

Stakeholder Comments
Customer Contribution Policy Study: Terms of Reference
February 22, 2006

Written comments were received from:

ATCO Electric

CNRL

EnCana

FIRM

IPCAA (added February 21, 2006)

Kinder Morgan

TransCanada

**AESO 2007 GTA – Terms and Conditions of Service
Customer Contribution Study: Terms of Reference — Stakeholder Comment Form**

Comments From: ATCO Electric
 Date: February 8, 2006
 Contact: Satar Parhar
 Phone: 780-420-5501
 E-mail: satar.parhar@atcoelectric.com

Project deconstruction detail	
Page 4	Project deconstruction will entail separating the facility project components and corresponding costs as follows: <ul style="list-style-type: none"> • Transformer, transmission line, and other costs • Standard vs. optional facility costs, and • System vs. customer related costs
<input checked="" type="checkbox"/> Support <input type="checkbox"/> Oppose <input type="checkbox"/> Indifferent	
Reasons for stakeholder position:	

Evaluation criteria	
Page 4	The evaluation criteria provided on page 4 of the terms of reference are appropriate and in the correct order of importance. <ol style="list-style-type: none"> 1. Actual project costs 2. Actual projects 3. Representative of future projects 4. Representative of AIES 5. Availability of supporting planning decisions outcome 6. Sample size 7. Varying load sizes 8. Costs updated to current dollars 9. Project can be deconstructed to meet defined rate term
<input type="checkbox"/> Support <input type="checkbox"/> Oppose <input checked="" type="checkbox"/> Indifferent	
Reasons for stakeholder position:	

Selected data source: review of project between 2000-2006	
Page 5	The Study will entail a detailed review of all the substations that went into service from 2000 through 2006. Although the sample size may not be large, the information accuracy is of primary importance.
<input checked="" type="checkbox"/> Support <input type="checkbox"/> Oppose <input type="checkbox"/> Indifferent	
Reasons for stakeholder position:	
ATCO Electric has some concerns with the potential for bias to be incorporated into the study by limiting the study to consideration of projects completed in the last six years. In terms of transmission system evolution six years is a fairly limited period of time. The scope of interconnections that took place in this time period may not encompass a full range of projects (with a variety of line lengths for example), may have been influenced in some way by the investment policies already in place during the time frame, may reflect recent biases with respect to acceptable substation configurations (e.g. whether or not breakers are included on a	

tap or transformer), or may be biased in some way related to the kind of load growth and expansion occurring based on where in the economic cycle the snap shot is taken.

While we agree that it certainly makes sense to make use of the most recent cost information available based on recently completed projects, we think that a hybrid approach that combines the best features of the Review of Recent Projects approach and the Random Sampling approach might yield a better, less biased result.

We suggest that a comparison of the characteristics of the facilities associated with the actual projects for 2000-2006 to a random sample from the facilities that currently exist in Alberta would provide an indication whether an adjustment to the 2000-2006 data is required.

Our preference would tend toward an approach that deals in some way with the bias concern created by basing the study exclusively on information obtained by reviewing recent projects.

Rejected alternate data source

Page 4	Produce a random sample of all the substations that currently exist in Alberta (as provided in Exhibit 030-016 of the AESO's 2005-2006 GTA) and deconstruct the substation information as per the principles outlined in the terms of reference.	<input checked="" type="checkbox"/> Support <input type="checkbox"/> Oppose <input type="checkbox"/> Indifferent
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Reasons for stakeholder position:

Page 4	Develop a number of generic substation configurations at varying load sizes and apply current transmission infrastructure cost estimates to the projects to determine the various components of the substation costs.	<input type="checkbox"/> Support <input type="checkbox"/> Oppose <input checked="" type="checkbox"/> Indifferent
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Reasons for stakeholder position:

Additional Comments

ATCO Electric supports the AESO's proposal to perform a more detailed Customer Contribution Study before filing of the 2007 GTA. In ATCO Electric's view, the customer contribution issue is a very significant issue that must be addressed in the 2007 GTA.

Please return this form with your comments by February 8, 2006, to:

Edward Hucman
Manager, Regulatory
E-mail: ed.hucman@aeso.ca
Phone: (403) 539-2469
Fax: (403) 539-2524

AESO 2007 GTA – Terms and Conditions of Service
Customer Contribution Study: Terms of Reference — Stakeholder Comment Form

Comments From: Canadian Natural Resources Limited
 Date: February 8th, 2006
 Contact: Dean Chesterman
 Phone: 403-669-6051
 E-mail: Chesterman Consulting Inc.

