

**EPCOR POWER L.P.
FIRST QUARTER, 2008
RESULTS CONFERENCE CALL
April 30, 2008**

OPERATOR: Good afternoon, ladies and gentlemen. Thank you for standing by. Welcome to the EPCOR Power L.P. First Quarter 2008 Review conference call. At this time all participants are in a listen-only mode. Following the presentation, we will conduct a question and answer session. Instructions will be provided at that time for you to queue up for questions. If anyone has any difficulties hearing the conference, please press star, followed by zero for Operator assistance at any time. I would like to remind everyone that this conference call is being recorded on Wednesday, April 30th, 2008, at 1:00 p.m. Eastern Time.

I will now turn the conference over to Mr. Randy Mah, Senior Manager, Investor Relations. Please go ahead, sir.

RANDY MAH (Senior Manager, Investor Relations, EPCOR Power L.P.): Good morning and thank you for joining us today. This morning EPCOR Power L.P. released its first quarter 2008 results. The news release on the first quarter results and the presentation slides for this conference call are posted on the Partnership's website at epcorpowlr.ca. This conference call is also being webcast from our website. You can access the webcast, including the slide presentation, by clicking on the webcast link from the home page.

Joining me on the conference call is Brian Vaasjo, President, and Stuart Lee, Chief Financial Officer. Brian will provide a brief update on the first quarter, discuss the Ontario operations and provide a status update on the 2008 corporate priorities. Stuart will then provide a summary of the financial highlights for the first quarter and update the Partnership's outlook. Following our prepared remarks, we will open up the lines for your questions.

Before we begin, let me direct your attention to slide number 2. I would like to remind you that certain statements in this presentation and during this conference call may be forward-looking and are subject to risks and uncertainties. Accordingly, actual results may differ materially from statements made today. For additional information on these risk factors, please review the reports filed by the Partnership with the Canadian Securities regulators. EPCOR Power L.P. disclaims any intention or obligation to update any forward-looking statements unless required by law.

I will now turn the call over to Brian.

BRIAN VAASJO (President, EPCOR Power L.P.): Thanks, Randy. Good day. I'll begin my presentation starting on slide 3. The Partnership's financial performance in the first quarter was generally in line with expectations. Both revenues, before fair value changes, and operating

margin were down 3.5 and 3.4 percent respectively. However, cash provided by operating activities, before working capital and excluding foreign exchange gain, was flat on a year-over-year basis. The first quarter showed positive operating metrics with 1,293 gigawatt hours generated, an increase of 5.3 percent from the same period one year ago. The weighted average plant availability continued its strong historical trend with 97 percent availability in the first quarter.

Turning to slide 4, I'd like to comment on the Partnership's Ontario operations. Revenues from the Ontario facilities were up marginally in the first quarter. Although revenues were up marginally, there were two factors that negatively impacted revenues. First, due to high moisture levels in the waste wood inventory, production at the Calstock plant was scaled back. Warmer temperatures and operational changes are expected to address the wet wood issues by the middle of the second quarter.

Secondly, revenues at the Ontario facilities were impacted by lower waste heat availability, which has declined 14 percent from the first quarter of 2007. The primary causes of the lower waste heat is due to lower throughput on the TransCanada Canadian mainline, which is the natural gas transmission line in Northern Ontario. Lower natural gas supply is a primary driver behind lower waste heat throughput, which is attributable to lower drilling activity and less gas exported from Western Canada. Future throughput will continue to be influenced by supply and demand variances.

On slide 5 the chart illustrates the trend for waste heat output over the past couple of years. The graph shows monthly waste heat output for 2006, 2007 and the first three months of 2008. As you can see, the general trend is lower waste heat output compared to the prior year. For example, monthly waste heat output in 2007 is generally lower than 2006, and for the first three months of 2008, the trend continues with lower monthly volumes in 2008 compared to 2007. Independent third parties forecast a 10 to 20 percent decline in throughput in 2008 and 2009 from recent levels, with marginal further declines after 2009. However, potential recovery of waste heat volumes is expected over time beginning as early as 2012.

On slide 6 I'll provide a brief status update on the Partnership's 2008 corporate priorities, which we outlined a couple of months ago during our 2007 year end call. Overall, all priorities are on track and proceeding as planned. These priorities include maximizing the value of the Castleton facility after its PPA expiry. We expect to announce the decision regarding our plans for the Castleton plant during the second quarter.

