full, provide a deposit to EESI in accordance with Section 3.6 and pay a reconnection fee.

ARTICLE 7 - RESPONSIBILITY AND LIABILITY

7.1 Continuity of Regulated Rate Service

EESI will endeavor at all times to provide regular and uninterrupted Regulated Rate Service to Customers as provided in the Regulated Rate Tariff.

However, if Regulated Rate Service is interrupted, defective, irregular, or fails from causes or circumstances beyond EESI's control or through ordinary negligence of its employees, servants or agents, EESI shall not be liable to the Customer or any other Person for the interruption, defect, irregularity or failure.

Without limiting the generality of the foregoing, EESI does not own or operate the Distribution System or any other part of the Alberta Interconnected Electric System and does not guarantee continuous Regulated Rate Service. From time to time, Regulated Rate Service may be interrupted, defective, irregular or fail by reason of actions by EPCOR Distribution, transmission system owners, the Transmission Administrator or the System Controller or conditions on EPCOR Distribution's Distribution System or otherwise on the Alberta Interconnected Electric System. Such actions or conditions shall constitute circumstances beyond the control of EESI for which EESI shall not be liable.

7.2 Limitation on EESI Liability to Customer

Except for direct losses, damages, expenses, charges, costs or other liabilities resulting from the gross negligence or wilful misconduct of EESI or its employees or agents acting within the scope of their employment, EESI shall not be liable to a Customer, whether in tort, contract, strict liability or otherwise, for any loss, damage, expense, charge, cost or other liability of any kind suffered or incurred by the Customer arising out of or in any way connected with any interruption, defect, irregularity, failure, de-energization, curtailment or reduction in Regulated Rate Service. For the purpose of this Section 7.2, "direct losses, damages, expenses, charges, costs or other liabilities" shall not include any loss, damage, expense, charge, cost or liability of an indirect, special, exemplary, punitive or consequential nature including, without limitation, loss of revenues, loss of profits, loss of earnings, loss of contract, loss of opportunity, cost of capital, business interruption, cost of replacement Energy, claims of a Customer's customers, contractors and other third parties or any other similar loss, damage, expense, cost or liability

whatsoever, whether or not any such loss, damage, expense, cost or liability was foreseeable.

Any claim by a Customer for losses, damages, expenses, charges, costs or other liabilities must be filed with EESI within 180 days from the date of occurrence of the incident that is the subject of the claim, failing which EESI shall have no liability to the Customer for any such losses, damages, expenses, charges, costs or other liabilities.

7.3 Distribution Tariff

Each Customer shall be obligated for the Service Connection to a Site to permit the Customer to receive Regulated Rate Service. Each Customer is bound by, and shall comply with, all provisions of the Distribution Tariff applicable to the Customer. At the request of EESI, a Customer will enter into an agreement with EPCOR Distribution confirming that the Customer is bound by the applicable provisions of the Distribution Tariff.

Pursuant to these RRO Terms EESI is the Authorized Customer Representative of a Customer as defined in the Distribution Tariff, and in that capacity EESI is obligated to make payments on behalf of the Customer in respect of the Customer's Distribution Access Service. Accordingly, each Customer shall pay to EESI all Distribution Access Charges that EESI, as the Customer's Authorized Customer Representative, is obligated to pay to EPCOR Distribution under the Distribution Tariff.

In addition to all other remedies available to EESI upon default by the Customer of its obligations provided under these RRO Terms, EESI shall be entitled to request EPCOR Distribution for de-enrollment of service for the Customer in accordance with the Distribution Terms, so that EESI's financial obligation for the Customer is terminated, effective in accordance with the Distribution Terms.

7.4 Indemnification by Customer

Each Customer shall indemnify and hold EESI and its employees and agents harmless from and against any claim for any loss, damage, expense, charge, cost (including legal fees on a solicitor-and-his-own-client basis), fine, penalty or other liability of any kind suffered or incurred by EESI arising out of or in any way connected with any failure by the Customer or the Customer's Facilities to comply with EPCOR Distribution's Distribution Tariff or any legal or regulatory requirement related to Distribution Services.