Project deconstruction detail	
Page 4	<p>Project deconstruction will entail separating the facility project components and corresponding costs as follows:</p> <ul style="list-style-type: none"> • Transformer, transmission line, and other costs • Standard vs. optional facility costs, and • System vs. customer related costs
<input checked="" type="checkbox"/> Support <input type="checkbox"/> Oppose <input type="checkbox"/> Indifferent	
Reasons for stakeholder position:	
<p>There are many questions on any of the projects as to how the AESO determined the standard vs optional facilities split, how the AESO determined the contribution and how the AESO determined the POD vs Local Connection costs. Deconstructing the facility costs is the only method for capturing the data sources for reviewing the cost components. The TFO cost accounts are not split appropriately.</p>	

Evaluation criteria	
Page 4	<p>The evaluation criteria provided on page 4 of the terms of reference are appropriate and in the correct order of importance.</p> <ol style="list-style-type: none"> 1. Actual project costs 2. Actual projects 3. Representative of future projects 4. Representative of AIES 5. Availability of supporting planning decisions outcome 6. Sample size 7. Varying load sizes 8. Costs updated to current dollars 9. Project can be deconstructed to meet defined rate term
<input checked="" type="checkbox"/> Support <input type="checkbox"/> Oppose <input type="checkbox"/> Indifferent	
Reasons for stakeholder position:	
<p>There have been some odd ball substation installations recently, but a review of the actual costs and the actual projects with these evaluation criteria will eliminate the outliers.</p>	

Selected data source: review of project between 2000-2006

Page 5 The Study will entail a detailed review of all the substations that went into service from 2000 through 2006. Although the sample size may not be large, the information accuracy is of primary importance.

Support
 Oppose
 Indifferent

Reasons for stakeholder position:

This is a prospective review with reasonable data. The AESO should have good project estimates and actual costs available from the TFOs. Missing data can be filled in by the TFOs from recent records.

Rejected alternate data source

Page 4 Produce a random sample of all the substations that currently exist in Alberta (as provided in Exhibit 030-016 of the AESO's 2005-2006 GTA) and deconstruct the substation information as per the principles outlined in the terms of reference.

Support
 Oppose
 Indifferent

Reasons for stakeholder position:

Agreed, attempting to perform forensic accounting on existing older facilities will be a major challenge. There are a number of different investment policies that have been applied over the years, there have been equipment additions, equipment change outs and upgrades, and the design requirements today are not comparable to the requirements of 10 to 40 years ago. There will be missing information; attempting to recover the information from project estimates and cost details for projects that are 10 to 20 years old will be very difficult. Attempting to compare cost components of a 20 year old, transmission fused non-SCADA substation to a recent breaker protected SCADA substation is an exercise in futility.

Page 4 Develop a number of generic substation configurations at varying load sizes and apply current transmission infrastructure cost estimates to the projects to determine the various components of the substation costs.

Support
 Oppose
 Indifferent

Reasons for stakeholder position:

The Transmission Facility Owners have standard transmission design configurations; these standards would be a good basis to start with. The standards have also been used for years allowing some comparability from present to older substations. However, every substation is unique, driven by location, available transmission connections, available transmission voltage, and customer load and customer choices. The generic design choices for a 15 MW load can be 25 kV distribution to radial 240 kV transmission. This would be one more step removed from the reality of what has been recently built in Alberta to supply customer DTS loads.

Additional Comments

Back to Facts and Data, the review of the customer contributions and the AESO investment policy should be based on real substations, real costs, and real contributions; fabricating generic models and analyzing suspect data does not improve the process. Enough of the terms and conditions are based on just so stories and how people wish things to be, not on what is. Even a thin data set of real substation cost components is better than poor data on every substation in Alberta.

