



balancingpool

**STAKEHOLDER PRESENTATION
MAY 10, 2010**

Agenda

- Review of 2009 financial results
- Update on key activities in 2010
- Consumer Allocation for 2010
- Closing remarks and questions

Low Pool Prices Impacted Results

- 2009 was a challenging year due to significant declines in pool price from 2008
- Pool Prices in 2009 declined 47% from \$90/MWh to \$48/MWh
- Attributed to lower natural gas prices (down 49% year-over-year), additional generation supply and flat demand growth

Revenues decreased by 53%

	2009	2008
Revenues and Funding		(in millions)
Sale of Electricity – Genesee PPA	\$337	\$523
Hydro PPA Revenue	12	140
Interest and Dividend Income	30	32
Loss on Sale of Investments	(66)	(7)
PILOT Receipts	18	19
Total Revenues and Funding	\$331	\$707

Expenses increased by 15%

	2009	2008
Expenses		(in millions)
PPA Costs	\$230	\$219
Payments to/(from) SPP Contracts	13	(9)
Amortization and Depreciation	20	20
Payments to UCA	6	4
G & A Expense	3	2
Other PPA Expenses	2	3
Total Expenses	\$274	\$239

Impact of Non-Cash Items

Other Income and Expense	2009	2008
	(in millions)	
Unrealized Gains/(Losses) on Investment Portfolio	138	(179)
Unrealized MtM Change on Financial Instruments	7	(21)
Decrease in Hydro PPA Valuation	\$(174)	\$ (46)
Increase in SPP Contract Liability	(41)	-
Reclamation and Abandonment Provision	2	(6)
Other Income	(1)	4
Total Other Expense	\$ (69)	\$(248)

Overall results at a Glance

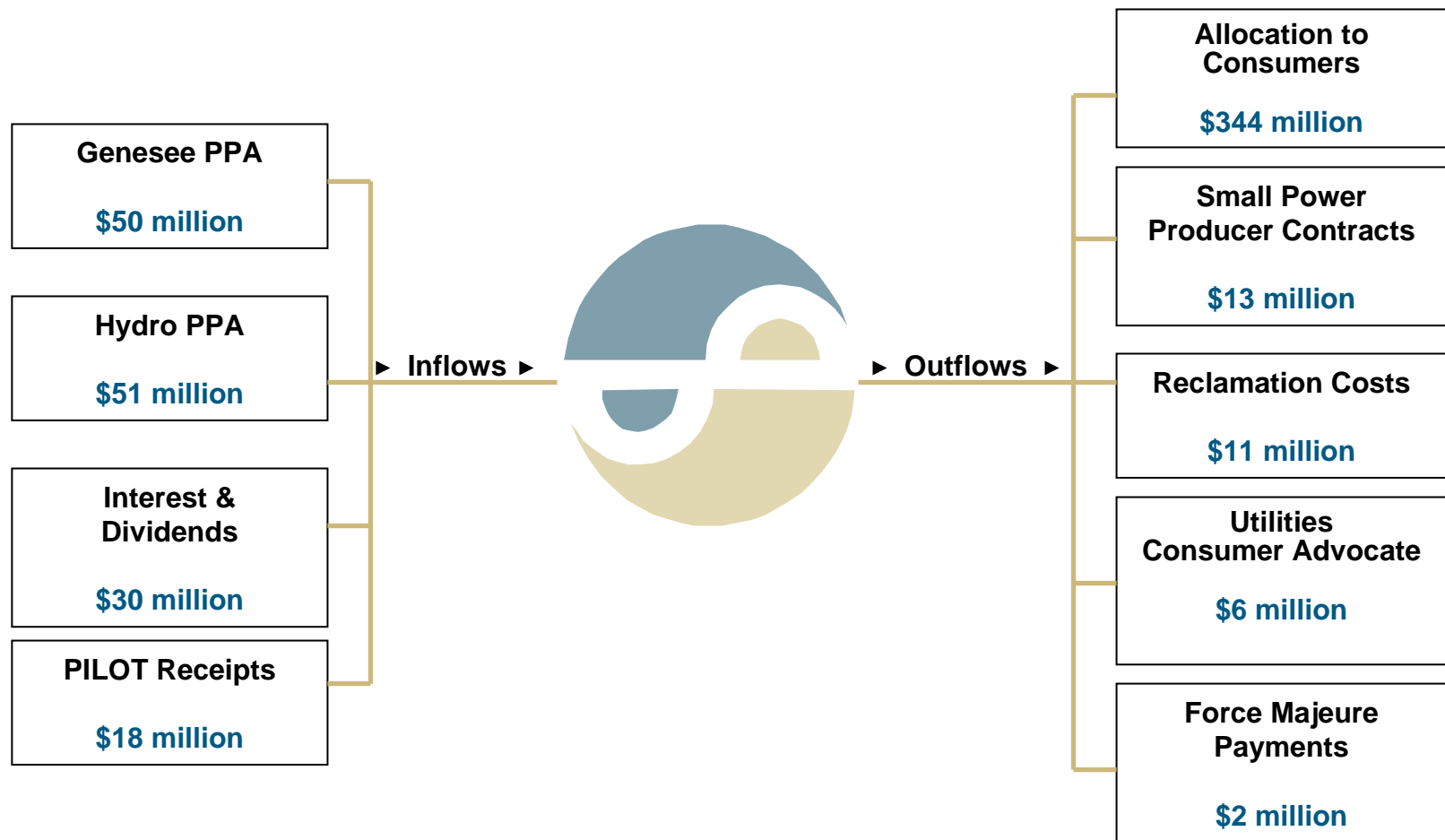
Average Pool price per MWh **47.81** \$ 89.95