ARTICLE 8 - DISPUTE RESOLUTION

If any dispute between EESI and a Customer shall arise at any time in connection with the Regulated Rate Tariff, EESI and the Customer, acting reasonably and in good faith, shall use their reasonable efforts to resolve the dispute in an amicable manner. If the dispute cannot be otherwise resolved pursuant to this Section 8, a senior representative

of EESI and the Customer shall meet to attempt to resolve the dispute. If EESI and a Customer are not able to resolve their dispute in the manner provided in this Section within a reasonable time, EESI and the Customer may enforce in Alberta any rights and remedies they may have in respect of such dispute under any applicable Alberta laws.

ARTICLE 9 - MISCELLANEOUS

9.1 Compliance with Applicable Legal Authorities

EESI and the Customer are subject to, and shall comply with, all existing or future applicable federal, provincial and local laws, all existing or future orders or other actions of the System Controller or of governmental authorities having applicable jurisdiction. EESI will not be required to violate, directly or indirectly, or become a party to a violation of any requirement of the System Controller or any applicable federal, provincial or local statute, regulation, bylaw, rule or order in order to provide Regulated Rate Service to any Customer. EESI's obligation to provide any Regulated Rate Service is subject to the condition that all requisite governmental and regulatory approvals for the provision of the Regulated Rate Service will have been obtained and will be in force during the period of Regulated Rate Service.

9.2 Assignment

The rights of a Customer under the Regulated Rate Tariff or any Regulated Rate Service Agreement are not assignable.

Any assignment in violation of this Section shall be void.

9.3 No Waiver

The failure of EESI to insist on any one or more instances upon strict performance of any provisions of the Regulated Rate Tariff or any Regulated Rate Service Agreement, or to enforce any of its rights hereunder or thereunder, shall not be construed as a waiver of any such provisions or the relinquishment of any such right or any other right hereunder or thereunder, which shall remain in full force and effect. No term or condition or breach of a term or condition of the Regulated Rate Tariff or any Regulated Rate Service Agreement shall be waived unless the waiver is in writing and duly executed by an authorized officer of EESI.

ARTICLE 10 - END OF REGULATED RATE SERVICE

10.1 Small Commercial Customers

After December 31, 2003, EESI will no longer be providing Electricity Services under the Regulated Rate Tariff to those Customers who are Small Commercial Customers ("Non-

Eligible Customers”). Commencing on January 1, 2004, EESI will provide to each Non-Eligible Customer who has not made arrangements to purchase Electricity Services from EESI or another Retailer, and that Non-Eligible Customer will receive, Electricity Services under EESI's SLR Tariff.

10.2 All Customers

After December 31, 2005, EESI will no longer be providing Electricity Services under the Regulated Rate Tariff to Customers. Commencing on January 1, 2006, EESI will provide to each Customer who has not made arrangements to purchase Electricity Services from EESI or another Retailer, and that Customer will receive, Electricity Services under EESI's SLR Tariff.

RRO – Schedule 3

Agreement for Regulated Rate Option Energy Services

THIS AGREEMENT is made effective as of the first day of January 2001.

BETWEEN:

EPCOR DISTRIBUTION INC., a corporation under the laws of the Province of Alberta (hereinafter referred to as "**EPCOR Distribution**")

OF THE FIRST PART

- and -

EPCOR ENERGY SERVICES INC., a corporation under the laws of the Province of Alberta (hereinafter referred to as "**EESI**")

OF THE SECOND PART

WHEREAS EPCOR Distribution is obligated under the EUA, RRR Regulation and RRO Regulation, until December 31, 2005, to act as a Retailer and make Electricity Services available to RRO Eligible Customers within its service area who are deemed to have elected to purchase Electricity Services under a Regulated Rate Tariff or who chose to purchase Electricity Services under a Regulated Rate Tariff instead of from another Retailer (the "**RRO Obligations**");

WHEREAS EPCOR Distribution is entitled to make arrangements with another Person to perform any or all of its RRO Obligations;

WHEREAS EPCOR Distribution wishes to make arrangements with EESI to perform, and EESI wishes to perform, all of EPCOR Distribution's RRO Obligations;

WHEREAS this Agreement sets out the arrangement between EPCOR Distribution and EESI in respect of the performance of EPCOR Distribution's RRO Obligations in relation to arranging for the purchase of Energy on behalf of, and the provision of Energy to, RRO Eligible Customers under the RRO Tariff.