Please return this form with your comments by February 8, 2006, to:

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**AESO 2007 GTA – Terms and Conditions of Service
Customer Contribution Study: Terms of Reference — Stakeholder Comment Form**

Comments From: EnCana Corporation
 Date: February 8, 2006
 Contact: Rod Crockford, Rinde Powell, Roger Belland
 Phone: 645-7871, 645-6688, 780-486-4309
 E-mail:

Project deconstruction detail

Page 4 Project deconstruction will entail separating the facility project components and corresponding costs as follows:

- Transformer, transmission line, and other costs
- Standard vs. optional facility costs, and
- System vs. customer related costs

Support
 Oppose
 Indifferent

Reasons for stakeholder position:

Support deconstruction of costs in this manner of detail. Other characteristic which may be helpful in understanding POD costs include (i) contract capacity vs. standard transformer sizing used by TFOs, (ii) equipment availability and standardization by TFOs, (iii) single POD customer vs. multi-POD customer connection (DISCOs) vs. multi-use connections (DTS+STS), (iv) totalization issues.

Evaluation criteria

Page 4 The evaluation criteria provided on page 4 of the terms of reference are appropriate and in the correct order of importance.

1. Actual project costs
2. Actual projects
3. Representative of future projects
4. Representative of AIES
5. Availability of supporting planning decisions outcome
6. Sample size
7. Varying load sizes
8. Costs updated to current dollars
9. Project can be deconstructed to meet defined rate term

Support
 Oppose
 Indifferent

Reasons for stakeholder position:

EnCana agrees these are important considerations for the selection of a data set for review. Greatest importance should be assigned to #4.

Selected data source: review of project between 2000-2006

Page 5 The Study will entail a detailed review of all the substations that went into service from 2000 through 2006. Although the sample size may not be large, the information accuracy is of primary importance.

Support
 Oppose
 Indifferent

Reasons for stakeholder position:

EnCana acknowledges that these projects (interconnections during the 2000 to 2006 period) will afford the greatest detail in terms of the connection decisions, POD design, and hence POD costs. However,

EnCana is concerned that limiting the study to these projects alone will be inadequate. Noting that on p.57 of Decision 2005-096, the Board comments that the appropriate investment allowance (using so-called 'average-cost plus') should reflect the extent to which interconnection costs of "a comparable capacity may be expected to exceed the average for that size or project". To make this assessment requires a sufficient sample at various capacity sizes. If the 2000-to-2006 data set does not provide an adequate sampling at each level of capacity, then the resulting cost function will be distorted and inappropriate. This is particularly a concern for large capacities as these are less frequently interconnected.

EnCana therefore suggests a supplemental data set whenever the sample size at a capacity level is less than 10. This supplemental data could be developed using a combination of approach I and III (as these are discussed on p.4 of the ToR). Namely, obtain a random sample of PODs from the AIES that are consistent with the capacity level, use the configuration of the random sample to establish a design requirement and finally use current transmission planning and costing methods to determine the cost of the POD. (The difference between this and approach III is to use the random sample to set the "generic configuration".)

In terms of segmenting costs according to capacity levels, EnCana suggests that it would be more fruitful to segment according to MVA capacity rather than MW capacity. As shown in Figure 1 below, these tend to be a natural clustering of around MVA sizes (i.e. standard transformer sizes) whereas even small MW contracts can be served by larger MVA transformers. Explaining the relationship will be an important element of the cost study.

Rejected alternate data source		
Page 4	Produce a random sample of all the substations that currently exist in Alberta (as provided in Exhibit 030-016 of the AESO's 2005-2006 GTA) and deconstruct the substation information as per the principles outlined in the terms of reference.	<input type="checkbox"/> Support <input type="checkbox"/> Oppose <input type="checkbox"/> Indifferent
Reasons for stakeholder position:		
See comments above.		
Page 4	Develop a number of generic substation configurations at varying load sizes and apply current transmission infrastructure cost estimates to the projects to determine the various components of the substation costs.	<input type="checkbox"/> Support <input type="checkbox"/> Oppose <input type="checkbox"/> Indifferent
Reasons for stakeholder position:		
See comments above.		

Additional Comments

80/20 Guideline

EnCana remains concerned over the application of the 80/20 guideline. EnCana acknowledges the Board's intention that "80% of the projects" fall within the tolerance range and would not make a contribution. However, EnCana notes that the Board omitted a reference to a "population" that comprises the 100% of projects which are then divided into the 80% which do not pay a contribution and the 20% that do. Equally, the AESO's ToR lacks any reference to the population of projects used for the 80/20 rule. Without a proper definition of the population of projects, the 80/20 guideline could lead to unacceptable volatility in the investment allowance as a result of trying to fit the investment allowance to a short-term sample of new interconnections.

