

**ENMAX 2004 REGULATED RATE TARIFF AND DISTRIBUTION TARIFF – Calgary
QUESTIONS AND ANSWERS
September 29, 2004**

As the distributor of electricity to customers in and around Calgary, ENMAX Power must charge electricity retailers for delivering power to their customers. As well, under provincial regulation, ENMAX Power must provide a regulated rate to residential and small commercial customers for electricity service. Electricity Retailers pass these charges, also known as tariffs, on to their customers. On September 28, the Alberta Energy and Utilities Board (EUB) set the final 2004 Distribution Tariff (DT) and the administration component of the Regulated Rate Tariff (RRT) for ENMAX customers in the Calgary area.

1. What are Regulated Rate Tariffs?

Regulated Rate Tariffs (RRTs) are rates for electricity service required under Alberta government legislation and regulations. RRTs provide a regulated rate for residential and small commercial customers. These customers have the opportunity to choose non-regulated, competitive price offers from electricity retailers if they wish. If customers do not choose a supplier, they will be provided with the RRT.

2. Who provides service under the RRT?

The Distribution System Owner (DSO) (also known as the Wires Service Provider) is required to provide the RRT to eligible customers in their service area. ENMAX Power is the DSO in the Calgary area. ENMAX Power has contracted ENMAX Energy to perform the RRT service in the Calgary area.

3. What are Distribution Tariffs?

The Distribution Tariff or DT sets out the charges that DSOs require to ensure safe and reliable electricity through its distribution system. It also includes the distribution system access fees DSOs pay to the Alberta Electric System Operator (AESO).

4. Who sets the RRT and DT for ENMAX?

For Calgary area customers, the RRT and DT are regulated by the Alberta Energy and Utilities Board (EUB). In other areas of the province where ENMAX has contracts to provide RRT service, such as Red Deer, Lethbridge and several smaller southern Alberta communities, the RRTs and DTs are regulated by those municipal governments. The RRT for the communities of Fort Macleod, Crowsnest Pass and Cardston mirror Calgary rates based on the contractual agreement between those communities and ENMAX Energy.

5. What are ENMAX's DT and RRT for 2004?

The tariffs vary between different customer groups. All customer segment groups receive the DT. Only residential and small commercial customers receive RRT. This decision relates to the administration component of the RRT. The energy component of the RRT was set by the EUB earlier in 2004.

6. When will the new rates appear on customer bills?

The new rates in the Calgary area will come into effect November 1, 2004.

7. Will the difference between the interim rates and the new approved rates be credited back to customers?

Yes, the difference between interim rates set in January 1, 2004 and these final rates in November will be credited back to customers. The exact amount and method of the credit is still being reviewed by the EUB.

8. How will I receive the credit?

ENMAX is proposing crediting customers over a 12 month period beginning November 1, 2004 and continuing to October 31, 2005. The EUB is still reviewing this proposed methodology.

9. How much of a credit will each customer receive?

The amount of the refund will vary between customer rate groups. For example residential customers will see an average of approximately \$2.50 per month.

10. How often do rates change?

Distribution Tariffs only change if the DSO goes through an application process with the EUB. DSOs can choose to apply for DT rates yearly or every two years. The RRT can also change after the provider goes through an application process with the EUB, which occurs yearly. The energy portion of the RRT is comprised of a fixed and variable component. The variable component is known as the EMCR (Energy Market Charge or Refund) which is adjusted quarterly.

11. I signed a competitive retail contract with a competitor and discontinued my service with ENMAX Energy. How will I be receiving my credit?

You will need to contact your Retailer to determine how and when any credit you may be entitled to receive will be returned to you.

12. I signed a contract with ENMAX Energy. Will I receive a credit?

Customers who have signed a competitive retail contract for their energy portion are not on the RRT and therefore are not entitled to receive the RRT credit. However, they will receive a credit back for the DT. Customers who were on contract prior to, or starting January 1, 2004, will not receive an RRT administration refund. Generally, contracted customers pay a reduced administration fee, which is less than the RRT administration rate.

13. I've moved out of Calgary but was paying the higher rates before I moved, will I receive a credit?

No. The refund is not on a per customer basis but rather a site basis. For example if you move from Calgary this month you will not get a refund. If you just move to Calgary on November 1, 2004, you will get a refund.

14. What does this decision mean for the company?

The overall impact to the company is an estimated reduction in net earnings of approximately \$29 million dollars in 2004. The most significant item causing this impact is the discontinuance of the historical practice of using utility rates to fund the equity needed to expand the distribution system to meet customer demand. This has been the approved practice under City of Calgary regulation for over 70 years. The decision also reduced the RRT profit margins and lowered recoverable costs related to water and waste water billing services provided to The City of Calgary.

15. How will ENMAX fund expansion of the distribution system in the future?

It is unknown at this time.

16. Where can ENMAX customers find more information on these changes or other billing inquiries?

Customers can visit enmax.com or call our Customer Contact Centre at 310-2010.

17. Does ENMAX Energy offer any options to customers other than the RRT?

Yes. For those customers that prefer the certainty of contractual arrangements, ENMAX Energy offers fixed-price, variable term electricity contracts to all residential and commercial customers in Alberta. For full details of these offers, visit enmax.com or call our Customer Contact Centre at 310-2010, toll-free from anywhere in Alberta.

You are not required to purchase contracted electricity or other goods and services from ENMAX Energy to receive regulated electricity services from ENMAX Power (or your electric distribution system owner, if different from ENMAX Power). You are free to choose other retailers. You can find a listing of licensed retailers in Alberta at www.customerchoice.gov.ab.ca or by calling 310-4455.