

**SCHEDULE A -
BLATCHFORD DISTRICT ENERGY UTILITY FISCAL POLICY C597
PROPOSED RATE SETTING PRINCIPLES**

1. Customer rates will be understandable, practical and cost-effective to implement.
2. Customer rates will fairly apportion the cost of providing service among customers.
3. Customer rates will be stable and predictable from year to year.
4. Customer rates will provide revenue stability for the Blatchford Renewable Energy Utility.
5. Customer rates will promote the efficient use of energy.
6. Customer rates will be based on the forecast cost of providing service.
 - a. In the initial years of operation as the customer base continues to grow, a levelized approach may be used to establish rates and recover the forecast costs of providing service over a longer-term basis.
 - b. The under-recovery of costs under the levelized approach in the early years of the Utility's operations will be accumulated in a regulatory deferral account to be recovered in later years when the customer base is more fully established.
7. Customer rates based on the forecast cost of providing service will be assessed annually to ensure they remain competitive with other longer-term heating and cooling options.
 - a. The Utility will strive for customers to pay at most a comparable fee to what they would elsewhere in the City of Edmonton through their energy utility bills and maintenance costs.
 - b. The assessment will take into account the longer-term nature of utility infrastructure being used to provide services to customers, and market fluctuations that may occur annually in the commodity price of gas and electricity relative to the stable cost of providing thermal energy from the Blatchford District Energy Sharing System.