NOW THEREFORE THIS AGREEMENT WITNESSES that in consideration of the premises and of the mutual covenants and agreements contained in this Agreement, the receipt and sufficiency of which is hereby acknowledged, the parties hereto do hereby covenant and agree as follows:

1.0 INTERPRETATION

1.1 Definitions

In this Agreement including the recitals hereto unless otherwise indicated or the context otherwise requires, the following words and expressions shall have the following meanings:

“**AEUB**” means Alberta Energy and Utilities Board.

“**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.

“**Business Day**” means a “business day” as defined in the RRR Regulation.

“**EESAI**” means EPCOR Energy Services (Alberta) Inc.

“**Electricity Services**” means “electricity services” as defined in the EUA.

“**Energy**” means “electric energy” as defined in the EUA, expressed in kilowatt hours.

“**EUA**” means the *Electric Utilities Act*, S.A. 1995, c.E-5.5, including the regulations enacted thereunder, as re-enacted, amended or replaced from time to time.

“**Exchange**” means “exchange” as defined in the EUA.

“**Monthly Base Product**” means a Base Product having a one-month term.

“**Monthly Off-Peak Product**” means a Monthly Off-Peak (6x8+S) Product, a Monthly Off-Peak (7x8) Product, a Monthly Super Off-Peak (6x18+S) Product or a Monthly Super Off-Peak (7x18) Product having a one-month term.

“Monthly Off-Peak (6x8+S) Product” means an Off-Peak (6x8+S) Product having a one-month term.

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

“Monthly Peak Product” means a Monthly Peak (6x16) Product, a Monthly Peak (7x16) Product, a Monthly Super Peak (6x6) Product or a Monthly Super Peak (7x6) Product.

“Monthly Peak (6x16) Product” means a Peak (6x16) Product having a one-month term.

“Monthly Peak (7x16) Product” means a Peak (7x16) Product having a one-month term.

“Monthly Product” means a Monthly Base Product, a Monthly Peak Product or a Monthly Off-Peak Product.

“Monthly Super Off-Peak (6x18+S) Product” means a Super Off-Peak (6x18+S) 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 Super Peak (7x6) Product” means a Super Peak (7x6) Product having a one-month term.

“Monthly Super Peak (6x6) Product” means a Super Peak (6x6) Product having a one-month term.

“Off-Peak (6x8+S) Period” means the period from 0:00 hours to 7:00 hours and from 23:00 hours to 0:00 hours, Monday through Saturday inclusive, Including the Peak (6x16) Period on NERC Holidays and including Sundays.

“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 (6x8+S) Periods, Off-Peak (7x8) Periods, Super Off-Peak (6x18+S) Periods and Super Off-Peak (7x18) Periods and **Off-Peak Period** means any of an Off-Peak (6x8+S) Period, Off-Peak (7x8) Period, Super Off-Peak (6x18+S) 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 (6x8+S) Product” means an agreement to supply power during an Off-Peak (6x8+S) Period.

“Off-Peak (7x8) Product” means an agreement to supply power during an Off-Peak (7x8) Period.

“One-Year Base Product” means a Base Product having a one-year term.

“One-Year Off-Peak Product” means a One-Year Off-Peak (6x8+S) Product or a One-Year Off-Peak (7x8) Product.

“One-Year Off-Peak (6x8+S) Product” means an Off-Peak (6x8+S) Product having a one-year term.

“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 (6x16) Product, a One-Year Peak (7x16) Product.

“One-Year Peak (6x16) Product” means a Peak (6x16) Product having a one-year term.

“One-Year Peak (7x16) Product” means a Peak (7x16) Product having a one-year term.

“One-Year Product” means a One-Year Base Product, a One Year Peak Product or a One Year Off-Peak Product.

“Peak (6x16) Period” means the period from 7:00 hours to 23:00 hours, Monday through Saturday inclusive, excluding NERC Holidays.

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

“Peak Periods” means Peak (6x16) Periods, Peak (7x16) Periods, Super Peak (6x6) Periods and Super Peak (7x6) Periods and **Peak Period** means any of a Peak (6x16) Period, Peak (7x16) Period, Super Peak (6x6) 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 (6x16) Product” means an agreement to supply power during a Peak (6x16) Period.

“Peak (7x16) Product” means an agreement to supply power during a Peak (7x16) Period.

