

CUSTOMER REPORT

Every part of making, moving and marketing electricity is about providing this essential service to our customers safely, reliably and responsibly. From residential customers to small businesses and to large industries, we aim to always be open, knowledgeable, responsive and respectful.

In 2012, we continued to meet customer needs with solutions-focused retail offerings, providing customer education and choice through our EasyMax® by ENMAX Energy program, our Generate Choice® program and our Commercial Market team.

Despite severe storms throughout the year and an order from the AESO to manage load that resulted in rolling blackouts for some ENMAX Power customers, in 2012 our reliability performance was once again industry-leading. Our customer satisfaction scores were similarly excellent.

It was also an active year with respect to the regulatory environment, and we participated in a number of reviews and hearings. We continue to advance our positions, based on sound economic and engineering principles. We believe our views and our business model are aligned with Alberta consumers' interests.

All of these achievements underscore our new brand, which captures our spirit, energy and commitment to top performance: We're on for you.

THE WORLD BENEATH OUR FEET

Many ENMAX customers have come to expect a high degree of reliability and go about their daily personal and work routines without a second thought about the electricity that makes a high-quality lifestyle possible. That's a reason that electricity is invisible to many of our customers. The cables that keep downtown Calgary humming are out of sight – hidden underground.

ENMAX Power's Network Systems services all of downtown Calgary and the Beltline area to the south and west. Beneath the grates that dot downtown sidewalks is a system that includes 875 transformers, more than 270 kilometres of primary cable and 650 kilometres of secondary system cable installed in 1,550 kilometres of concrete conduit. There are 340 street vaults and some 1,300 manholes. Outside the core, ENMAX Power also has three underground networks that support three of the city's largest shopping malls.

The reliability that Calgary's downtown has come to depend on has a long history. The City began installing underground conduit and manholes prior to paving streets in 1910. Then in 1934, The City made a crucial decision that would become the key to electrical reliability in Calgary's core today, by approving installation of a secondary network – the first of its kind in Canada.

With this complex system in place, reliability in Calgary's downtown is industry-leading. Outages on the downtown core network have totaled less than seven hours since 1994. Even system maintenance can often be conducted without power interruption.

This exceptional reliability has actually drawn businesses such as banking and data centres to downtown Calgary. For businesses with major data systems, even a minor power outage is a major business risk and they rely on the downtown Calgary network to keep their business running no matter what the circumstances.

Employees of the Network Systems group take special training to keep themselves and the public safe while maintaining and expanding this vital yet unseen infrastructure. Crews work near energized cables, often in confined spaces that can be wet, cold and dark. And because they're working in the city's core, pedestrian and vehicle traffic awareness is also very important.

The foresight of The City of Calgary in the 1930s, and the hard work of the ENMAX planners and crews who maintain the system, means that businesses in Calgary's downtown core don't need to worry about the invisible power that drives their businesses and our economy.

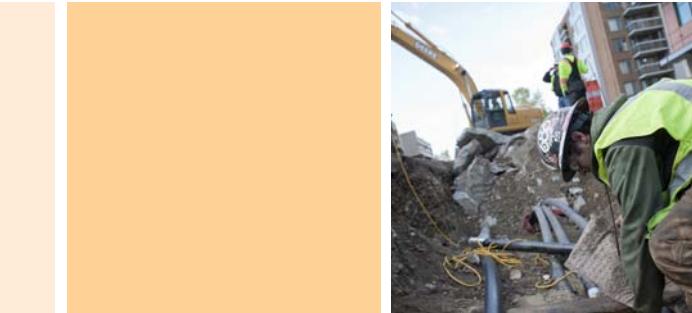
ENMAX CUSTOMER FACTS

In 2012, we were on for our customers, including:

- Serving 448,349 metered customers in Calgary and surrounding area, and over 835,000 retail metered customer locations throughout Alberta
- Being the provider of choice to 59 per cent of Alberta's residential market share for customers who have chosen a competitive retailer, and 21 per cent of Albertans overall
- Answering 652,638 calls at our customer care centre, including 16,251 calls in mid-September – our busiest five-day week ever
- Achieving 82 per cent in first-call resolution and 79 per cent in customer satisfaction
- Averaging a trouble response time of 33 minutes
- Selling 19,509 gigawatt hours (GWh) of electricity and 49,536 terajoules (TJ) of natural gas under ENMAX Energy contracts
- Supporting 6,071 single-detached housing starts in Calgary, through ENMAX Power's underground residential development group – the highest number since 2008
- Installing the 100th Generate Choice home renewable system in Calgary

"IF YOU KNEW WHAT'S UNDERGROUND, YOU'D BE AMAZED."

– Gary Fitzpatrick,
Manager, Electrical Engineering



DISTRIBUTION AUTOMATION

Distribution automation (DA) technology quickly restores power to customers in the event of an outage. Through this technology and various other procedures, ENMAX has saved 20 million minutes of potential outage time over the life of DA (approximately two years' worth of saved outage time).

JULY ROLLING OUTAGES: A CHALLENGE MET

On July 9, 2012, electricity demand across Alberta soared. With record high temperatures, thousands of customers turned on air conditioners and farms put irrigation systems into service. Province-wide electricity demand rose to 9,885 MW – a new summertime record. Peak load in the province reached more than 98 per cent of total capacity.

Meanwhile, several generating units in Alberta coincidentally experienced forced outages due to high ambient temperatures. After two units went down in the morning and mid-afternoon, the Alberta Electric System Operator (AESO) declared a level 1 Energy Emergency Alert, instructing utility companies across the province to shed interruptible load. Within 33 minutes, as other generating units went offline, the AESO alert escalated to a level 2 and then a level 3, requiring utility companies to restrict electricity supply. This was the first time in six years that the AESO declared a level 3 Energy Emergency Alert.

Under the AESO directive, ENMAX Power began a series of controlled power outages, affecting some 56,000 customers in total. Over a period of about three hours, power was sequentially cut to seven different areas in Calgary and the surrounding region, for up to 30 minutes in each area. The last of these outages was lifted at about 5:11 p.m. as provincial generating capacity was restored.

Senior personnel were on hand in our system control centre. ENMAX Power contacted the Calgary Emergency Management Association (CEMA) and other organizations to communicate outage information.

ENMAX Power managed the situation well, drawing on our robust emergency management tools and trained, experienced system operators. Upon post-event examination, we identified ways to enhance our communications with our customers and the public including clarifying communication responsibilities with the AESO. As a result, we launched a social media outage program in late 2012, which includes posting public outage notifications on our website.

Our customers count on a high reliability of supply; however, the electric system is a complex machine and in certain infrequent situations interruptions of supply on a controlled basis to some customers must be undertaken to ensure the overall reliability of the system. In this situation ENMAX Power, in close cooperation with the AESO and other Alberta utilities, was well prepared and executed prepared contingency plans to prevent a much more serious event. Incidents such as these provide opportunities to examine our procedures in real-life applications and to make improvements. Our commitment to supplying safe, reliable electricity to our customers, while always being open and responsive to our customers needs, informs all our plans, procedures and actions.

MEETING THE STREETLIGHT CHALLENGE

The City of Calgary owns more than 90,000 streetlights and ENMAX Power Services is contracted to provide their maintenance. Rapid growth, coupled with aging infrastructure in older areas of the city, led to an increased backlog of repair service requests in 2011. In 2012, ENMAX Power Services worked closely with The City to implement enhanced processes to alleviate the backlog and address customer concerns. As a result, the number of out-of-service streetlights was reduced to less than one per cent of all streetlights, well below the performance threshold set by The City.