Instead, EnCana submits that if the 80/20 guide is to have a role, it should be assessed over a 5-year horizon and on a go-forward basis. In other words, the AESO should not be focused on how a proposed investment allowance impacts the immediate group of interconnection candidates but should consider how it fairs under a representative sample of interconnection projects expected in the next five years.

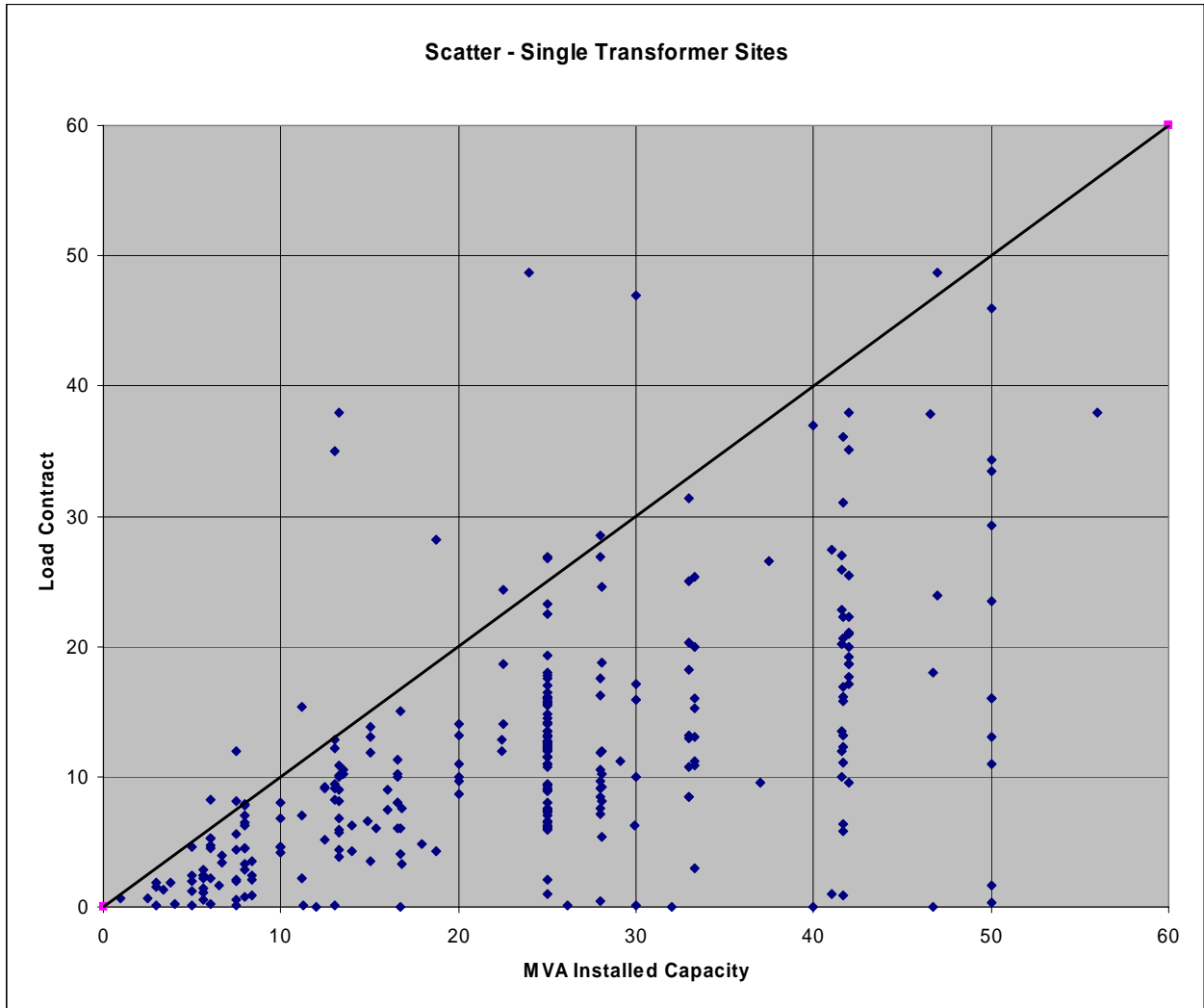
Process

Following the posting of the AESO's response matrix (Feb 15), the AESO should set a meeting to discuss the AESO's final approach including more discussion of the specifics on the scope of work to be done. This will ensure there is a better understanding by all participants of the work being undertaken. This discussion should occur no later than the end of February. A workshop to discuss the preliminary results should be held at the end of March. This would provide stakeholders the opportunity to provide additional input and feedback prior to the conclusion of the study.

