

AFTERWORD

New Beginnings

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2000 – 2002

BY
KEN WARREN

EPCOR adapted to Alberta’s restructured power market quickly and effectively; just a few years into the new century, the utility had doubled its customer base and vastly expanded its generating capacity. Yet EPCOR continued its environmental leadership and did its utmost to address the concerns of the general public.

BOOSTS TO EPCOR’S GENERATING CAPACITY

EPCOR continued to add to its generating capacity as the new century began. It often cooperated with other energy companies so it could incorporate a variety of different generating technologies into its portfolio. This expansion was part of the utility’s strategy to compete in global power markets. Most of EPCOR’s new acquisitions were far from the company’s traditional Edmonton stronghold, but the company worked to keep its local stations up-to-date.

A project that the utility began in the 1990s, the cogeneration plant located on the site of NOVA Chemical’s petrochemical site at Joffre, Alberta, became operational in the middle of 2000. EPCOR had a 40% share in this plant, which had the capacity to produce more than 400 MW of electrical power, as well as steam that is used for the production of ethylene and polyethylene.

On September 15 of the same year, EPCOR and Canadian Hydro Developers celebrated the opening of the Taylor’s Coulee Chute Hydro-electric Plant near Magrath in southern Alberta. The 12.7 MW facility uses water from an existing irrigation canal to generate power. EPCOR also purchased the 7 MW Brown Lake Hydro-electric Facility near Prince Rupert, British Columbia.

MILESTONES

2000

In January, EPCOR enters into a partnership with the University of Alberta worth \$1.125 million dollars.

In February, EPCOR purchases a 7 MW hydro-electric plant located near Prince Rupert, British Columbia.

In March, Canada’s Climate Change Voluntary Challenge and Registry honours EPCOR for its leadership in the reduction of greenhouse gases.

In August, EPCOR enters into a partnership with Westcoast Energy to complete a generating station located in Washington. This is EPCOR’s first foray outside of Canada.

On September 12, EPCOR acquires Engage Energy’s interest in Encore, which is now wholly owned by EPCOR.

On September 13, EPCOR announces an agreement to purchase power from the Weather Dancer wind turbine under construction near Brocket, Alberta.

Taylor’s Coulee Chute Hydro-electric Plant opens on September 15.



TOP LEFT: *Taylor's Coulee Chute Hydro-electric Plant near Magrath, Alberta.*

BOTTOM LEFT: *The 7 MW Brown Lake Hydro-electric Facility near Prince Rupert, British Columbia.*

operates at a much higher pressure and temperature than conventional ones. The new design also included advanced flue gas clean-up techniques. This would result in increased thermal efficiency and reduced air emissions. This new unit – designated as unit 3 – will be the first of its kind in Canada. The expansion project was approved on December 21, 2001, and construction started on January 7, 2002.

A GREAT PLACE TO WORK!

Early in the new millennium, EPCOR was recognized as being a great place to work.

Richard Yerema spent two years researching more than 30,000 Canadian companies. The result of his work was *Canada's Top 100 Employers*, a book published in the spring of 2000. In it, Yerema applauds policies and programs that made working at EPCOR more fun and enriching. Noted were a flexible benefits plan and an after-hours career development program. The benefits plan is notable because it allows employees to tailor benefits to fit their individual needs. Under the development program, employees could take courses after working hours, free of charge.

Yerema also praised EPCOR's excellent communications practice. As Don Lowry, president and CEO of EPCOR noted, "We work to keep everyone throughout the organization informed through accurate and timely

All the power generated at this plant was sold directly to BC Hydro.

EPCOR's acquisitions were not limited to Canada. In a partnership with another energy company, EPCOR purchased a partially-built 249 MW gas-fired generating plant in Frederickson near Tacoma, Washington. It is scheduled to come on stream in 2002.

As it expanded its interests elsewhere, EPCOR continued to enhance its existing assets. Early in the new century, plans were made to further expand the Genesee plant. This expansion would add about 450 MW to EPCOR's generating capacity. The plans entailed the use of the best technology commercially available: a supercritical boiler, which



communications – whether we have good news or bad.” Yerema also noted, interestingly, that the restructured market, and the subsequent transformation of EPCOR from a municipal department to a corporation, resulted in a workplace that was more challenging and enjoyable.

ONE OF CANADA’S LARGEST!

In 2000, EPCOR’s electricity retail customer base grew by 350,000 from a previous base of 270,000. This was a result of the addition of customers once supplied by TransAlta Utilities. UtiliCorp Networks Canada had acquired the distribution network and retail customers from TransAlta, and an agreement with EPCOR was negotiated. UtiliCorp would continue to own and operate the distribution system, and EPCOR would supply these new customers, unless some chose to exercise their option of purchasing energy from another provider. EPCOR’s customer base now covers more than half of the province of Alberta, a far cry from the small town utility of 100 years ago!