“Person” means a person, firm, partnership, corporation, organization or Rural Electrification Association or other association, and includes an individual member thereof.

“Price Schedule” means the Price Schedule, approved by Bylaw 12368 – Schedule 1.

“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 (6x8+S) Product or a Quarterly Off-Peak (7x8) Product.

“Quarterly Off-Peak (6x8+S) Product” means a Off-Peak (6x8+S) Product having a one-Quarter term.

“Quarterly Off-Peak (7x8) Product” means a Off-Peak (7x8) Product having a one-Quarter term.

“Quarterly Peak Product” means a Quarterly Peak (6x16) Product or a Quarterly Peak (7x16) Product.

“Quarterly Peak (6x16) Product” means a Peak (6x16) Product having a one-Quarter term.

“Quarterly Peak (7x16) Product” means a Peak (7x16) Product having a one-Quarter term.

“Quarterly Product” means a Quarterly Base Product, a Quarterly Peak Product, or a Quarterly Off-Peak Product.

“Regulated Rate Service” means the services available under the RRO Tariff.

“Regulator” means the Municipal Council of the City of Edmonton.

“Retailer” means a “retailer” as defined in the EUA.

“RRO Eligible Customer” means an “eligible customer” as defined in Section 1 (b) of the RRO Regulation.

“RRO Regulation” means the *Regulated Rate Option Regulation*, MO 2/2000.

“RRO System Delivery and Billing Agreement” means the Agreement for Regulated Rate Option System Delivery and Billing, approved by Bylaw 12368 – Schedule 4.

“RRO Tariff” means the RRO Tariff, including the RRO Terms, the Price Schedule, this Agreement approved by Bylaw 12368 - Schedule 3, and the RRO System Delivery and Billing Agreement.

“RRO Terms” means the Terms and Conditions of the Regulated Rate Option, approved in accordance with Bylaw 12368.

“RRR Regulation” means the *Roles, Relationships and Responsibilities Regulation*, AR 86/2000.

“Super Off-Peak (6x18+S) Period” means the period from 0:00 hours to 16:00 hours and 22:00 hours to 0:00 hours, Monday through Saturday inclusive, excluding NERC Holidays.

“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 (6x18+S) Product” means an agreement to supply power during a Super Off-Peak (6x18+S) Period.

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

“Super Peak (6x6) Period” means the period from 16:00 hours to 22:00 hours, Monday through Saturday inclusive, including holidays.

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

“Super Peak (6x6) Product” means an agreement to supply power during a Super Peak (6x6) Period.

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

1.2 Number and Gender

Words used herein importing the singular number only shall include the plural and vice versa and words importing the use of any gender shall include all genders.

1.3 Amendments to Agreements and Law

References herein to any agreement or instrument, including this Agreement, shall be deemed to be a reference to the agreement or instrument as varied, amended, modified, supplemented, or replaced from time to time and any specific reference herein to any enactment of law shall be deemed to include reference to such enactment as the same may be amended or re-enacted from time to time and every statute that may be substituted therefor and, in the case of any such amendment, re-enactment and substitution, any reference to such enactment shall be read as referring to such enactment as so the amended, re-enacted or the statute substituted therefor, as the case may be.

1.4 Headings

The division of this Agreement into Articles, Sections and other subdivisions, the provision of a table of contents and the insertion of headings are for convenience of reference only and are not to be used in construing or interpreting this Agreement or any portion thereof.

2.0 ENERGY SERVICES

2.1 Energy Services

EESI shall be responsible for performing EPCOR Distribution's RRO Obligations in relation to arranging for the purchase of Energy to supply RRO Eligible Customers and for providing Energy to RRO Eligible Customers under the RRO Tariff.