Year ended December 31	2009	2008
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(in millions)

Revenues and Funding	\$ 331	\$ 707
Expenses	(274)	(239)
Operating Income	57	467
Non-Cash Items	(69)	(248)
Net Comprehensive (Loss)/Income	(12)	220
Consumer Allocation	344	271
Cash and Investments	828	927

2009 Cashflow Summary



Investment Management

Asset Mix Year-End Balances 2009 Return

(in millions)

Cash and Money Market	3%	\$ 27	1%
Fixed Income	42%	346	5%
Canadian Equities	27%	226	35%
Global Equities	28%	229	12%

Total	100%	\$828	16%
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Liability Management

- **Wabamun Decommissioning completed**
 - Total cost for Balancing Pool was \$12 million
 - Completed on schedule and on budget
- **Isolated Generation continuing**
 - 98 of the 103 isolated generation reclamation sites are complete
 - Costs to date are \$71 Million with expected further costs of \$20 to \$40 Million.
 - All costs pertaining to Isolated Generation sites are approved by the Remediation Review Committee (includes IPCAA, UCA, City of Calgary, First Nations)

Contract Management

PPA Disputes:

- PPA disputes involving the Balancing Pool totaled \$16 Million in 2009
- All disputes are either under negotiation or are in formal dispute as per the PPA dispute resolution process
- Resolution of current disputes are targeted for 2010/2011

Funding for Consumer Allocation

Two sources of funding for Consumer Allocation:

