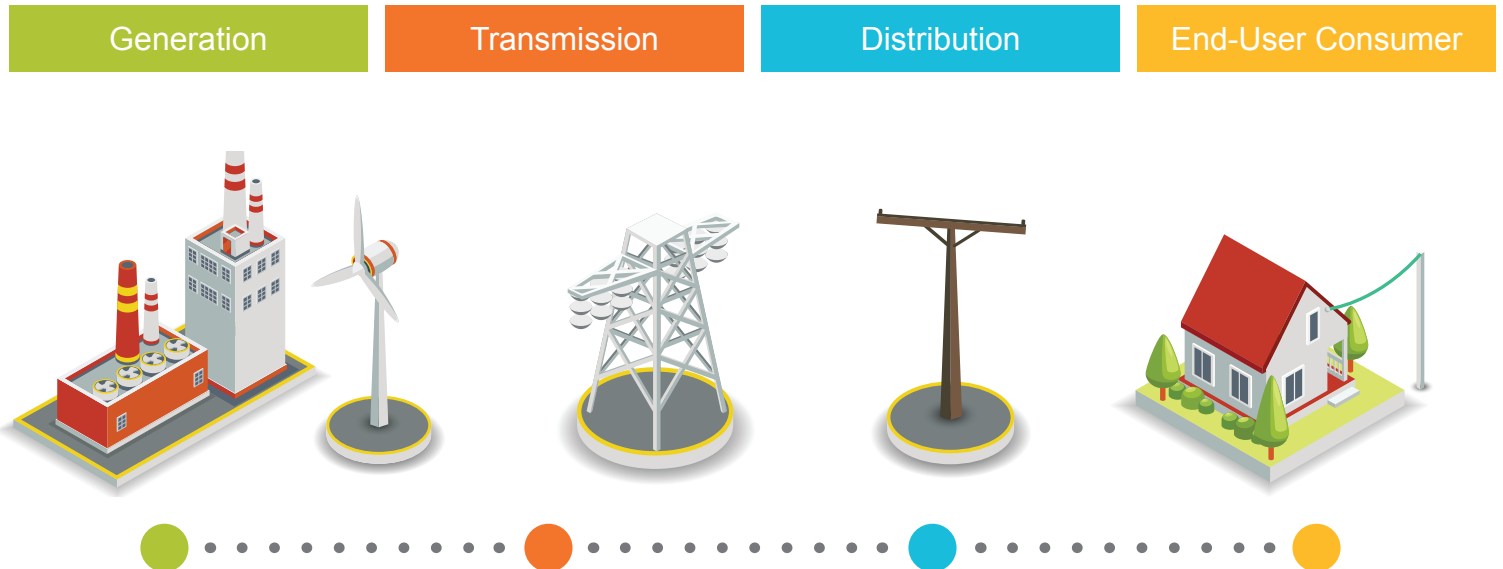


Electricity Delivery in Alberta – Role and Costs of Each Player

We receive many inquiries from members regarding the various line items and costs of their electricity delivery. West Wetaskiwin REA wants to ensure that members are aware there is only one component of the delivery system which is 'controlled' by your REA and that is Distribution. We hope the following helps in understanding what our role and responsibility is.

There are four key components to the delivery of electricity as follows.



GENERATION

Generation facilities are owned by private investors or municipalities who build and operate these facilities. As of June 2016, it is reported that Alberta's various fuel sources of electricity generation include: co-generation (28%), hydro (5%), biomass (3%), wind (9%), gas & other (16%) and coal (38%). Alberta currently has 16,423 megawatts of electricity capacity.

Alberta's Climate Leadership Plan calls for the phasing out of coal-fired electricity in favor of cleaner sources by 2030. This will be achieved by:

- having 30% of Alberta's electricity come from renewable sources by 2030;
- allowing coal units to convert to natural gas where viable; and
- creating a market for private investment in technologies, such as cogeneration.

Of the 18 coal-fired generating units in Alberta, six had planned to operate beyond 2030. As part of the transition, the government will provide transition payments to the companies which were originally slated to operate their coal-fired units beyond 2030. The government maintains that transition payments will be paid from revenues generated by Alberta's price on industrial carbon emissions – not from consumer electricity bills.

