



Tomahawk
Rural Electrification Association

**February 2020
Newsletter**



ANNUAL GENERAL MEETING

To be held on Wednesday, April 15, 2020 at Whitby Hall

Evening Meeting

More details to come!



SALE PROPOSAL UPDATE

FORTISALBERTA UPDATE REGARDING TOMAHAWK REA SALES PROPOSAL

FortisAlberta is proud to deliver electricity to 18 Rural Electrification Associations (REAs) in the province, whose members are among the more than half a million residential, farm and business customers we serve across central and southern Alberta. Many of these REAs have chosen to have us operate their system and others have requested offers to purchase. We are honoured that rural Albertans entrust the maintenance, delivery and restoration of their electric service to us. Our employees live and work in the communities we serve, and we do everything in our power to keep the lights on as we care about our neighbours.

As some of you would be aware through your own involvement in these discussions, the Tomahawk REA Board has requested from FortisAlberta an offer to purchase its distribution assets. We are pleased to have the opportunity to discuss how our Company is positioned to provide your REA's membership with continued access to safe, reliable and cost-effective electric service.

However, as a regulated utility, all purchases of distribution utility assets must be reviewed and approved by our regulator, the Alberta Utilities Commission (AUC) and our Board of Directors. We are still engaged in various regulatory proceedings before the AUC with respect to distribution utility acquisitions. As a result, we are not in a position at this time to purchase Tomahawk REA assets until these existing proceedings are settled. We understand that this is not the response many of you were looking for, and yet we want to assure you that we are interested in pursuing this matter with your Board. We will continue to work with the AUC and our Board, and we will provide another update in the fall of 2020.

In the meantime, if you have any questions, please direct them to your Board as FortisAlberta has provided them with a direct contact who can quickly respond to any questions you may have.

REGULATED RATE OPTION

February Regulated Rate Option (RRO)

Energy is: 8.593 cents/kwh

Variable (non-energy) is: 0.965 cents/kwh

for a total of 9.558 cents/kwh

PRICE CAP

The price cap ensured consumers on the RRO would pay no more than 6.8 cents per kilowatt hour for electricity until May 31, 2021.

The price cap program was implemented in 2017 to protect Albertans from volatile electricity prices while the province transitioned to a capacity market for electricity. With government's decision to halt the transition to a capacity market and maintain an energy-only market, the price cap is no longer needed.

RRO RATE

The RRO rate cap is no longer in effect as of November 30, 2019. Bill 21 (Ensuring Fiscal Sustainability Act) was passed by the Alberta Government in December 2019. Bill 21 amended legislation to cap regulated rate option rates at 6.8 cents per kilowatt-hour (kWh). For RRO providers regulated by the AUC, when a rate exceeded the cap, the government paid the provider the difference between the actual price and the cap for each kWh of electricity consumed by their price cap eligible customers. For RRO providers not regulated by the AUC, REAs and the City of Medicine Hat, when rates exceeded the cap, the government paid the provider the difference between the lower actual price or the reference rate, and the cap for each kWh of electricity consumed by their price cap eligible customers. The price cap only applied to the energy portion of a bill.

Alberta Power Pool Soared to \$999 per MWh (per Megawatt-hour)

January 13, 2020 wholesale spot prices for electricity on the Alberta Power Pool soared to \$999 per megawatt-hour (MWh) as demand climbed. According to the AESO (Alberta Electric System Operator) the average pool price last year was \$55 per MWh.

Due to the frigid weather and rising consumption, the Alberta Electric System Operator issued a Level 2 EEA that Monday evening.

Energy Emergency Alert (EEA) is a zero-3 tiered alert system with established protocols and processes to balance supply and demand (zero is normal conditions). In an EEA 1, supply continues to meet demand but we may need to start using our reserves. In an EEA 2 all power needs in the province continue to be met, but we are using reserves. At EEA 3, we anticipate the need to curtail load (meaning some customers will temporarily lose power in some parts of the province until enough generation returns to the grid or power usage reduces to a point where we can balance supply and demand once again).

For Alberta's energy-only electricity market, short-term hikes in wholesale prices aren't unusual when the temperature dips below -25 and shouldn't be a concern for consumers as they aren't directly paying the hourly wholesale prices - particularly for those Albertans on fixed-rate contracts.

Note to All Members

All members are free to purchase electricity services through TREA's regulated rate tariff or from a retailer of their choice. The delivery of electricity to you is not affected by your choice. If you change who you purchase electricity services from, you will continue receiving electricity from TREA. For a current list of retailers you may choose from, visit <http://www.ucahelps.alberta.ca> or call 310-4822 (toll free in Alberta).

Tomahawk Distribution Tariffs

Distribution Fees

What your distribution fees paid for from October 01, 2019 to December 31, 2019.

