



Alberta Urban Municipalities Association

May 1, 2001

The Honourable Ralph Klein
Premier of Alberta
307, Legislature Building
10800 – 97 Avenue
Edmonton, Alberta T5K 2B6

Dear Mr Premier:

Re: Deregulated market's failure to create true market competitiveness

Major power corporations in Alberta have been buying and selling customers to each other rather than competing for customers with each other. Mr. Premier, this is not a complete free market competition. For a market to work properly businesses must compete vigorously for customers directly.

Unfortunately the sale of Utilicorp customers and the recent ATCO announcement has left customers paying for the costs of being traded from one corporation to the next.

When the AUMA sought to purchase energy on behalf of our members our choices for a supplier were considerably limited despite the promise of more customer choice in a deregulated market. The \$250 million worth of business (over five years) we were bringing to the table was still not enough to bring about a significant level of competition in the market. For small consumers there really is no competition.

The AUMA believes that a properly deregulated market will eventually lead to lower consumer prices, however we will not get there if we do not foster more competition among power retailers for customers in Alberta. Not only do we need to have a more competitive environment but also we need to ensure the selling and buying of customers does not cost Albertans in any way.

Therefore, on behalf of our members and the citizens they represent, AUMA strongly urges you to take the necessary steps to bring about the truly competitive environment needed in the power industry that will benefit (not harm) Alberta's citizens and power consumers.

Thank you for your attention to this pressing matter. I look forward to your response.

Yours Truly,

Lorne Olsvik,
AUMA President