



Generating Value For Alberta's Consumers

balancingpool

Stakeholder Reception
May 4, 2009

Agenda

- Review of 2008 financial results
- Overview of key activities in 2009
- Closing remarks and questions

Revenues increased by 33%

	2008	2007
Revenues and Funding		(in millions)
Sale of electricity – Genesee PPA	\$523	\$441
Hydro PPA	140	54
Investment Income	25	34
Small Power Producer contracts	10	0
Payments in lieu of tax	19	10
Total revenues and funding	\$716	\$539

Expenses decreased by 13%

	2008	2007
Expenses		(in millions)
PPA Costs	\$219	\$252
Amortization and depreciation	20	20
Office of the Utilities Consumer Advocate	4	4
General and administrative	2	2
Other power purchase arrangement expenses	3	1
Small Power Producer contracts	1	6
Total expenses	\$249	\$285

Impact of Mark-to-Marking Accounting

	2008	2007
Other Income and Expense		(in millions)
Revaluation of Hydro PPA	\$(46)	\$304
Revaluation of Small Power Producer contracts	-	5
Reclamation and abandonment	(6)	(14)
Unrealized foreign exchange loss	-	(2)
Unrealized losses on financial investments	(178)	-
Unrealized change on financial derivative instruments	(21)	-
Other income	4	-
Total Other Income (Expense)	\$(247)	\$293

Overall results at a Glance

Average Pool price per MWh \$89.95 \$66.95

Year ended December 31	2008	2007
------------------------	------	------

(in millions)

Revenues and Funding	\$716	\$539
Expenses	249	285
Other income (expense)	(247)	293
Net results of Operations and comprehensive income	220	547

Consumer Allocation	271	162
Cash and investments	\$926	\$947
Total assets/liabilities	2,179	2,299

2008 Cashflow Summary

Inflows

Genesee PPA
\$248 million

Hydro PPA
\$177 million

Investment Income
\$25 million

PILOT Receipts
\$19 million

**Small Power
Producer Contracts**
\$9 million

▶ Inflows ▶



▶ Outflows ▶

Outflows

**Allocation to
Consumers**
\$271 million

**Cash and
Investments**
\$163 million

Reclamation Costs
\$12 million

Force Majeure
\$6 million

**Utilities
Consumer Advocate**
\$4 million

Total Allocations Will Exceed \$800 Million

Year	\$/MWh	Total
		(in millions)
2006	1.00	\$54
2007	3.00	162
2008	5.00	271
2009	6.50	350 estimate
Total		\$837 million

Investment Portfolio is well diversified

	Asset Mix	Year-End Balances
		(in millions)
Cash and Money Market	19%	\$176
Fixed Income	35%	334
Canadian Equities	18%	166
Non-Canadian Equities	27%	250
Total		\$926 million

Wabamun Decommissioning

- Balancing Pool responsible for the cost of removing asbestos from units 1, 2 and 3 as well as remediation and reclamation of select on site land areas
- Expected total costs are \$30 Million and we are on-time and on-budget for the June 2009 completion date
- TransAlta utilized previously collected customer decommissioning funds for the first \$ 15 Million. Balancing Pool pays the other 50%
- TransAlta is responsible for final disposition of plant post June 2009

Wabamun Decommissioning Fall 2007 reclamation underway



Wabamun Decommissioning Spring 2009 reclamation complete



Wabamun Decommissioning Before asbestos abatement



Wabamun Decommissioning After asbestos abatement



Liability Management

Isolated generation sites

- Costs to date are \$60 Million with expected further costs of \$20 to \$40 Million. Original estimate was for approximately \$30 Million for all sites to be remediated
- Consumer groups (UCA, IPCAA, PICA, AUMA, ADC and Balancing Pool) are in hearings in front of the AUC to mitigate the costs of this initiative. AUC decisions are pending.
- This project expected to continue until at least 2011 with 5 sites still requiring significant work.

Contract Management

PPA Disputes

- PPA disputes involving the Balancing Pool with \$15 million in capacity payments
- All disputes are either under negotiations or are in formal dispute as per the PPA dispute resolution process.
- Resolution of current dispute items targeted for late 2009 or early 2010.

In Closing

- Reactivation of a Genesee PPA auction requires finalization of Section 6 and delineation of Federal GHG legislation
- We will continue to provide updates on significant developments
- Our thanks go to our stakeholders for your continued input and support.

www.balancingpool.ca

Balancing Pool Team

President and CEO:

Gary Reynolds

Vice-President:

Doug Heath

Analysts:



**Ben Chappell
Will Danek
Sean Hewitt
Steven Ladd
Michelle Manuliak
Greg Wagner**

Administration:

Marie Gallant

Thank You!

Comments and Questions?