

A **93%**

In 2008, 93% of Edmontonians declared themselves satisfied with tap water quality.

B **88%**

88% of Edmonton residents and businesses who receive billing and related services were satisfied overall with services provided.

C **10,997**

By the end of 2008, we signed up 10,997 customers for electronic billing, saving about 44,000 sheets of paper per month.



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## REFLECTING ON OUR CUSTOMERS

Our customers include:

- ① More than one million people in over 75 communities, counties and large industrial companies in Alberta and B.C. who receive our water, wastewater and water distribution services.
- ② Municipalities for which we provide water, wastewater and water distribution services under a contract or agreement. See page 02.
- ③ Wholesale power customers in Canada and the U.S. throughout EPCOR's geographic footprint.
- ④ Industrial customers and municipalities that obtain natural gas and energy-related products and water services.
- ⑤ Edmonton residents and businesses, who are provided power over transmission and distribution lines that we install and maintain. They may also receive regulated rate (RRO) electrical service or default supply service. We also provide RRO service to the FortisAlberta service area, and applicable FortisAlberta Rural Electrification Associations and default supply in the FortisAlberta service area.
- ⑥ Residential and business customers who receive call centre and billing services for EPCOR companies (including water, natural gas, and electricity). We produced an average 663,772 bills each month in 2008. We also provide call centre and billing services on behalf of the City of Edmonton for its solid waste and sewer utilities.

## Water services and our customers

We own and operate Edmonton's water utility – and face financial penalties if we don't meet the requirements of the Performance Based Regulation (PBR) bylaw.

We were the first water utility in Canada to operate under PBR regulation. The City bylaw sets out detailed performance measures for customer service, the environment, water quality, system reliability and employee safety. It also ensures that customers receive stable and predictable rates over a five-year period and that neither water quality nor service "is sacrificed to keep rates low. We are allowed to recover our costs and earn an appropriate return on investment.

EPCOR has met or surpassed the City's performance requirements for all seven years that this regulation has been in place. We have helped Edmonton residents reduce per capita water consumption to 15% below the Canadian average for large, metered communities. We have done so while keeping water rate increases lower than inflation.

The City of Edmonton continues to set the water rates for all customers. As an incentive to use water wisely, the single family residential rates in Edmonton increase when a household uses more than 60 cubic metres (60,000 litres) of water per month.

In 2008, these rates ranged from \$1.54/m<sup>3</sup> (per cubic metre) to \$1.59/m<sup>3</sup>.

### Reducing demand

We want our customers to understand their water consumption and energy use and find ways to reduce it. Our website – [www.epcor.ca](http://www.epcor.ca) – offers water efficiency

and energy guides, plus tips, calculators and tools to help customers save energy and water around their homes or small businesses. It includes a tool that provides a detailed online audit of a customer's home with personalized analysis and recommendations, as well as an extensive library of resources. The annual summer conservation program advises residents on wise outdoor water use. In the past 20 years, single-family residential outdoor use has dropped from 20 litres a day (l/c/d) per customer to a five-year average of 14 l/c/d. Overall, the average metered Canadian community uses 266 l/c/d versus a five-year average of 226 l/c/d in Edmonton for single family residences and apartments.

### Water quality testing

Drinking water guidelines are determined by Health Canada. Alberta Environment sets additional standards and issues water treatment operating licences for provincial communities. In addition, EPCOR sets its own internal quality standards, which are typically more stringent than those set by government.

We monitor the physical, chemical and microbiological characteristics of the drinking water we produce. In Edmonton, our water was regularly checked for 353 different substances to meet provincial standards and national guidelines. Over 99,000 water quality tests were carried out internally by EPCOR's accredited laboratory, and an additional 5,500 tests were sent to external laboratories for analysis. Plant operators perform additional water quality tests for plant process control. Water quality data are also supplied by 150 electronic online analyzers that run 24 hours a day.

