

THE EPCOR TRANSFER: WHAT'S THE DEAL?

Backgrounder and Frequently Asked Questions

In total secrecy, the Mayor, City Council and EPCOR's Board of Directors took EPCOR ownership from Edmontonians.

They pulled the plug on our ownership of EPCOR power generating assets.

They pulled the plug on citizens voting yes or no to ownership.

They pulled the plug on democracy and kept us in the dark before the decision to sell and for three weeks after.

Why we should all be concerned:

1. The decision affects every business operator, homeowner and renter in Edmonton as EPCOR's electrical generating assets are reported to be worth approximately \$5 billion dollars.
2. In its 2008 Annual Report, EPCOR reported that it paid over \$130 million in dividends and Edmonton taxes would have been 25% higher if the City had not owned EPCOR.
3. Edmontonians are proud of their EPCOR, its employees, its service. We do not want to lose the quality and reliability of supply we have build and owned for 118 years.
4. This is an issue of democracy – the true owners of EPCOR, the citizens of Edmonton, were never consulted on this plan and we are told that we cannot even see the details of the sale.

Frequently Asked Questions

Why give away EPCOR's power generating assets?

The reason remains hidden. In several by-invitation-only meetings, investors were told it was a good buy and the shares were oversubscribed. At the same time, precisely these shares were being described to Edmontonians as too risky to keep under City ownership.

What is Capital Power?

In the prospectus to investors, it's clear Capital Power is a company created exclusively to enable the transfer of EPCOR's power generating assets. 30% of the shares in Capital Power have been sold to investors around the world and the plan is for EPCOR to eventual sell the remaining 70% of the ownership of Capital Power. In other words, the house we used to own is being sold out from underneath us without our permission and rented back to us.

What are Edmontonians really losing?

We are losing a reliable and profitable utility company, built and paid for by Edmontonians, that for 118 years has provided essential services and dividends to the City, but that's not all: we are also losing the security that comes with public ownership of our vital energy utilities.

Who stands to gain?

With billions of dollars in assets, EPCOR/Capital Power is an attractive acquisition. Although the details of decision and its beneficiaries have been kept secret, what we do know is that Edmonton's public purse has gotten smaller.

What effect does the sale of EPCOR's power generating assets have on city finances?

Since 1996, EPCOR has returned \$1.8 billion in dividends, taxes and franchise fees to the City, while investing \$4.7 billion in the business through capital expenditures and business acquisitions. City residents' taxes would have been approximately 25% higher last year if we hadn't owned EPCOR. (Source: EPCOR 2008 Annual Report)

Isn't it "too risky" for Edmontonians to keep ownership of these assets?

NO. Mayor Mandel's claim in the Edmonton Journal that it's too risky for us to own EPCOR's power generating assets is clearly not justifiable. According to EPCOR statements to investors, over 70% of its power generating contracts are long-term with guaranteed profit, which makes keeping ownership local not only a safe decision, but a smart one.

What does the Our Power Citizens Group know about high finances?

Our group includes a former head of the Alberta Securities Commission, a former Assistant Deputy Finance Minister for Consumer and Corporate Affairs, and experienced financial analysts.

Do Edmontonians care about the secret decision to transfer part of EPCOR?

YES. Early results of an Our Power Citizens Group street poll indicate only about half of Edmontonians knew of the secret EPCOR asset transfer. All of the respondents, however, declared serious concern about the decision-making process and the transfer itself, and 100 percent said they would sign a petition calling for a citizen's vote (plebiscite) to regain EPCOR assets.

Isn't the transfer a done deal?

NO. EPCOR assets can still be returned to Edmontonians. A successful petition would force a citizen's vote (plebiscite) on EPCOR ownership. Our Power Citizens Group estimates at least 500 volunteers are needed to get the 80 000+ signatures that would legally bind City Council to hold a plebiscite in the 2010 municipal election.

Is City Council willing to end the secrecy?

NO. Councillor Linda Sloan's motion that asked for an independent audit to obtain answers to important questions surrounding the secret decision to sell EPCOR assets, was defeated on July 22 nd , with the Mayor casting the deciding vote. On September 30, 2009, the Council was again split on a motion put forward by Don Iveson that would require any future proposal to sell of all or part of EPCOR to be first discussed in public. This rejection of a simple request for information and for changes so that this will not happen again makes it clear: a majority of Council wish to keep the shroud of secrecy in place.

Is the legal action challenging the secret decision finished?

NO. The legal action continues to try to hold City Council accountable for its decision. The main statement of claim is still in progress, and during the next phase of discoveries, in which Mr. Bill Pidruchney will question the Mayor, Council members and EPCOR Executives under oath, we expect important and valuable information to finally be revealed.