Repairs \$19,087.71 Replaced damaged poles \$3,750.21 Wire Move \$5,136.86 Meter Exchanges \$1,960.63
 Salvages \$2,412.15 Vegetation Management \$46,257.75 Upgrades \$6,840.00 Ground Rod Testing \$153.63
 Line Patrol \$3,173.21 68 of 79 Poles Changed \$166,684.87 Transformer \$1,640.84
Total \$257,097.86

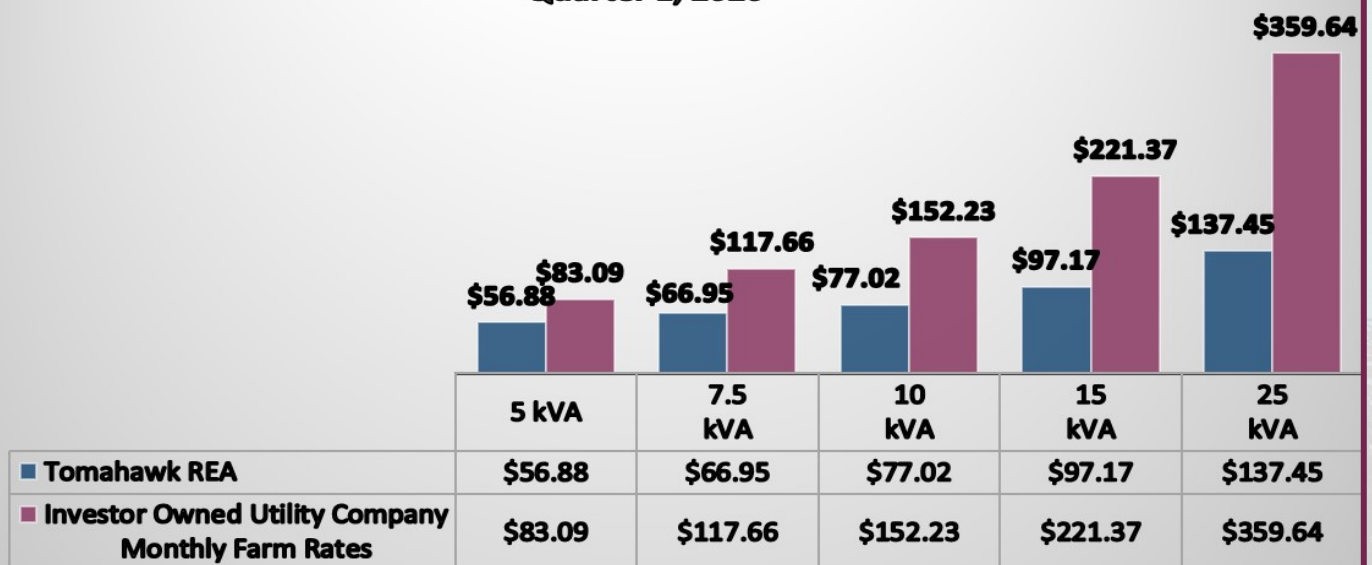
Alberta Utilities Commission (AUC) Proceeding 25201— Application for 2021 Distribution Tariff Phase II FortisAlberta Inc.

January 20, 2020 FortisAlberta put an application in to the AUC requesting approval for:

- (a) the cost allocation study, and the proposed cost methods and allocators, for both the transmission and distribution cost components;
- (b) use of the component analysis method (CAM) model to calculate farm transmission costs, and the resulting amount for Phase I purposes;
- (c) its proposed rates, options, riders and corresponding rate schedules; and
- (d) its proposed terms and conditions of service.

The AFREA has registered to participate as an intervenor in this proceeding on all REAs behalf as it will have significant impacts and consequences on REA rates. If approved, this Application could result in an increase in your monthly bill. We will continue to keep you updated as we learn more.

CURRENT DISTRIBUTION RATES Quarter 1, 2020



Tomahawk REA Monthly Distribution Rates
Based on 30 days a month

■ Tomahawk REA ■ Investor Owned Utility Company Monthly Farm Rates

One-Megawatt Solar Energy Project

Ermineskin First Nation (located at Maskwacis, 20 km north of Ponoka) has completed a \$2.7 million project that is said to be the biggest distributed generation in Alberta. This solar energy project will generate tens of thousands of dollars while strengthening economic development.

A one-megawatt generator (known as the Sundancer Generator) and its 3,500 solar panels were built on six acres and will produce power to be sold into the province's electrical grid, providing annual revenues for the band of \$80,000 to \$150,000, depending on energy demand and pricing.

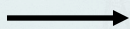
The band already has plans to invest \$1.5 million by next summer to double it in size.

SECONDARY POLE INFO

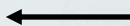
How do you distinguish between a Primary Pole and a Secondary Pole? Who's responsibility is it to maintain a secondary pole on your property? It is important to know if you have a secondary pole and understanding it is your role to keep that pole maintained. A secondary pole is a pole installed after the main distribution poles - the main distribution poles (Primary Poles) end at the pole with the transformer and meter. Any other poles past this point are secondary and were installed by someone other than Tomahawk REA - usually an independent electrician. A secondary pole may only have a yard light on it, there is no transformer, and no meter attached to it. If you do have a secondary pole, and that pole is in poor condition (rotting) or leaning you will need to call in an electrician to have a look at it. If you have a TREA installed yard light it will be on the transformer pole and will be maintained by EQUUS. EQUUS only installs yard lights on transformer poles.



Secondary Pole



Transformer Pole



ALBERTA FEDERATION OF RURAL ELECTRIFICATION ASSOCIATIONS

The AFREA held their annual general meeting and conference on February 5th and 6th, celebrating 50 years of incorporation! This year's theme was titled the "The Power of Persistence". It was an event full of informative and interesting speakers and presentations.

A reminder from the AFREA that changes to farm safety are now in effect. Occupational health and safety: Farm and ranch: Waged, non-family farm and ranch workers are protected under basic safety standards in the OHS Act as of January 31, 2020. Read more at the following links:

Farm Freedom & Safety Act - <https://www.alberta.ca/farm-freedom-and-safety-engagement>

Occupational Health & Safety Act - <http://www.qp.alberta.ca/documents/Acts/O02P1.pdf>