### Water quality index

*The index refers to how well we comply with our own water quality standards, which are generally more stringent than regulatory standards. The results for 2008 are 99.8%, unchanged from 2007. Standard performance, as set out in Edmonton's Performance Based Regulation bylaw, is 99.6%. The 0.2% of tests that were non-compliant usually occurred following a water main break, valve repair or mains flushing. They were local events and remedied in less than 24 hours.*



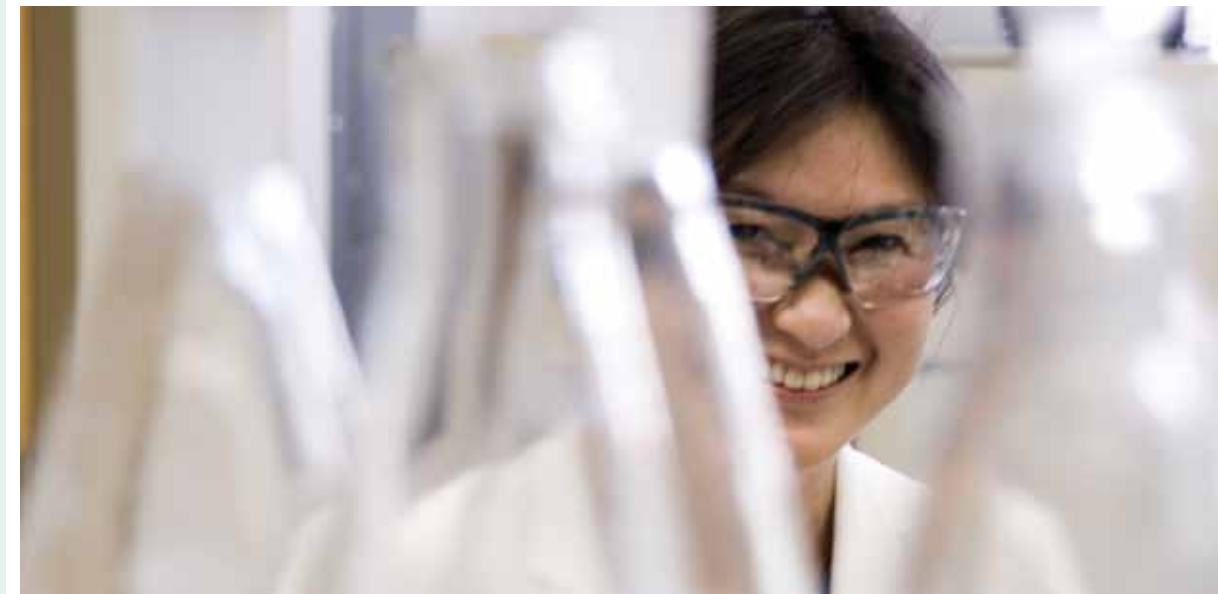
## CASE STUDY: WATER QUALITY ASSURANCE

EPCOR's Quality Assurance Laboratory scored the highest among 68 labs across Canada and the U.S. in tests administered by the U.S. Environmental Protection Agency (EPA) in 2008. Most of the labs are in major U.S. cities.

EPCOR did so well in this testing that the EPA took notice and contacted us to find out the secret of our success.

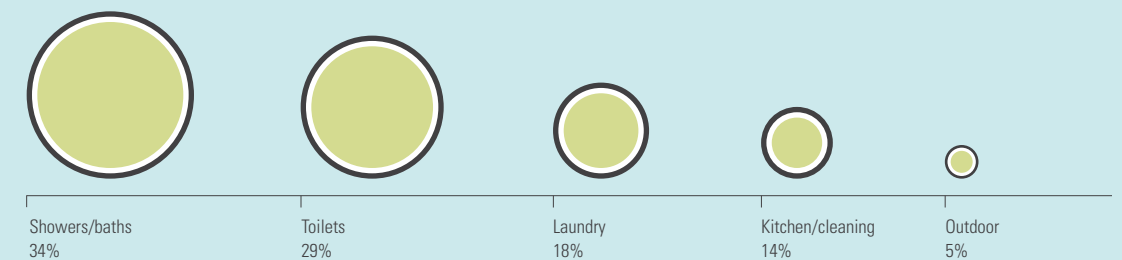
"We've been doing these kinds of tests for 15 years and we're highly experienced with them," said Dr. Les Gammie, Director, Quality Assurance. "Our methods just got better and better over time and we have a highly experienced lab team who do an excellent job."

