

BACKGROUNDER # 4: EDMONTON QUESTIONS & ANSWERS

1. Are there any impacts to customer rates or services provided by EPCOR?

There is no impact to customer power, water or wastewater rates and service levels, and there is no change in how rates and service levels are regulated as a result of this reorganization.

- The City of Edmonton continues to set Edmonton's water and wastewater rates and to regulate the local water utility;
- The Province of Alberta continues to regulate rates and service levels for EPCOR's power distribution customers and regulated electricity (RRO) retail customers.

Edmontonians get their power from Alberta's interconnected power grid and this will not change. EPCOR will continue to distribute power to Edmontonians through its wires business, and be the electricity retailer in Edmonton and the Fortis service territory for the Regulated Rate Option.

2. What is the anticipated impact on the EPCOR dividend to the City of Edmonton?

EPCOR paid a dividend of about \$130 million to the City of Edmonton in 2008. The plan is to maintain the existing dividend, and based on EPCOR's commercial success contribute to its further growth.

3. How will the "golden share" that keeps the power company in Edmonton work?

Capital Power will initially create three classes of shares, one of which will be a "Golden Share" to be issued only to EPCOR. The Golden Share will be non-voting except with respect to the right to veto any proposal to amend Capital Power's articles of incorporation to allow its head office to move to another location from Edmonton. The City will also have a veto over any head office location change.

4. How will the creation of Capital Power affect employment in Edmonton?

There will be no substantive change to employment in Edmonton. The plan supports long-term growth in high-quality employment at both Capital Power and EPCOR, as both companies implement their growth plans. As the two companies grow, the expectation is that additional good jobs will be created.

That said, as the two companies are separated and reorganized along functional lines, some individuals may be affected based on how their skills, abilities, experience and performance levels match the short- and long-term needs of the two companies.

In addition, EPCOR and Capital Power will honour the terms of all existing collective agreements and work collaboratively with union representatives to address any issues and/or concerns.

5. How will this decision affect the EPCOR Tower, which is under construction?

There will be no impact. Capital Power will become a tenant in the new building, and the building will continue to be called EPCOR Tower.

6. How will this decision affect EPCOR's suppliers?

Capital Power will honour the terms of all contracts for goods and services that support the power generation businesses.

7. Is the power generation portion of the Rossdale Integrated Utility site part of the transaction?

No. The Rossdale power generation site is being decommissioned. The remainder of the Rossdale site is still in use by the water and wires utility. The entire Rossdale site will remain with EPCOR, and EPCOR will carry out the decommissioning, while Capital Power will carry the liability for decommissioning.

8. Will there be any opportunities for Edmonton residents to participate in an IPO?

The company has requested that the Underwriters make arrangements to facilitate participation in the Offering by residents of the City of Edmonton, including by endeavouring to reserve some portion of the Common Shares offered under the prospectus for sale to such residents.