

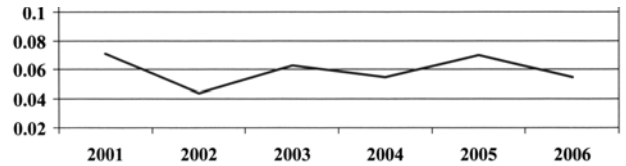


**1. Energy Price Trends: Rising oil prices will increasingly impact operating costs**  
 Putting all our investment in diesel vehicles is unwise

Brent Crude Oil Price per Barrel  
 (Nymex) 2003-2006  
 [TheFinancials.com]



Avg. Annual Alberta Electricity Pool Price  
 2001-2006 (in dollars per kWh)  
 [Independent Power Producers-www.ippsa.com]



Oil prices have increased 200% since 2003.  
 Electricity prices have fluctuated within a 30% margin since 2001.

**2. Losses and Near Term Expenditures with Trolley Abandonment**

**Capital losses:**

- a. Trolley system (valued at \$89 m in 2006 Asset Inventory; 80% in good to fair condition) **including recent investments over \$12 m** per 2004 ETS Trolley Fact Sheet (new poles, intersections, substation, wire, Rossdale Road and other improvements)
- b. ~ 87 complete trolley buses, 49 of which are on the active roster and include **12 newly refurbished trolley coaches**

*How can we justify the losses and the waste?*

**Expenditures:**

- a. \$15-20 m to dismantle wire system and modify streetscapes (estimated based on admin's 2004 estimate of \$13 m plus inflation, plus 30% to modify streetscapes)
- b. \$? - Purchase of trolley overhead service equipment and parts from Epcor as required by contract (per 2004 administrative report, no exact figure provided by admin)
- c. \$? - Interim refurbishment of older diesel buses to continue service
- d. \$20-23 million to purchase replacement diesel buses
- e. \$? - Premium for diesel fuel over electricity and maintenance for diesel buses

**3a. Ridership Gains with Trolleys**

San Francisco – 10-15%  
 Seattle – 10%  
 Arnhem, Netherlands – 17%  
 Salzburg, Austria – 16%  
 Minimum increase of 5% cited in Tennyson (1998)  
 Sources: Booz, Allen, Hamilton, (1991); W. Teunissen, Oostnet (2005), G. Mackinger, Stadtbuss (2005); Tennyson (1998).

**3b. Ridership Losses on Conversion to Diesel**

Akron, Ohio – 7%  
 Youngstown, Ohio – 9%  
 Denver – Loss reported, figure not specified  
 Toronto – Loss reported, figure not specified  
 Dayton, Ohio – 34% (despite 31% addition of service; trolley service later restored and extended)  
 San Francisco – 10-15% (trolley service later reinstated)  
 Arnhem, Netherlands – est. loss at 5% if trolleys were abandoned; trolley system was retained and expanded.  
 Sources: Tennyson (1998); Booz, Allen, Hamilton, (1991); Burmeister (1998). Dayton and San Francisco data refers to replacement of trolleys on certain routes, not system abandonment.