2.2 Energy Price

The charges for Energy for the purposes of the Price Schedule shall be determined as follows:

- (a) Subject to Section 2.2(c), for each calendar year during the term of this Agreement, EESI will issue to Persons that EESI, acting reasonably, considers qualified, one or more requests for proposals (“RFP”) to supply Base Products and Peak Products for the following calendar year. The level of Energy load subject to the RFPs, the mix of Base Products and Peak Products and the mix of One-Year Products, Quarterly Products and Monthly Products will be at EESI’s discretion. The RFPs may include Energy load that EESI requires for purposes other than servicing RRO Eligible Customers under the RRO Tariff. EESI will endeavour to enter into agreements with the persons offering to provide the required load at the lowest price.
- (b) The prices either paid by EESI under agreements to purchase Base Products or Peak Products or established pursuant to Section 2.2(c) shall be used for the purposes of the calculation of the Energy Charge under this Section.
- (c) If a forward market for Base Products or Peak Products develops that EESI, acting reasonably, considers suitable, then EESI at its discretion may use quotations or transactions from the forward market to establish the price for Base Products or Peak Products, as the case may be, to be used for the purposes of the calculation of the Energy Charge in place of the RFP process. As an alternative, EESI may calculate the Energy Charge using prices of Base Products and Peak Products acquired or deemed to be acquired for EESI customers, through the

implementation of the Energy Price Setting Plan approved by the AEUB for EESAI in respect of EESAI's Regulated Rate Option obligations in the Aquila Networks Canada (Alberta) Ltd. service area

- (d) The Energy Charge, expressed in \$ per kWh, for each rate classification of RRO Eligible Customers for each quarter of a year will be determined as follows:

The Energy Charge (**EC**) applicable to each EESI RRO Rate Classification (as defined in the EESI Regulated Rate Option Price Schedule) for each Quarter in 2003 and 2004 will be determined as follows:

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

where:

“Peak Energy Portfolio Price” is the Peak Energy Portfolio Price for that Quarter, expressed in \$/MWh, determined through the procurement and price setting process described in subsections (a) through (c) above.

“RCFPLP” is the Rate Classification Forecast Peak Load Portion, as determined by EESI 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 by EESI in accordance with the Energy Price Setting Plan approved by the AEUB for EESAI for the same quarter.

“LF” is the aggregate Line Loss Factor which is applicable to the EESI RRO Rate Classification for which the AEC is being determined:

EESI RRO Rate Classification	Line Loss Factor
Residential Service	1.0393
Security Light Service	1.0393
Commercial Service < 50 kVA	1.0393
Commercial Service > 50 kVA	1.0393

“HC” is a factor of 1.015 on account of hedging cost.

“**PTC**” is the Alberta Power Pool trading charge, set at \$0.136/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

EESI may from time to time amend the calculation of the Energy Charge set out in this section as may be required to reflect its costs or to conform to the Energy Charge Schedule approved by the AEUB for EESAI. Notwithstanding any other provision of this Agreement to the contrary, EESI may include in the Energy Charge for purposes of the Price Schedule, the return margin on Distribution Access Charges and System Access Charges determined in accordance with section 2.4 of the Agreement for Regulated Rate Option System Delivery and Billing made between EESI and EPCOR Distribution effective January 1, 2001, as amended from time-to-time.

3.0 FRANCHISE FEE CHARGE

EESI is entitled to include the appropriate Franchise Fee in Schedule 1.

4.0 TERM

The term of this Agreement shall commence on the date hereof and shall continue in full force for a period ending on December 31, 2005.

5.0 INDEMNITY

EESI shall indemnify and hold EPCOR Distribution harmless from and against any claim by any third party for any loss, damage, expense, charge, cost (including legal fees on a solicitor-and-his-own-client basis), fine, penalty or other liability of any kind suffered or incurred by EPCOR Distribution arising out of any failure by EESI to carry out EPCOR Distribution's RRO Obligations in accordance with the RRO Tariff including this Agreement and the RRO System Delivery and Billing Agreement, to the extent such failure is not caused or contributed to by EPCOR Distribution.

6.0 GENERAL

6.1 Further Assurance

The parties shall with reasonable diligence perform all acts, execute and deliver all documents and instruments, do all such things and provide all such reasonable assurances as may be necessary or desirable to give effect to the provisions of this Agreement.

6.2 Enurement

This Agreement shall enure to the benefit of and be binding upon EPCOR Distribution and EESI and their respective successors and permitted assigns.

6.3 Assignment

This Agreement shall be assignable by either party as necessary in connection with any bona fide financings, financing leases, reorganizations and mergers but this Agreement shall not otherwise be assigned by either party without the prior written consent of the other party which consent each of the parties covenants not to unreasonably withhold. Notwithstanding any permitted assignment the assignor shall continue to remain liable for the performance of obligations under this Agreement unless such assignor is released therefrom by instrument in writing signed by the other party.