Please return this form with your comments by February 8, 2006, to:

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Manager, Regulatory
E-mail: ed.hucman@aeso.ca
Phone: (403) 539-2469
Fax: (403) 539-2524

Figure 1



**AESO 2007 GTA – Terms and Conditions of Service
Customer Contribution Study: Terms of Reference — Stakeholder Comment Form**

Comments From: FIRM Customers
Date: 8 February 2006
Contact: Henry Unryn
Phone: (403) 294-1351
E-mail: unrynhen@telus.net

Project deconstruction detail

Page 4	Project deconstruction will entail separating the facility project components and corresponding costs as follows: <ul style="list-style-type: none"> • Transformer, transmission line, and other costs • Standard vs. optional facility costs, and • System vs. customer related costs 	<input checked="" type="checkbox"/> Support <input type="checkbox"/> Oppose <input type="checkbox"/> Indifferent
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Reasons for stakeholder position:

FIRM supports the deconstruction of project costs into the components identified to facilitate considerations of an investment function. Additionally the Study should ensure that details of original costs are provided before any escalation to current costs. Furthermore details of customer contributions with the basis for calculation of these contributions would be useful. Finally the details of contract quantities for supply and load should be provided to support the use of the Substation Fraction for each of the substations.

Evaluation criteria

Page 4	The evaluation criteria provided on page 4 of the terms of reference are appropriate and in the correct order of importance. <ol style="list-style-type: none"> 1. Actual project costs 2. Actual projects 3. Representative of future projects 4. Representative of AIES 5. Availability of supporting planning decisions outcome 6. Sample size 7. Varying load sizes 8. Costs updated to current dollars 9. Project can be deconstructed to meet defined rate term 	<input checked="" type="checkbox"/> Support <input type="checkbox"/> Oppose <input type="checkbox"/> Indifferent
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Reasons for stakeholder position:

FIRM considers that the information accuracy of using actual projects and actual project costs to be of paramount importance and agree with the proposed ranking of evaluation criteria.

Selected data source: review of project between 2000-2006

Page 5	The Study will entail a detailed review of all the substations that went into service from 2000 through 2006. Although the sample size may not be large, the information accuracy is of primary importance.	<input checked="" type="checkbox"/> Support <input type="checkbox"/> Oppose <input type="checkbox"/> Indifferent
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Reasons for stakeholder position:

FIRM considers information accuracy to be important. It is assumed that the use of a data

base from 2000 – 2006 will provide sufficient diversity of data points to develop reasonable substation component costs per increments of capacity. The availability of historical cost data on a separate component basis (ie. Transformers, transmission lines, other interconnection costs) should allow consideration of investment functions on the basis of these components.

Rejected alternate data source

Page 4 Produce a random sample of all the substations that currently exist in Alberta (as provided in Exhibit 030-016 of the AESO's 2005-2006 GTA) and deconstruct the substation information as per the principles outlined in the terms of reference.

Support
 Oppose
 Indifferent

Reasons for stakeholder position:

FIRM opposes this approach as actual substation costs will not be considered with the use of cost estimates only. It is important to have a good base of actual costs in considering investment policy options.

Page 4 Develop a number of generic substation configurations at varying load sizes and apply current transmission infrastructure cost estimates to the projects to determine the various components of the substation costs.

Support
 Oppose
 Indifferent

Reasons for stakeholder position:

This option does not consider actual substation projects and actual costs and only relies on cost estimates to develop substation configurations. This option suffers from the perspective of information accuracy.

Additional Comments

Please return this form with your comments by February 8, 2006, to:

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Fax: (403) 539-2524

**AESO 2007 GTA – Terms and Conditions of Service
Customer Contribution Study: Terms of Reference — Stakeholder Comment Form**

Comments From: IPCAA
 Date: February 6, 2006
 Contact: Dan Macnamara / Ron Mikkelsen
 Phone: 266-3180 / 263-3326
 E-mail: dmacnamarra@shaw.ca / consult@drazen.com

Project deconstruction detail

Page 4 Project deconstruction will entail separating the facility project components and corresponding costs as follows:

- Transformer, transmission line, and other costs
- Standard vs. optional facility costs, and
- System vs. customer related costs

Support
 Oppose
 Indifferent

Reasons for stakeholder position:

Proposed approach would appear to address the potential sources of cost difference identified by interveners.