For power troubles or service requests, contact: FortisAlberta (the distribution system operator for West Wetaskiwin REA): Toll-free: 1-855-333-9473 or 780-310-9473

For REA inquiries contact:
West Wetaskiwin REA
R.R. #1 Station Main,
Wetaskiwin, Alberta T9A 1W8
Phone: 780-335-9378 (WEST)
E-mail: westwet@telus.net
www.westwetaskiwinrea.com

For billing or account inquiries contact:
Battle River Power Coop
Box 1420
Camrose, Alberta T4V 1X3
Toll-free: 1-877-428-3972
E-mail: brpc@brpower.coop
www.brpower.coop

TRANSMISSION

Transmission is the high-voltage infrastructure which moves electric energy to distribution centers and to large industrial consumers. In Alberta, transmission facilities are built, owned, operated, and maintained by Transmission Facility Owners (TFOs). TFO's include AltaLink (60%), ATCO (36%), EPCOR (1%), ENMAX (1%), and some smaller entities (2%) and as of 2016, the total transmission line length in Alberta was recorded at 25,295 kilometers.

The cost of transmission (facilities and operation) is recovered through transmission rates charged to consumers who pay in proportion to their use of the transmission system. The transmission rate is approved by the Alberta Utilities Commission. Rates are applied to members according to consumption and collected by the respective electricity retailers/West Wetaskiwin REA. This amount is a 'flow through'; all the funds collected are applied to the transmission cost.

DISTRIBUTION

Once electricity has travelled long distances via the transmission system, it is then distributed to consumers through the distribution system. Distribution lines are owned and operated by a mixture of investor-owned utilities, municipalities and Rural Electrification Associations (REAs). Some REAs manage their own lines and others contract the construction and maintenance to a third party, as is the case with West Wetaskiwin REA (WW REA).

WW REA contracts FortisAlberta to operate your distribution system. One key responsibility of your Board of Directors is to manage that contractor relationship and ensure that effective and efficient services are provided within the annual financial agreement. Annually, the Board of Directors establishes a Distribution Tariff (DT) which is applicable to members. This DT is established under cooperative business principles and does not factor in any profits like the large corporate power companies. Rather the WW REA tariff is established to cover the actual costs of operating the system and your REA.

The Board constantly reviews the system operations and is proactive in researching potential methods to minimize costs. For example, as reported at the Annual General Meeting, the Board took it upon themselves to research potential solutions for less costly but effective vegetation management. As a result the contractor will implement pilot/trials in six locations which will incorporate spraying after mulching. Results will be reviewed to determine if this method should be adapted for the complete WW REA distribution system.

END-USER CONSUMER

Albertans, including WW REA members, may choose to receive their electricity from a retail energy provider contract or the Regulated Rate Option (RRO). It is important to note that members will not be disadvantaged in any way based on their retailer choice and that your distribution system provider will remain West Wetaskiwin REA.

For information on energy retailers, you may contact the Utilities Consumer Advocate: 310-4-UCA or visit www.westwetaskiwinrea.com for a list of retailers within our area. Please ensure that you read and understand any contractual agreements you are considering.

If you are not signed to a retailer contract, you automatically receive the RRO. The RRO is a default option rate that may increase or decrease monthly as it is priced on the open market. However from June 2017 to June 2021, the Alberta government has implemented a ceiling on the RRO of 6.8 cents per kilowatt hour. Currently Battle River Power Coop, under the Cooperative Communication and Billing Agreement, provides the RRO (as well as billing and member services) for West Wetaskiwin REA.

Regulated
Rate
Option



The Regulated Rate Option (RRO) may increase or decrease from month to month as it is priced on the open market and subject to many factors relating to supply and demand. It is not a 'regulated' rate, rather is a default rate. If you do not have a contract with an electricity retailer, then you are on the RRO. For May, 2018 RRO is priced at \$0.05358 per kWh, reflected on your enclosed orange bill. For June, 2018 the RRO is priced at \$0.05912 per kWh.

It is very important to note that your electrical distribution system provider will always be the West Wetaskiwin REA, regardless of who supplies your electricity. Members will not be disadvantaged in any way based on their retailer choice.

For a list of energy retailers, contact the Utilities Consumer Advocate: 310-4-UCA (310-4822) or www.ucahelps.alberta.ca. If you do not have a contract with an electricity retailer, then you are on the default Regulated Rate Option (RRO). The RRO rate is listed on www.westwetaskiwinrea.com

Information on West Wetaskiwin's Code of Conduct Regulation Compliance Plan can be found on our website: www.westwetaskiwinrea.com