As a result of its participation in markets across the province, EPCOR now has a presence in Calgary. The EPCOR Centre for Performing Arts is located in Calgary, along with the Calgary Call Centre and EPCOR Place, an office tower in downtown Calgary.

In October of 2001, EPCOR made another acquisition, one that added nearly 900,000 customers to its base and established the utility in Ontario. EPCOR purchased Union Energy and Westcoast Capital, which were both previously owned by Westcoast Energy, Inc. Union Energy’s primary business was

renting water heaters to customers, though both it and Westcoast Capital also dealt in climate control products and servicing and natural gas sales. This purchase catapulted EPCOR to new heights: it became one of the nation’s top providers of energy and related services.

RESTRUCTURING

By January 1, 2001, the electrical market had been substantially restructured. Despite this, there remained a number of temporary measures in place that were designed to help both consumers and generators adjust to the new market. Power Purchase Agreements guaranteed sales for generating companies, protecting them from the sudden burden of bearing capital investments they had made under the more supportive old system. A Regulated Rate Option provided customers with a more stable electrical price than the new market could provide, and government rebates to cushion the combined blows of rapid load growth, hesitant generation development, and escalating natural gas prices. All of these insulating measures were needed as the market was restructured and power rates soared. A definitive verdict on the restructuring process has yet to be reached.

EPCOR’S ENVIRONMENTAL LEADERSHIP

In its second century, EPCOR continued to find new ways to balance environmental stewardship with financially viable electricity production; the super-critical boiler planned for Genesee is one manifestation of this effort. EPCOR’s efforts to reduce greenhouse gas emissions led to an award by Canada’s Climate Change Voluntary Challenge

MILESTONES *(continued)*

2000

EPCOR and a Finnish company announce the world’s largest trans-Atlantic trade of emission credits.

In December, EPCOR’s plans to expand Genesee are approved. The new units will come online in 2005.

The Canadian Electricity Association rates Clover Bar as first among Canadian thermal generating stations for availability and reliability.

EPCOR is named one of the best places to work in Canada.

2001

On January 1, deregulation of the electrical industry is completed.

EPCOR acquires customers previously supplied by TransAlta, making EPCOR’s retail base the largest in Alberta.

The Calgary Centre for the Performing Arts is renamed the EPCOR Centre for the Performing Arts.

EPCOR’s staff collects more than 1600 pounds of food for the Edmonton Food Bank in December.

In October, EPCOR purchases Union Energy from Westcoast Energy, bringing its customer base up to nearly 1.6 million across Canada.

CAIRINE MACDONALD

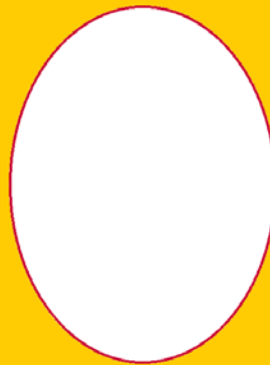
Cairine MacDonald was born and raised in Calgary, Alberta. She studied for her undergraduate degree at the University of Alberta and completed her MBA at the University of Western Ontario.

Cairine joined Edmonton Power in 1997, as vice president of Distribution and Transmission. She was appointed president of EPCOR Energy Services Inc. in 1999. In both capacities, she was responsible for the transition from a regulated utility to a competitive marketplace and oversaw the utility's electricity retail business. She also oversaw the acquisition and integration of both the customer base and the employees that EPCOR gained from UtiliCorp in late 2000. This acquisition doubled the customer base and size of Energy Services.

Prior to joining EPCOR, Cairine spent 15 years in the telecommunications industry, the last 3 as president

of TELUS Advertising Services (Edmonton) Inc.

Cairine has been chair of the Canadian Electricity Association - Customer Strategic Issues Working Group. She has also served on a number of voluntary committees and boards, including the Grant MacEwan College Foundation Board, the Citadel Theatre Board, and the Hire-



A-Student Society. She is also an active member of the Rotary Club.

Cairine is married to Bernie.

and Registry in March 2000. Minister of the Environment David Andersen and Minister of Natural Resources Ralph Goodale presented this honour to President Don Lowry to recognize EPCOR's efforts to reduce greenhouse gas emissions.

EPCOR's environmental policies had to account for its reliance on fossil fuels. Though the corporation owns generating stations that produce "green" power, the company had no choice, for a variety of reasons, but to continue to use thermal generating plants for much of its output.