Evaluation criteria

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1. Actual project costs
2. Actual projects
3. Representative of future projects
4. Representative of AIES
5. Availability of supporting planning decisions outcome
6. Sample size
7. Varying load sizes
8. Costs updated to current dollars
9. Project can be deconstructed to meet defined rate term

Support
 Oppose
 Indifferent

Reasons for stakeholder position:

Selected data source: review of project between 2000-2006

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Support
 Oppose
 Indifferent

Reasons for stakeholder position:

It is logical for the analysis to be undertaken for the projects for which the AESO has the most complete information.

Rejected alternate data source

Page 4 Produce a random sample of all the substations that currently exist in Alberta (as provided in Exhibit 030-016 of the AESO's

Support

2005-2006 GTA) and deconstruct the substation information as per the principles outlined in the terms of reference.	<input checked="" type="checkbox"/> Oppose <input type="checkbox"/> Indifferent
Reasons for stakeholder position:	
This approach would appear to ignore relative changes in the cost of components over time. At current (relative) prices the substation may have been designed/configured differently.	
Page 4 Develop a number of generic substation configurations at varying load sizes and apply current transmission infrastructure cost estimates to the projects to determine the various components of the substation costs.	<input type="checkbox"/> Support <input checked="" type="checkbox"/> Oppose <input type="checkbox"/> Indifferent
Reasons for stakeholder position:	
This approach would appear to be too open ended – everything is notional.	
Additional Comments	

Please return this form with your comments by February 8, 2006, to:

Edward Hucman
 Manager, Regulatory
 E-mail: ed.hucman@aeso.ca
 Phone: (403) 539-2469
 Fax: (403) 539-2524

**AESO 2007 GTA – Terms and Conditions of Service
Customer Contribution Study: Terms of Reference — Stakeholder Comment Form**

Comments From: Kinder Morgan Canada Inc. and Enbridge Inc.
 Date: February 9, 2006
 Contact: Lisa van Hemert (KMCI) and Kaare Svidal (EI)
 Phone: 403.514.6482 / 780.420.5393
 E-mail: lisa_vanhemert@kindermorgan.com / kaare.svidal@enbridge.com

Project deconstruction detail	
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<input type="checkbox"/> Support <input type="checkbox"/> Oppose <input type="checkbox"/> Indifferent	
Reasons for stakeholder position:	

Evaluation criteria	
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<input type="checkbox"/> Support <input type="checkbox"/> Oppose <input type="checkbox"/> Indifferent	
Reasons for stakeholder position:	

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<input type="checkbox"/> Support <input type="checkbox"/> Oppose <input type="checkbox"/> Indifferent	
Reasons for stakeholder position:	

Rejected alternate data source	
Page 4	Produce a random sample of all the substations that currently exist in Alberta (as provided in Exhibit 030-016 of the AESO's 2005-2006 GTA) and deconstruct the substation information as per the principles outlined in the terms of reference.
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Reasons for stakeholder position:

Page 4 Develop a number of generic substation configurations at varying load sizes and apply current transmission infrastructure cost estimates to the projects to determine the various components of the substation costs.

- Support
- Oppose
- Indifferent

Reasons for stakeholder position:

Additional Comments

Kinder Morgan Canada Inc. and Enbridge Inc. endorse the capital contribution study proposed by the AESO and encourage a high level of detail to allow for a more complete analysis. This will result in less analysis work being required of intervening parties. We anticipate that the new data will provide a clear description of methodology and meaningful statistical analysis. Our primary concerns are that the revised methodology be equitable to all different sizes of loads, that it be based on a statistically relevant data sample, and that the methodology adopted be consistent with the new POD methodology. A one-page summary of the step by step method for determining the new contribution policy would be helpful.