IN WITNESS WHEREOF this Agreement has been duly executed by the parties hereto under their respective corporate seals attested by the signatures of their respective officers duly authorized in that behalf effective as of the day and year first above written.

EPCOR DISTRIBUTION INC.

Per: _____

Name: Ken Rowes

Title: President

Date:

EPCOR ENERGY SERVICES INC.

Per: _____

Name: Cairine MacDonald

Title: President

Date:

(S.2, Bylaw 13232, November 26, 2002)

RRO – Schedule 4

Agreement for Regulated Rate Option System Delivery and Billing

THIS AGREEMENT is made effective as of the first day of January, 2001.

BETWEEN:

EPCOR DISTRIBUTION INC., a corporation under the laws of the Province of Alberta (hereinafter referred to as "**EPCOR Distribution**")

OF THE FIRST PART

- and -

EPCOR ENERGY SERVICES INC., a corporation under the laws of the Province of Alberta (hereinafter referred to as "**EESI**")

OF THE SECOND PART

WHEREAS EPCOR Distribution is obligated under the EUA, RRR Regulation and RRO Regulation, until December 31, 2005, to act as a Retailer and make Electricity Services available to RRO Eligible Customers within its service area who are deemed to have elected to purchase Electricity Services under a Regulated Rate Tariff or who chose to purchase Electricity Services under a Regulated Rate Tariff instead of from another Retailer (the "**RRO Obligations**");

WHEREAS EPCOR Distribution is entitled to make arrangements with another Person to perform any or all of its RRO Obligations;

WHEREAS EPCOR Distribution wishes to make arrangements with EESI to perform, and EESI wishes to perform, all of EPCOR Distribution's RRO Obligations;

WHEREAS this Agreement sets out the arrangement between EPCOR Distribution and EESI in relation to the performance of EPCOR Distribution's RRO Obligations in relation to the provision to RRO Eligible Customers under the RRO Tariff of Distribution Access Service, System Access Service and Billing Service.

NOW THEREFORE THIS AGREEMENT WITNESSES that in consideration of the premises and of the mutual covenants and agreements contained in this Agreement, the receipt and sufficiency of which is hereby acknowledged, the parties hereto do hereby covenant and agree as follows:

1.0 INTERPRETATION

1.1 Definitions

In this Agreement including the recitals hereto unless otherwise indicated or the context otherwise requires, the following words and expressions shall have the following meanings:

“Billing Service” means revenue cycle service, calculation of bills, disclosure of bills, bill payment, customer communications and other administrative costs.

“Business Day” means a “business day” as defined in the RRR Regulation.

“Distribution Access Service” means “distribution access service” as defined in the EUA provided to Customers by means of EPCOR Distribution’s Distribution System under the Distribution Tariff.

“Distribution Services Agreement” means an agreement in the form of Schedule “A” to EPCOR Distribution’s Distribution Tariff.

“Distribution System” means “electric distribution system” as defined in the EUA.

“Distribution Tariff” means, at any point in time, EPCOR Distribution’s price schedule and terms and conditions for the provision of Distribution Access Service approved by the Regulator and in effect at such time.

“Electricity Services” means “electricity services” as defined in the EUA.

“Energy” means “electric energy” as defined in the EUA, expressed in kilowatt hours.

“**EUA**” means the *Electric Utilities Act*, S.A. 1995, c.E-5.5, including the regulations enacted thereunder, as re-enacted, amended or replaced from time to time.

“**Facilities**” means physical facilities including, without limitation, transmission and distribution lines, wires, transformers, meters, meter reading devices and other electrical apparatus.

“**Price Schedule**” means the Price Schedule, approved by Bylaw 12368 – Schedule 1.

“**RRO Regulation**” means the *Regulated Rate Option Regulation*, MO 2/2000.

“**RRR Regulation**” means the *Roles, Relationships and Responsibilities Regulation*, AR 86/2000.

“**Regulated Rate Service**” means the services available under the RRO Tariff.

“**Regulator**” means the Municipal Council of the City of Edmonton.

“**Retailer**” means a “retailer” as defined in the EUA.

“**RRO Eligible Customer**” has the meaning set out in section 1 (b) of the RRO Regulation.