The next priority is negotiating effective PPA arrangements and extensions for Kenilworth, Roxboro and Southport facilities. These negotiations are ongoing and we expect to announce PPA extension for the Kenilworth facility in the second quarter. The next priority of executing construction of Roxboro and Southport enhancements is on track and is expected to start the latter half of this year and continue into 2009. We continue to proceed with our plans to meet with

OEFC and discuss ways to minimize Ontario cost increases. We are optimistic negotiations will result in beneficial outcomes for the Partnership.

The Partnership continues to evaluate a number of internal optimization and growth opportunities. One specifically involves the optimization of the California facilities. We hope to announce more details on this initiative in the near future. And finally, we continue evaluating the acquisition and development opportunities. We continue to stress that, under all circumstances, we see transactions will be accretive to distributable cash per unit. With respect of our ownership and Primary Energy Recycling Holding, we are working expeditiously to act on this issue.

I will now turn it over to Stuart to provide a summary of the financial results.

STUART LEE (Chief Financial Officer, EPCOR Power L.P.): Thanks, Brian. I'll start on slide 7, with a review of the financial highlights for the first quarter. The Partnership generated revenues of approximately \$121 million, a 15 percent decrease from the same period a year ago. The decrease was primarily due to changes in the fair value of foreign exchange contracts and lower natural gas sales at the Castleton facility.

Operating margins, before fair value changes, were approximately \$56 million in the first quarter. This was down 3 percent compared to the same period a year ago, mainly due to lower operating margins at the Ontario plants from higher fuel costs and lower waste heat availability.

For the first quarter, cash provided by operating activities on a per unit basis was \$0.79, which exceeded cash distributions per unit of \$0.63. Finally, capital expenditures were \$3.8 million for the first quarter. For 2008 our expectation for maintenance capital expenditures has not changed and is expected to be in the range of \$23 to \$25 million.

The next two slides, slides 8 and 9, show continuity from the first quarter of 2007 to the first quarter of 2008 for cash provided by operating activities and net income. On slide 8, the \$16.7 million decrease in cash provided by working activities was mainly due to \$11.2 million change in working capital and a \$5.6 million gain from a foreign exchange contract realized in the first quarter of 2007. The decrease was partly offset by lower financial charges of \$4.7 million due to the paydown of debt and the replacement of capital lease obligations with lower cost long-term debt.

Slide 9 shows our first quarter continuity for net income. The \$16 million decrease in net income was mainly due to foreign exchange losses of \$13 million in the first quarter of 2008 compared to gains of \$6.7 million in the same period of 2007, excluding fair value changes on foreign exchange contracts. The decrease in net income was partially offset by a \$8.8 million fair value change on natural gas supply, foreign exchange and interest rate contracts.

The Partnership's long-term outlook remains substantially unchanged since year end of 2007. On slides 10 and 11, I'll provide a brief update on the various items previously disclosed.

Natural gas transportation costs to the Ontario plants are expected to increase \$2 million in 2008 due to the higher transportation tariffs that have been recently approved.

As Brian discussed earlier, lower waste heat availability caused a \$1.3 million decline in the waste heat revenues at the Ontario plants in the first quarter compared to the same period in 2007. Waste heat revenues may continue to be lower for the remainder of 2008 compared to 2007. Higher natural gas prices may result in reduced dispatch at the Kenilworth facility and reduced operating margins at the Greeley facility; however, higher natural gas prices also benefit the Partnership, which I'll discuss on the next slide.

Turning to slide 11, higher natural gas prices also have positive impacts with increased enhancement opportunities to sell gas at the Ontario facilities and increased operating margins at the California facilities. With Primary Energy Recycling Holdings successfully amending the Harbor Coal agreement, the Partnership expects more stable Primary Energy Recycling Holdings distributions going forward. Our three hydro facilities, Curtis Palmer in the northeast US, and Mamquam and Queen Charlotte in BC, will benefit from above normal snow pack levels, which is expected to positively impact generation.

Based on the Partnership's 2008 operating and capital plan, and taking into consideration the items I've discussed in the Partnership's outlook, cash distributions are expected to remain at the current \$2.52 per unit annual distribution levels for 2008.