SUPPORTING COMMERCIAL CUSTOMERS ACROSS ALBERTA

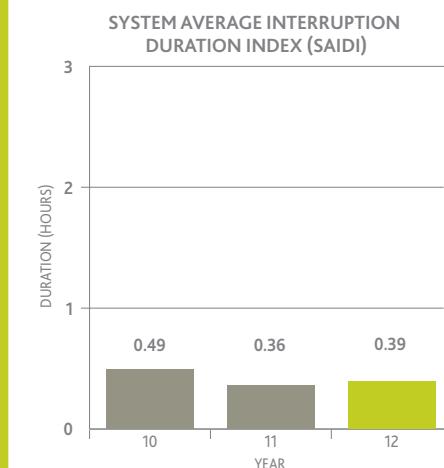
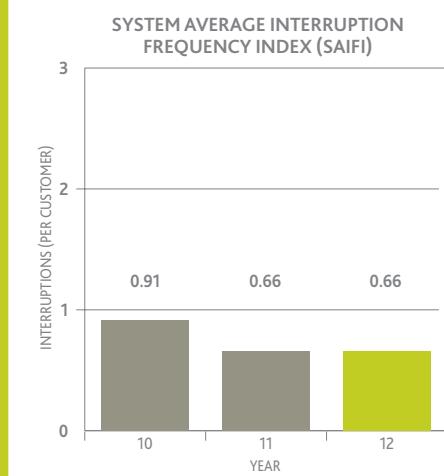
In addition to residential customers, ENMAX Energy serves over 20,000 commercial customers across the province – from small businesses to large corporations, institutions and industries. This side of our business, called Commercial Markets, primarily offers retail electricity and natural gas products, and also provides unique value-added services that include enhanced energy management for the oil and gas industry and The City of Calgary, as well as high-speed data communication services through ENMAX Envision.

Commercial customers continue to choose ENMAX across all of its channels for our high-touch, consultative service model and flexible, competitively priced products. Education is a large part of our focus and we continue to look for new ways to help businesses make informed decisions about their energy purchases. ENMAX Energy representatives routinely work with many municipalities, associations and other membership groups to educate businesses on market conditions that can impact their bottom line. The more a customer knows and understands, the better we can assist them.

AREA FOR ACTION: CUSTOMER

Reliability is critical to customer satisfaction and welfare. Ensuring excellent reliability is part of our core strategy to continue to provide safe, reliable and cost-effective transmission and distribution services to Calgarians while meeting the challenges of our growing and expanding city.

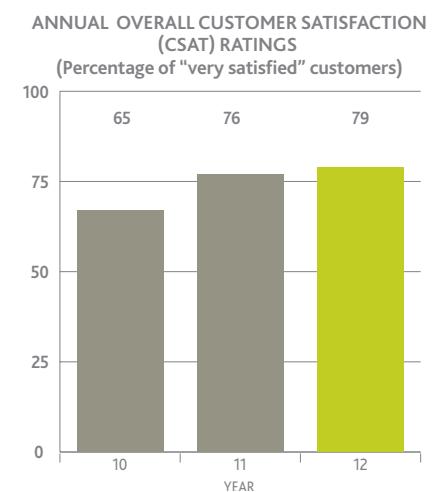
To track our reliability performance, we monitor the average number of power service interruptions of one minute or more experienced by a customer in a year (System Average Interruption Frequency Index - SAIFI) and the average duration of a power service interruption experienced by a customer throughout a year (System Average Interruption Duration Index - SAIDI).



AREA FOR ACTION: CUSTOMER

Achieving top-quartile customer satisfaction while maintaining an effective cost structure is behind our customer service objective.

We achieved 79 per cent on this metric in 2012, which places us in the top quartile of comparable North American energy companies. We are proud of this achievement; excellence in customer care is among our top priorities.



*monthly weighted average of customers rating their interaction with ENMAX Encompass as "Very Satisfied" per the customer interaction survey with Service Quality Management.