“**RRO Energy Services Agreement**” means the Agreement for Regulated Rate Option Energy Services, approved by Bylaw-12368 - Schedule 3.

“**RRO Tariff**” means the RRO Tariff, approved by Bylaw 12368, including the RRO Terms, the Price Schedule, the RRO Energy Services Agreement, approved by Bylaw-12368 – Schedule 3, and this Agreement.

“**RRO Terms**” means the Terms and Conditions of the Regulated Rate Option approved in accordance with Bylaw 12368.

“**Service Connection**” means the Facilities required to physically connect a Customer’s Facilities to EPCOR Distribution’s Distribution System.

“**Site**” means, in relation to a Service Connection for a RRO Eligible Customer, EPCOR Distribution’s meter or another point designated by EPCOR Distribution located on the RRO Eligible Customer’s premises.

1.2 Number and Gender

Words used herein importing the singular number only shall include the plural and vice versa and words importing the use of any gender shall include all genders.

1.3 Amendments to Agreements and Law

References herein to any agreement or instrument, including this Agreement, shall be deemed to be a reference to the agreement or instrument as varied, amended, modified, supplemented, or replaced from time to time and any specific reference herein to any enactment of law shall be deemed to include reference to such enactment as the same may be amended or re-enacted from time to time and every statute that may be substituted therefor and, in the case of any such amendment, re-enactment and substitution, any reference to such enactment shall be read as referring to such enactment as so the amended, re-enacted or the statute substituted therefor, as the case may be.

1.4 Headings

The division of this Agreement into Articles, Sections and other subdivisions, the provision of a table of contents and the insertion of headings are for convenience of reference only and are not to be used in construing or interpreting this Agreement or any portion thereof.

2.0 Distribution Access Service and System Access Service

2.1 Distribution Access Service and System Access Service

EESI shall be responsible for performing EPCOR Distribution's RRO Obligations in relation to the provision to RRO Eligible Customers under the RRO Tariff of Distribution Access Service and System Access Service as provided in this Agreement. Under the

RRO Terms EESI is responsible for arranging for Distribution Access Service for RRO Eligible Customers receiving service under the RRO Tariff. Under the Distribution Tariff, EPCOR Distribution is responsible for providing Distribution Access Service, and arranging for the provision of System Access Service, to customers in its service area. EESI, as a Retailer, will arrange for Distribution Access Service for its RRO Eligible Customers under EPCOR Distribution's Distribution Tariff by entering into a Distribution Services Agreement with EPCOR Distribution who will arrange for System Access Service for EESI's RRO Eligible Customers in accordance with its Distribution Tariff.

2.2 RRO Eligible Customer Information

EPCOR Distribution will provide EESI with information in relation to RRO Eligible Customers as necessary to permit EESI to carry out its obligations in relation to the RRO Tariff. The information to be provided will include, without limitation, the name and address of all RRO Eligible Customers in EPCOR Distribution's service area, the name and address of all RRO Eligible Customers who are deemed under the RRR Regulation to have elected to purchase Electricity Services under the RRO Tariff, the Site ID Numbers for the Site(s) of all RRO Eligible Customers.

2.3 Enrollment of RRO Eligible Customers

Upon EESI entering into a Distribution Services Agreement with EPCOR Distribution and satisfying EPCOR Distribution's conditions thereunder for providing Distribution Access Service to Retailer, EPCOR Distribution will enroll all RRO Eligible Customers who are deemed under the RRR Regulation to have elected to purchase Electricity Services under the RRO Tariff and their respective Sites for Distribution Access Service effective January 1, 2001.

2.4 Distribution Access Service and System Access Service Charges

The process of calculating the charges for System Access Service and Distribution Access Service is intended to result in charges which recover the costs payable under the Distribution Tariff plus a return margin of 3.75%. The mechanical application of this process is described below. If unforeseen changes in the Distribution Tariff require changes to the mechanical process in future, then those changes will be made to best insure that these charges operate as intended. In any event, the return margin is not subject to change and the return margin may be collected from customers as a separate charge on their bills or as part of the energy charge or of any other charge on their bills.

The charges for System Access Service and Distribution Access Service shall at EESI's discretion be either: (a) those charges that EESI is billed by EPCOR Distribution for System Access Service and Distribution Access Service; or, (b) calculated as follows (in either case the return margin of 3.75 % shall apply). This calculation will be updated for each change in the Distribution Tariff.

