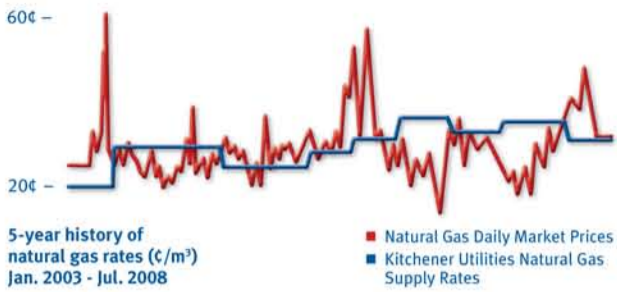


What does rate stability mean to you?

Kitchener Utilities offers natural gas rate stability, so our customers don't have to ride the roller coaster of volatile rates.



Why are natural gas prices so unpredictable?

You know how fast the prices at the gas pumps can change. Natural gas is no different. In fact, natural gas pricing is one of the most volatile of all energy commodities. Many factors affect natural gas pricing, and some of those factors – such as weather – are very unpredictable. Weather can have an impact on supply (when hurricanes disrupt or destroy production platforms in the Gulf of Mexico, for example) and on demand (unusually cold or hot weather can increase use substantially). Other factors that can impact prices include the North American economy, natural gas storage levels, and troubles in energy-producing regions.

How does Kitchener Utilities manage prices?

Many customers have told us that they prefer natural gas prices that are stable. Although there is nothing we can do about the global factors that drive prices, Kitchener Utilities has been able to meet our customers' need for stable, more predictable prices. At regular intervals, we buy natural gas for future use (up to 5 years out) from reliable suppliers at fixed prices. In this way, we try to take advantage of lower prices when opportunities arise, and we can reduce the impact that future price changes may have on our customers. This also averages higher prices with lower ones to provide a blended price that reduces the impact of higher prices.

At any point in time, our natural gas supply price to customers may be higher or lower than the current prices on the open market. But over time, our supply price will be more stable than the market price. Price stability is what our customers have told us they want. That is what we strive to provide them.



How can Kitchener Utilities make money this way?

We don't make profits on our Natural Gas Supply Program.

It is operated at cost. Customers on our supply program pay what we pay to our suppliers – without any mark-up or discount – and all our customers pay the same price.

Customers are free to choose among natural gas suppliers, and our Natural Gas Delivery revenues are not affected by their choice. Because Kitchener Utilities is community-owned, any profits earned from the delivery of natural gas stay within our community.

To learn more about the competitive natural gas market, go to the Customer section of the Ontario Energy Board Web site at www.oeb.gov.on.ca or call 1-877-632-2727.

Kitchener Utilities is your community-owned natural gas and water utility.

At Kitchener Utilities, we are proud to be:

- **Reliable.** We've been providing Kitchener with natural gas for over 100 years.
- **Committed.** We are committed to providing our community with the best customer service and value.
- **A non-profit natural gas supplier.** Our customers pay only what we pay for our natural gas supply.



If you have any questions about Kitchener Utilities, please visit our Web site at www.kitchenerutilities.ca or call us at 519-741-2626.