RETAIL MARKET REVIEW AND THE REGULATED RATE OPTION

Out-of-service generation coupled with increased demand resulted in higher than average Regulated Rate Option (RRO) prices in late 2011 and early 2012. Consumer concerns about RRO volatility prompted the provincial government to review the Alberta retail electricity market. The price volatility affects the RRO, the electricity rate paid by consumers who choose not to access electricity from a competitive retailer. ENMAX has RRO-based customers in Calgary, Red Deer, Ponoka, Cardston, Crowsnest Pass and Fort MacLeod. Customers on our EasyMax fixed-rate program did not experience price volatility.

In ENMAX's view, working markets often exhibit price volatility. Further, Alberta's retail electricity market structure allows consumers to protect themselves from price volatility by investigating and choosing competitive fixed price retail contracts. Accordingly, ENMAX made presentations to the government's committee expressing our confidence in the ability of competitive markets to meet the needs and wants of Alberta's consumers. Indeed, ENMAX stated that the government's ultimate goal should be to rely fully on competitive retailers.

That being said, ENMAX also recognizes that competitive markets can only adequately meet consumers' needs if certain fundamental conditions are met, including:

- Policy stability that reflects a fundamental long-term commitment to developing a competitive retail market
- The transition to full reliance on competitive retailers can be undertaken in a manner that ensures reliable electricity supply at fair market prices
- There are provisions in place to ensure vulnerable customers continue to have access to electricity on reasonable terms and conditions
- The market is sufficiently robust to ensure there is active competition among retailers.

Accordingly, ENMAX suggested that the government should reaffirm its commitment to the competitive market and undertake to develop a plan to transition to full reliance on competitive retail supply.

In keeping with our commitment to customer care, we are seeking fairness and flexibility for consumers through active competition. We believe long-term market stability will offer a fair rate of return to ENMAX and to our Shareholder.

EASymax® BY ENMAX ENERGY: STABILITY IN A VOLATILE MARKET

In a deregulated market, Albertans can choose their electricity and natural gas supplier and ENMAX Energy has met this need by developing EasyMax, a flexible, cost-effective option.

EasyMax has become the premier competitive retail offer in Alberta. In 2012, ENMAX Energy increased the number of EasyMax customers by almost 40 per cent. Customers welcomed a stable rate option in the face of RRO price volatility at the beginning of the year.

EasyMax saw significant changes in 2012 – the first in five years. We changed the fixed rate offered by EasyMax from seven to 8.9 cents per kilowatt-hour for new customers and we made some alterations to the terms and conditions of the contract. Our goal with EasyMax remains unchanged: to offer clarity, convenience, choice and control for consumers.

GENERATE CHOICE®: RENEWABLE POWER TO THE PEOPLE

As part of our strategy to decrease overall greenhouse gas (GHG) emissions by increasing renewable energy generation in Alberta, ENMAX Energy is proud to offer customers options when it comes to energy solutions. In August 2011, we installed our first solar photovoltaic (PV) system as part of the Generate Choice program, offering Albertans home-based, cost-effective renewable energy choices such as solar power and wind generation.

We are removing the barriers of uncertainty and risk by procuring and installing solar and micro-wind technologies and working with municipalities to streamline the permit process. Economies of scale result in decreased consumer cost, therefore making alternative energy choices available to consumers. The Climate Change and Emissions Management Corporation (CCEMC) awarded ENMAX Energy with funding of \$14.5 million to support a portion of the program costs.

Across Alberta, over 5,100 people have expressed interest in having a solar photovoltaic (PV) system. Under the Generate Choice program in 2012, ENMAX installed 258 kW of solar PV and micro-wind systems.

In 2012, we teamed up with Brian Keating, former director of conservation outreach at the Calgary Zoo, as a spokesperson for Generate Choice. Keating has an international reputation for forward thinking on ecological best practices and we are very pleased to be working with him.

The installation process was quick and painless, and within a few days, my 18-panel solar system was making electricity. And what's even better is with my travel schedule I can monitor my daily power production from my computer.

- Brian Keating