- (a) For each rate class EESI will forecast the annual wholesale billing determinants. For each rate class, this includes:
 - (i) the number of customers
 - (ii) the annual On-peak kWh energy consumption at the wholesale level
 - (iii) the annual and Off-peak kWh energy consumption at the wholesale level
 - (iv) the billing demand in kW
 - (v) the billing demand in kVA.

(b) For each rate class the forecast annual cost for each component of the Distribution Tariff is calculated by multiplying the wholesale billing determinants above by the applicable charges in the Distribution Tariff. This process results in the following annual costs in dollars:

Annual System Access Demand Cost (“SADC”)
 Annual System Access Energy Variable Cost (“SAEVC”)
 Annual System Access On-peak Pool Price Cost (“SAOOPC”)
 Annual Distribution Access On-peak Variable Cost (“DAONVC”)
 Annual Distribution Access Off-peak Variable Cost (“DAOFFVC”)
 Annual Distribution Access Site Cost (“DASC”)
 Annual Distribution Access Minimum Variable Cost (“DAMVC”)
 Annual Distribution Access Demand Cost (“DADC”)

(c) For each rate class EESI will forecast the retail billing determinants. For each rate class this includes:

- (i) the number of customers (“NC”)
- (ii) the annual kWh energy consumption at the retail meter level (“AE”)
- (iii) the peak demand in KVA for the Commercial > 50 kVA class only. (“KVA”)

(d) Each Charge is calculated separately and as follows for each rate class:

System Access Service Charge
 $= (SADC+SAEVC+SAOOPC) * RM /AE$

For Residential, Security Lights and Commercial < 50 kVA:

Distribution Access Service Charge
 Per kWh component =
 $(DAONVC+DAOFFVC+DAMVC+DADC)* RM /AE$
 Per month component = $((DASC) * RM /NC)/12$

For Commercial > 50 kVA:

Distribution Access Service Charge
 Per kWh component = $(DAONVC+DAOFFVC+DAMVC) * RM /AE$
 Per kVA per month component = $((DADC) * RM /KVA)/12$
 Per month component = $((DASC) * RM /NC)/12$

Where, RM is equal to 1.0375 to provide a 3.75% return margin charge.

3.0 BILLING SERVICES

3.1 Billing Services

EESI also shall be responsible for performing EPCOR Distribution's RRO Obligations in relation to the provision to RRO Eligible Customers under the RRO Tariff of Billing Service as necessary to carry out the RRO Tariff.

3.2 Billing Charges

EESI's charge for providing Billing Service set out in the Price Schedule shall remain fixed for the term of this Agreement.

4.0 FRANCHISE FEE

EESI is entitled to include the appropriate Franchise Fee in Schedule 1.

5.0 TERM

The term of this Agreement shall commence on the date hereof and shall continue in full force for a period ending on December 31, 2005.

6.0 GENERAL

6.1 Further Assurance

The parties shall with reasonable diligence perform all acts, execute and deliver all documents and instruments, do all such things and provide all such reasonable assurances as may be necessary or desirable to give effect to the provisions of this Agreement.

6.2 Enurement

This Agreement shall enure to the benefit of and be binding upon EPCOR Distribution and EESI and their respective successors and permitted assigns.

6.3 Assignment

This Agreement shall be assignable by either party as necessary in connection with any bona fide financings, financing leases, reorganizations and mergers but this Agreement shall not otherwise be assigned by either party without the prior written consent of the other party which consent each of the parties covenants not to unreasonably withhold. Notwithstanding any permitted assignment the assignor shall continue to remain liable for the performance of obligations under this Agreement unless such assignor is released therefrom by instrument in writing signed by the other party.

IN WITNESS WHEREOF this Agreement has been duly executed by the parties hereto under their respective corporate seals attested by the signatures of their respective officers duly authorized in that behalf effective as of the day and year first above written.

EPCOR DISTRIBUTION INC.

Per: _____

Name: Ken Rowes

Title: President

Date:

EPCOR ENERGY SERVICES INC.

Per: _____

Name: Cairine MacDonald

Title: President

Date:

(S.2, Bylaw 13232, November 26, 2002)