I will now turn the call over to Randy to moderate the question and answer session.

RANDY MAH: Okay. Thanks, Stuart. Melissa, we're ready to start the question and answer session.

OPERATOR: Thank you. Ladies and gentlemen, we will now conduct a question and answer session. If you have a question, please press the star, followed by the one on your touchtone phone. You will hear a tone acknowledging your request. Your questions will be polled in the order they are received. Please ensure you lift the handset if you are using a speaker phone before pressing any keys.

Your first question comes from Tony Courtright from Scotia Capital. Please go ahead.

TONY COURTRIGHT: Thank you very much. In terms of your process of negotiating extensions at the two North Carolina facilities, can you provide some indication of where you stand there relative to where you stand on your parallel track of considering significant commitments to enhancement upgrade of the facilities?

BRIAN VAASJO: Sure. Good morning, Tony. What the status today, in terms of those discussions, is that we have exchanged term sheets; there's been comments going back and forth, so there is very active negotiation in respect of the PPAs, and those discussions are generally in line with what our expectations were. We just like to remind you that in the event that we did come to

an impasse, and we, in fact, could at some point in time decide that it's not in the Partnership's best interest to execute an extension of the PPA, there are other potential PPA off takers who could, and actually have, approached us in terms of getting commitments on these facilities. So, unlike it was a number of years ago, there are certainly alternative PPA holders for these facilities.

TONY COURTRIGHT: And in terms of your commitment in terms of capital spend, are you irrevocably committed to?

BRIAN VAASJO: Pretty much at this point. We've executed a handful of agreements which, certainly there's cancellation fees and so on associated with it, but we're – we've got fairly significant dollars committed at this point in time, Tony.

TONY COURTRIGHT: Right. Switching to Northern Ontario, you're obviously suffering some operating margin squeeze there because of higher transportation tariff and lower waste heat revenue. They sort of feed off each other; presumably the lower throughput volume increases the tariff, which again, sort of hammers the waste heat. What is the status and prognosis or – of any discussions, whether you're having them or you plan to have them with OEFC regarding likely squeeze on your margins as a result of these cost increases?

BRIAN VAASJO: Well that is certainly part of the discussions to be had with OEFC. We've been monitoring and actually have been creating a significant knowledge base and file around waste heat and sensitivities around it and forecasts and expectations and that's part of, as I say, part of the agenda of our discussions with OEFC.

TONY COURTRIGHT: But do you anticipate any relief or frankly you're pushing on a string here?

BRIAN VAASJO: We're cautiously optimistic, Tony. Again we'll put a number of issues on the table and at the end of the day we expect that we'll get some relief, whether it's specifically on one issue or another or as a package. I'm not sure how that would ultimately transpire.

TONY COURTRIGHT: Is it correct that there is an actual surplus of power up in the North and bottleneck of transmission such that – I mean without a contract you actually are in a pretty weak position?

BRIAN VAASJO: There is certainly industrial slowdown taking place in Northern Ontario. As you well know, there is a number of timber-associated or wood products associated facilities that are on extended shut downs and so on. So that certainly creates a bit of a shorter term surplus. But in the longer term, those facilities are still continued to be needed by the Ontario system.

TONY COURTRIGHT: All right. And then finally, just to comment on fuel supply at Calstock, wet and you ended up not using as much and using some gas. Do you have recourse against the supplier? Is this an unusual circumstance? You've been operating that facility for awhile; why now?

BRIAN VAASJO: Well as the near term supply is coming under stress, we're moving further and further out to bringing in supply so there's a combination of two things. One was as one of the new suppliers had, I'll call it greener wet wood coming in, and also just in a climatic situation resulted in a generally more wet wood supply. The latter one is one that, on an ongoing basis hadn't been encountered by the facility thus far in any significant way but is certainly one that we're addressing to prevent in the future. The other one is simply the nature of the supply of the wood.

TONY COURTRIGHT: So no recourse available against the supplier? It's just –

BRIAN VAASJO: No.

TONY COURTRIGHT: Okay.

BRIAN VAASJO: No.

TONY COURTRIGHT: Thank you very much.

OPERATOR: Your next question comes from Robert Kwan from RBC Capital Markets.

Please go ahead.