One of the ways EPCOR compensates for its reliance on fossil fuels is through

carbon dioxide emission reduction credits. Companies better situated to take advantage of "green" power generation opportunities earn these credits by reducing emissions. These credits can be sold to companies, such as EPCOR, that do not have an opportunity to earn them. EPCOR Utilities and Fortum Corporation of Finland announced an agreement in November 2000 to trade energy emission credits. This was the world's largest trade of its kind.

EPCOR's Green Power program received a production boost in the fall of 2001, when the Weather Dancer 1 wind turbine, located near Brocket on the land of the Peigan First Nation, came

online. The 72 m high turbine, capable of producing sufficient electricity to power about 450 homes for a year, was a partnership between the Peigan Indian Utility Corporation and EPCOR.

"Weather Dancer 1 ties the traditional elements of our culture with the goal of development of new opportunities for the Peigan people," said Peter Strikes with a Gun, chief of the Peigan First Nation.

Our success with Weather Dancer 1 is allowing us to look ahead to a larger wind-power project, and a future where it may be possible for us to meet the energy needs of our own community. This will also bring new opportunities for the coming generations of the Peigan people.

The wind turbine was named after a ceremony that symbolizes human relationship with nature; this ceremony is performed at the Sundance. The 900-kW unit was manufactured by NEG Micon of Denmark; NEG had installed more than 7,000 similar turbines around the world at the time of the Weather Dancer commission.

INSPECTORS

Inspections had long been part of EPCOR's business by 2001. All municipally-approved electrical projects had to be inspected before they could proceed. Some types of electrical equipment also had to be inspected.

As EPCOR moved into the restructured market, and away from its past role as a municipal department, it decided to get out of the business of inspections. It found a way to do this without leaving a gaping hole in Edmonton's electrical industry, or laying

RIGHT: *The Weather Dancer wind turbine at Brocket in Southern Alberta.*

off employees that had committed many years to the company. A group of former employees – inspectors all – formed their own company, dubbed The Inspectors Group, Inc., and took over EPCOR’s inspection operation in the summer of 2001.

Stan Misyk, president of the new company, said that

all of us are really excited about the future. We have a lot of experienced people who have worked together for a long time. Now we have a new opportunity to use that experience and build on it in our own company.

NEW PARTNERSHIPS

At a reception held on the night of January 26, 2000, EPCOR and the University of Alberta unveiled a partnership between the two organizations worth \$1.125 million dollars.

The money, which would be given to the university over five years, would benefit the university’s faculties of business and engineering.

The Faculty of Business was to use its share, worth half a million dollars, to create EPCOR professorships in Energy Policy, Regulatory Economics, and Technology Commercialization. The Faculty of Engineering was to employ the balance of the funds to conduct research into fossil fuel combustion. EPCOR hoped that this would result in technology allowing for more efficient and environmentally-friendly coal combustion. Don Lowry noted that this was a field of vital importance to Alberta and to the energy industry, which remained dependent on fossil fuels.

A RELIABLE SOURCE

The Canadian Electricity Association gave Clover Bar’s four generating units top marks for availability and production reliability in the year 2000.

The Canadian Electricity Association uses these two measures to rank fossil-fuel burning units. “Availability” refers to how often a machine is available to supply needed power; “reliability” is a measure of how often a machine must be shut down for repairs.

Clover Bar’s units spent less time off line for maintenance than any of the other 86 fossil fuel burning generating units in Canada. They also performed reliably and within expectations whenever they were in operation.

In fact, six of EPCOR’s units – Clover Bar’s four and two of Genesee’s generators – ranked in the top ten for availability, while five of the utility’s units were in the top ten for reliability.

HOW TO SAVE?

Ever wondered how to increase the energy efficiency of your home? Or have you thought about your water consumption? Conservation can be a difficult problem for many. To assist the public, EPCOR introduced an internet-age solution.

By late summer, 2001, customers could visit EPCOR’s website and complete an on-line questionnaire. Their answers resulted in detailed reports, customized to the customer’s actual usage levels, that were available immediately. These reports displayed ways to save money as well as estimated savings.

The website also featured an “interactive house” and a library of material designed to help customers conserve resources.

INTO THE FUTURE

As the pressures of restructuring and marketplace competition mounted throughout the 1990s, Edmonton Power became a corporate identity of its own under the City of Edmonton, with a board of directors and responsibilities to shareholders. The ramifications of this process were not fully evident until the beginning of the new millennium. In just a few years, the utility that had served Edmonton for a century expanded its customer base and diversified its energy production portfolio. At the same time, EPCOR tempered its progress with environmental responsibility and a sensitivity towards its workforce and marketplace. One must wonder what Alex Taylor and the nine others who brought a few lights to the citizens of Edmonton in 1891 would think if they could see it now.

LEFT: *A page from EPCOR's on-line Energy Library.*