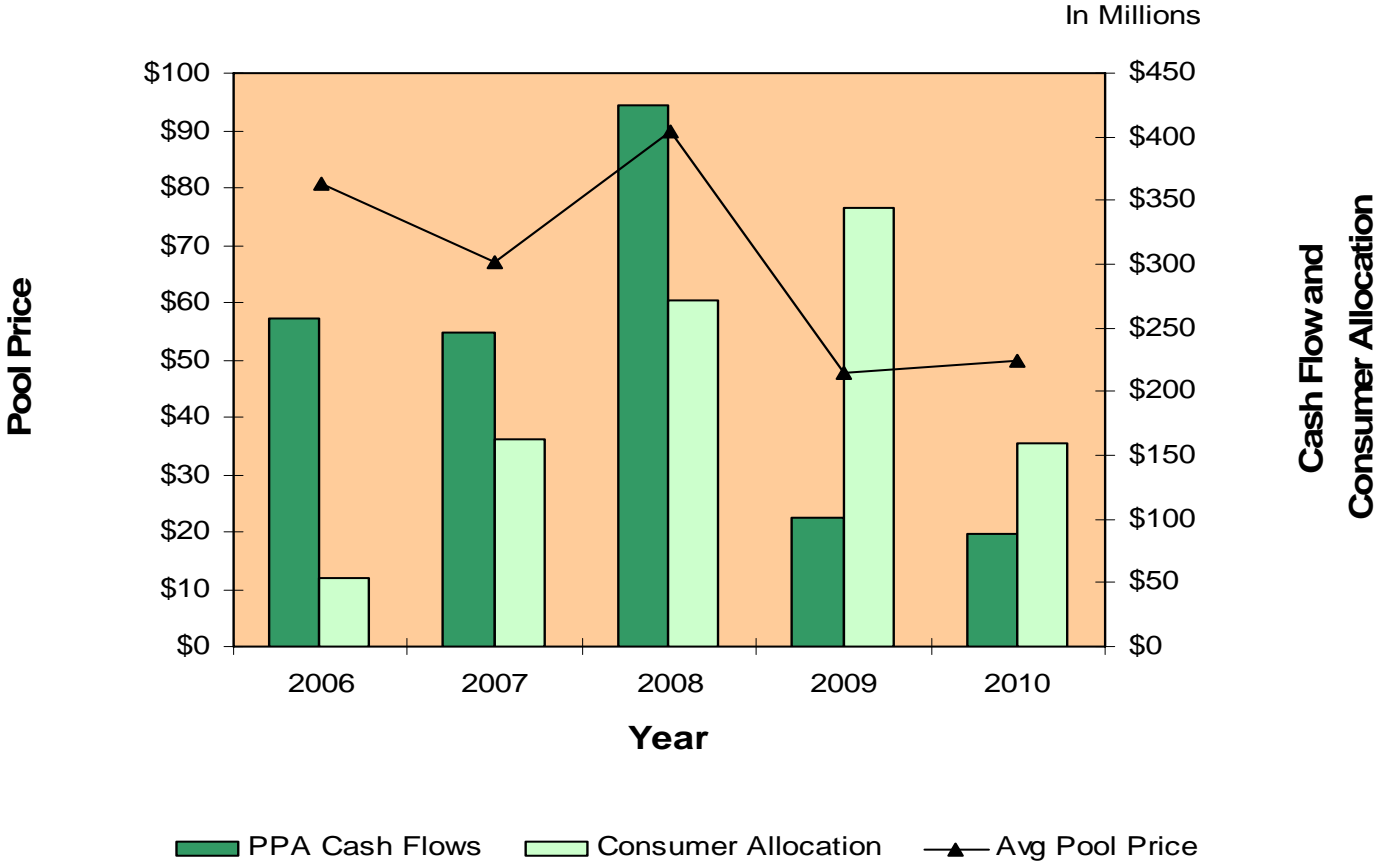
- 1) Investment Portfolio *should* provide funding of about \$1.50 MWh each year.
- 2) Cashflow from Genesee and Hydro PPAs which is dependant on Pool Prices.

The breakeven cashflow level for the PPAs is ~\$42 MWh and the “rule-of-thumb” is each \$6 MWh increment in annual Pool price will fund \$1 MWh of Consumer Allocation

2010 Consumer Allocation

- Pool prices year-to-date have been much lower than forecast when the \$4 MWh Consumer Allocation was set in November 2009
- As a result, the 2010 budget has been amended and the Consumer Allocation will be reduced to average \$3 MWh for the year
- A reduction of the Consumer Allocation to \$2 MWh will be effective beginning July 2010

Pool Prices, PPA Cash Flows and Consumer Allocation



Total Allocations will approach \$1 Billion

Year	\$/MWh	Total
		(in millions)
2006	1.00	\$ 54
2007	3.00	162
2008	5.00	271
2009	6.50	344
2010	3.00 (average)	165
Total		~\$ 1 Billion

Legislative Changes

- In late 2009, the Electric Statutes Amendment Act (formerly Bill 50) became law
- The Act repeals the Balancing Pool's 2021 end-of-life requirement
- While there have been no immediate impacts as a result of this change, this will allow the Balancing Pool to deal with any liabilities that may extend beyond 2021

Balancing Pool Team

Board of Directors:

Tom Cumming
Peter Flynn
Mary Ritchie

Rafi Tahmazian
Stella Thompson
James Pasieka (Secretary)

Management:

Gary Reynolds
Doug Heath

President and CEO
Vice-President

Analysts

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

Administration

Marie Gallant

In Closing

- We will continue to provide updates on significant developments
- Our thanks go to our stakeholders for your continued input and support.
- Comments and questions?

Thank you!



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