ROBERT KWAN: Morning. Coming back to the Northern Ontario again, it's just in the past; I think the Partnership has had the opportunity to supply your own gas to run the waste heat unit for the compressor stations. Is that something that's occurred very much that you've done in the past? And would you expect to be doing that going forward?

BRIAN VAASJO: We would continue to certainly supply the natural gas to optimize the waste heat situation, and that's an ongoing effort that has occurred, certainly historically, and will continue to be analyzed on an ongoing basis, effectively on a daily basis.

ROBERT KWAN: And I guess just with the drop that we saw in March, is that concurrent with, are gas prices now just making it uneconomic to run it through the compressor station?

BRIAN VAASJO: Well, the way that dynamic actually worked is that – and so I'll just speak here in theory – TransCanada would have a number of units that it could potentially turn on. And what would be optimal for the system would be to turn on, let's say unit X, but to optimize waste heat would be unit Y and there's a slight increase in natural gas cost to turn on unit Y. And what we would be paying is for that extra natural gas to turn on unit Y so that the system itself is indifferent.

So you need to be utilizing that process is more a case of putting forward or paying for the natural gas to move the TransCanada system to be optimized, the way it would be operating for a specified period of time. To move in the aspect of basically, sort of pouring in natural gas to turn on compressors that otherwise wouldn't be operating, it's not generally the thrust of what that was put in place for.

ROBERT KWAN: Right. And if you just look at the gas price today, is that still an economic activity, for you to be (inaudible)?

BRIAN VAASJO: Well it certainly can be, depending on the optimization and the gap between the efficiency between say the two compressor stations.

ROBERT KWAN: Okay. And my last question is on Primary. PERC has talked about restructuring the management and allocation agreements and I suppose anything can be done if they pay you enough, but are there any qualitative considerations as to why you might look at a restructuring on these agreements? And then the second part is, are there any other general comments you can make regarding PERC now that Harbor Coal is out of the way?

BRIAN VAASJO: So to respond to your first question, so if one – and as we've said in the past, we're looking at all different variations of, buy, sell or hold, so that, something like that would be more aligned with somewhat of a hold position, and certainly that there can be things done to restructure the agreements that would result in certainly less conflict from a development standpoint. So, that certainly is a viable route under a hold scenario.

ROBERT KWAN: And what would the benefit be to EPCOR Power unitholders? That certainly I can see where the conflicts arise, although they're heavily slanted in favour of your Partnership. Is there a scenario where you would restructure the agreements without receiving any value back in terms of compensation in dollars?

BRIAN VAASJO: Well there is certainly inherent value associated with those agreements, and certainly the Partnership would be expected to maintain or enhance that value.

ROBERT KWAN: Okay. And then just general comments on PERC, on the buy side or sell side? It sounded like – I think Stuart mentioned you're moving expeditiously to – is it just to evaluate what you want to do? Or is there a selected path right now that you're just not ready to disclose?

BRIAN VAASJO: Well I think if we had a decision today, it would be pretty difficult for us to disclose what that decision would be.

ROBERT KWAN: Sure. I guess it's more – is it more the preliminary stage where you're still evaluating the options? Or is it at a stage where you have made a decision and you're pursuing that path but obviously right now not ready to disclose what that path specifically is?

BRIAN VAASJO: Well I would say we're closer to moving as opposed to studying.

ROBERT KWAN: Okay. Great. Thanks, Brian.

OPERATOR: Your next question comes from Michael McGowan from BMO Capital Markets. Please go ahead.

MICHAEL MCGOWAN: Good afternoon. Just had a very basic question about some of your natural gas optimization opportunities at your Ontario facilities. With higher natural gas costs, do you plan on optimizing more gas or selling more gas this summer? And if you did that, would it be enough to offset some of the increased costs you're seeing regarding higher transportation tolls?

STUART LEE: Michael, this is Stuart. With respect to more optimization, absolutely. As gas prices move up, we will continue to optimize as we have in the past. And will it offset increased transportation costs? It's subject to whatever the spot pricing is at the time. If spot prices continue on like we're seeing today in the \$10 range, absolutely; it'll more than offset it. But it's going to be subject to what the spot prices will be.

MICHAEL MCGOWAN: Okay, great. And I know you mentioned that you were reviewing some options with regards to your California facilities. Can you talk at all in general terms about what those activities, just what type of things you are thinking about doing there?