EPCOR's lab is also accredited by the Canadian Association for Laboratory Accreditation Inc., the highest level for an environmental lab in Canada. It's one of only two in Canada accredited by the EPA for the testing of Cryptosporidium and Giardia.



Laboratory technologist Sharon Lu.

### TYPICAL HOUSEHOLD WATER CONSUMPTION



## Distribution and transmission and our customers

EPCOR Distribution & Transmission Inc. (EDTI) operates electric power transmission systems, controls the transmission of electricity and distributes it to customers, primarily within the City of Edmonton. It owns and operates substations and transmission lines that form part of the Alberta Interconnected Electric System. EDTI is regulated by the Alberta Utilities Commission (AUC) and is ISO 14001 certified.

In 2008, EDTI distributed approximately 14% of Alberta's total energy consumption to 299,715 residential and 35,735 commercial consumers in Edmonton. Power distribution volumes in 2008 totalled 7.2 million megawatt hours, up from 7 million the previous year. Line losses totalled 179 megawatt hours compared with 176 the previous year.

The overall Customer Service Index for EDTI was 86.8% in 2008 compared to 86.4% the previous year. This is based on a survey of customers who pay the regulated rate and contacted EDTI over the year. The target is a minimum of 80%.

**The System Average Interruption Frequency Index (SAIFI)** is commonly used as a reliability indicator. SAIFI represents the average number of interruptions that a customer would experience, calculated by dividing the total number of customer interruptions over the course of a year by the number of customers served.

### AVERAGE NUMBER OF POWER OUTAGES PER CUSTOMER

EPCOR customers 2008	1.18
EPCOR customers 2007	1.19
EPCOR customers 2003-2007	1.06
Canadian urban average 2003-2007	1.44

**The Customer Average Interruption Duration Index (CAIDI)** gives the average outage duration that any given customer would experience. CAIDI can also be viewed as the average restoration time.

### AVERAGE LENGTH OF POWER OUTAGES [minutes (m):seconds (s)]

EPCOR customers 2008	48:36
EPCOR customers 2007	57:36
EPCOR customers 2003-2007	48:36
Canadian urban average 2003-2007 Region 1 (urban utilities)	94:12



### DISASTER AND PANDEMIC PLANNING

Our priority is to ensure the safe and reliable delivery of power and water to our customers. We have comprehensive incident response and business continuity plans in place for each of our facilities and for our power and water operations.

For example, we have developed plans to respond to a potential pandemic influenza to help maintain a sufficient healthy workforce and enable the company to deliver reliable power and water to customers in such an event.

#### *When the cold snaps*

*The first week of February 2008 marked one of the most severe cold snaps in years for the Edmonton region. Our employees trudged through deep snow, grappled with frozen equipment and dug into rock-hard ground.*

*Some of them got wet repairing water main breaks; some did essential aerial work on power lines in piercing winds. But they kept going and did their jobs, following cold weather safe work practices, working to keep the power and water flowing to our customers.*

*Crews from our McCauley Water Works, assisted by Transportation Services and volunteers from other areas, handled more than 30 water main breaks around the city, including 12 in one day and 10 the next day. The extreme weather caused the ground to shift and break the mains. Crews worked flat out and made most of the repairs within 24 hours or less.*

*Meanwhile, a team of employees provided temporary water supplies. They also met with homeowners and businesses and posted repair status update notices on the larger buildings.*

*On the job repairing water main breaks in Edmonton.*



## Helping and protecting our customers



### ENERGY SERVICES AND OUR CUSTOMERS

EPCOR Energy Alberta Inc. (EEAI) provides regulated rate (RRO) electricity and customer service to residential, farm and small commercial business consumers. See *Who are our customers* on page 41.