BRIAN VAASJO: So again, this is an optimization as opposed to a development, and would it generally – the general approach that we're taking, or have taken, is to look across the fleet and look at types of spares that would be beneficial for the overall fleet and where we could increase our capacity at existing sites, and it looks like we may have an opportunity to both increase our reliability and our output over the fleet of the US plants. So that's the nature of the optimization we're looking at.

MICHAEL MCGOWAN: So in terms of increasing your availability and your reliability, would that involve installing new turbines at those facilities or just, other minor efficiency upgrades that you could perform?

BRIAN VAASJO: Well there – in the process there would be a new turbine installed somewhere.

MICHAEL MCGOWAN: Okay, like a shared facility or...?

BRIAN VAASJO: Pardon me?

MICHAEL MCGOWAN: No, I'm just – are you looking at optimizing one or more of your facilities? Or is it, essentially a very selective program you're working on?

BRIAN VAASJO: No, it's – in addition to specifically dealing with one site, it provides flexibility and reliability enhancement for, a couple of other, a couple of other facilities as well.

MICHAEL MCGOWAN: Okay. Thank you.

OPERATOR: Ladies and gentlemen, if there are any additional questions at this time, please press the star, followed by the one. As a reminder, if you are using a speaker phone, please lift the handset before pressing the keys.

Next question comes from Juan Plessis from Canaccord Adams. Please go ahead.

JUAN PLESSIS: Thank you. With regard to the Ontario facilities and your negotiations with OEFC, do you have any timing, any sense of timing for those negotiations?

BRIAN VAASJO: We would hope that they would be concluded in and around near year end.

JUAN PLESSIS: Okay, great. And in regard to the third party study you had which suggested a 10 to 20 percent decline in throughput on that line in 2008 and 9 from recent levels, what recent levels – what time frame are we talking about? Are we talking about the first quarter or 2007?

STUART LEE: Relative to 2007.

JUAN PLESSIS: From 2007. Okay, great. And my last question, with regard to your \$3.8 million maintenance CAPEX, was that all maintenance? Or was there some of this used to extend the life of plants or enhance production or capacity?

STUART LEE: I think there's about \$0.5 million of it was used for the Roxboro and Southport facilities.

JUAN PLESSIS: Okay. Great. Thanks very much.

OPERATOR: Your next question comes from Matthew Akman from Macquarie Capital Markets. Please go ahead.

MATTHEW AKMAN: Brian, what does the OEFC discussion encompass? Does it also talk about or encompass discussions of what would happen when the contracts expire? Or is it just to deal with the short-term cost increases?

BRIAN VAASJO: It's more to deal with the short-term cost increases. Generally speaking, and with the evolving Ontario landscape from a regulatory standpoint, so those discussions would be something that would be on the industry agenda in the next year or two and would probably be with the Ontario Power Authority as opposed to OEFC.

MATTHEW AKMAN: Okay, thanks. Different question, how are you looking at the L.P. these days in terms of its role in the broader EPCOR development activities that you're involved in, for example, in York Region? Is it a vehicle that has a cost to capital that can participate in these? Do you see that, or in acquisitions once things are developed? Or is this just going to be static?

BRIAN VAASJO: So with the general relationship to EPCOR, there are certainly, continue to be assets in EPCOR that are well suited to be within EPCOR Power L.P. Of course, with currencies where they are today, it's difficult for those kinds of transactions to take place. On the development side, EPCOR tends to have a significant level of development available to it, and certainly with where the cost to capital is today with the Power L.P., those economics can work for development activities. And I think as we've said a number of times, we would expect some development activities to start being on the radar screen for EPCOR Power L.P.

MATTHEW AKMAN: Okay. Thank you.

OPERATOR: Gentlemen, there are no further questions at this time. Please continue.

RANDY MAH: Okay. If there's no more further questions, we'll conclude our call. Thank you for joining us today and please mark down June 19th on your calendar as EPCOR Power L.P. will be hosting its first annual investor day event in Toronto. Additional details on the event will

be communicated to you shortly. Once again, thank you for joining us today, and we hope to see you at our investor day event on June 19th. Thanks.

OPERATOR: Ladies and gentlemen, this concludes the conference call for today. Thanks for participating. You may now disconnect your lines.