Each year, two surveys are done by a third-party firm and reported to the Alberta Utilities Commission: an overall survey based on a random sample of all our regulated customers and a transactional survey, based on a random sample of customers who had recently contacted EPCOR.

**Survey results for 2008** Overall satisfaction – EEAI exceeded the Alberta Utilities Commission minimum performance standard (75% customers satisfied overall) with more than 88% of customers satisfied. This compares with 85% satisfied in 2007. Increasing cost was the most frequently cited reason among those dissatisfied.

**Electronic billing** We encourage our retail customers to save paper and postage by using an online bill delivery system operated by Canada Post. Epost allows EPCOR's regulated rate customers to view and pay their utility bills online, reducing the amount of paper involved in mailing bills to customers every month. Using Epost reduces the costs associated with producing bills by about 29% per bill. By the end of 2008, we had signed up 10,997 customers, representing a savings of 43,988 sheets of paper per month.

### HOW THE CODE OF CONDUCT PROTECTS CUSTOMERS

Our electric utility employees must make a personal commitment to understand and follow codes that protect our electricity customers.

We operate under the Alberta Code of Conduct Regulation, which is aimed at promoting fair and orderly development of the electricity market in Alberta. The regulation is designed to ensure fairness to customers and retailers, protection of customer information and proper business practices.

In the same way, the EPCOR Inter-Affiliate Code of Conduct provides standards and conditions for interaction between EPCOR's "utility" (regulated) and "non-utility" (non-regulated) affiliates. It is designed to prevent cross-subsidization between utilities and utility affiliates, protect confidential customer information collected in the course of providing utility service and ensure that non-utility affiliates and their customers do not have preferential access to utility services.

Our compliance plan, approved by the Alberta government's Market Surveillance Administrator, sets out systems, policies and procedures to ensure that EPCOR, its employees, officers, agents and contractors meet Code requirements.

All our Alberta employees are required to take refresher training every three years to ensure they understand and follow Code requirements. They must sign off to show they have taken the training. Employees in other jurisdictions are responsible for being familiar with the concepts and the requirements of the Code. All new employees are made aware of the Code requirements and the Compliance Plan when they join EPCOR. In addition, all utility employees must be provided with compliance awareness materials and sign an acknowledgement that they agree to abide by these requirements.

Each quarter, senior management in the areas affected must complete a management certificate indicating whether EPCOR has conducted its business in a manner that complies with the Code. The Chief Compliance Officer prepares a report each quarter for the government's Market Surveillance Administrator indicating any identified non-compliance or complaints and the action taken.

### Fair competition statement

Under the Code, regulated customers must be told that they are free to choose a retailer and be aware of the Fair Competition Statement:

*"Electricity products and services are competitive. You are free to choose a retailer. Regulated wires services are not dependent upon the retailer you choose. You can find a listing of licensed Alberta retailers on the Utilities Consumer Advocate (UCA) website, or call 310-4-UCA (Toll free in Alberta)."*

In an informal quality assurance process, we reviewed a select number of calls made or received by our 165 customer service agents in Alberta. Each agent makes or receives approximately 8,000 calls a year. Seven calls per agent were reviewed; of 1,155 reviewed calls, 10 were non-compliant, when agents failed to provide customers with the Fair Competition Statement. There were no incidents of non-compliance with the Fair Competition Statement for labelling (customer materials, marketing materials, and advertising). There were also no complaints about non-compliance with the Advertising Standards Council.

### Complaints process

*Any customer, employee, stakeholder or member of the public can file a complaint to anyone at EPCOR under the Code of Conduct Regulation. Particulars of any complaint are forwarded to the EPCOR Chief Compliance Officer, who must acknowledge receipt of it within five business days and attempt to resolve the matter within 21 days. Complaints are reported to the Alberta Utilities Commission, the Market Surveillance Administrator and EPCOR's Board of Directors.*

*This section contains information and data relating to GRI performance indicators PR3, PR4, PR5, PR6, PR7, PR9, EU7, EU21, EU24, EU25, EU28, EU29, EN26. More information is found in the Supplemental Performance Indicators section on page 70.*