Please return this form with your comments by February 8, 2006, to:

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**AESO 2007 GTA – Terms and Conditions of Service
Customer Contribution Study: Terms of Reference — Stakeholder Comment Form**

Comments From: TransCanada Energy Ltd. (“TransCanada”)
 Date: February 8, 2006
 Contact: Dan Levson or Cheryl Terry
 Phone: Dan at (403) 920-2095 or Cheryl at (403) 920-2092
 E-mail: Dan_Levson@TransCanada.com or Cheryl_Terry@TransCanada.com

Project deconstruction detail	
Page 4	<p>Project deconstruction will entail separating the facility project components and corresponding costs as follows:</p> <ul style="list-style-type: none"> • Transformer, transmission line, and other costs • Standard vs. optional facility costs, and • System vs. customer related costs
	<p><input checked="" type="checkbox"/> Support (with caveat below) <input type="checkbox"/> Oppose <input type="checkbox"/> Indifferent</p>
<p>Reasons for stakeholder position: TransCanada supports the proposed deconstruction. However, for the deconstruction to be useful, it must also include a deconstruction of the customer contributions, if any, into these categories: (1) Customer contributions arising from investment levels for standard facilities that exceed maximum investment levels (2) Customer contributions for optional facilities for transformers (or substations) (3) Customer contributions for optional facilities that are transmission lines (4) Customer contributions for optional facilities that relate to other costs. Without this additional information, the AESO will be unable to know what amount has been placed in rate base for the various cost categories.</p>	

Evaluation criteria	
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	<p><input checked="" type="checkbox"/> Support <input type="checkbox"/> Oppose <input type="checkbox"/> Indifferent</p>
<p>Reasons for stakeholder position: TransCanada is generally supportive of this order of importance. Item three, Representative of future projects, could have been a lower priority than item 4, Representative of the AIES. It is somewhat unclear as to what is the purpose of the study. If the purpose is to determine what has been invested in the past (on average and therefore what is embedded in the tariffs) and to then use that as the basis for determining what is appropriate for the future (allowing for a potential increase), then a study that is representative of the AIES is more important as it will more accurately determine an average investment level. Information on what is representative of future projects is also useful, however, as it gives some insight into how much cost increases are creating a difference between new facility costs and embedded costs. Since the investment levels have not historically been adjusted regularly for inflation in capital costs, the costs of new facilities can</p>	

increase significantly from embedded costs. If the gap becomes too large, intergenerational inequities arise, particularly between customers who are not routinely adding Points of Delivery (“PODs”) on the system compared to customers who are regularly adding PODs. Furthermore, the gap provides some justification to increase the investment levels over time. If this does not occur, newer customers will face increasingly larger customer contributions as a proportion of the total costs of a project. If the purpose of the study is to determine typical costs of new projects and to ignore historical investment levels, then costs Representative of future projects would be a higher priority. TransCanada is of the view that the former objective is more appropriate given that the tariff bundles old customers with new customers in the same tariff. If the AESO agrees that the purpose is first to accurately establish the historical investment levels on an embedded cost basis, then the sample size is important and probably deserves a higher priority as well. If the AESO consultant is able to successfully address all nine terms of reference, then TransCanada has less concerns on this matter.

Selected data source: review of project between 2000-2006

Page 5 The Study will entail a detailed review of all the substations that went into service from 2000 through 2006. Although the sample size may not be large, the information accuracy is of primary importance.

Support
 Oppose
 Indifferent

Reasons for stakeholder position: TransCanada agrees that obtaining accurate information from 2000 to 2006 is easier for the AESO since such records are likely accessible from the AESO’s own files. However, TransCanada would also request that the AESO conduct at least a random sample of existing substations as a secondary confirmation of their study. See comments in the next section.

Rejected alternate data source

Page 4 Produce a random sample of all the substations that currently exist in Alberta (as provided in Exhibit 030-016 of the AESO’s 2005-2006 GTA) and deconstruct the substation information as per the principles outlined in the terms of reference.

Support
 Oppose
 Indifferent

Reasons for stakeholder position: TransCanada requests that the AESO conduct at least a random sample of existing substations as a secondary confirmation of their study in the previous section. TransCanada is of the view that as a result of TransCanada’s exploration of this issue in the AESO 2006 GTA, much of this information is already accessible and should not be ignored in a study of investment levels. Furthermore, if the problem is lack of notice with the TFOs and Discos, as we understood was an issue in the last proceeding, the extension of this study into the April timeframe should provide adequate time for a significant amount of records to be retrieved and included in the study. If this information is simply not available, then the AEUB needs to conduct an investigation into TFO and Disco records because without this information, it is not be possible to properly retire substation and transmission plant from rate base, to refund customer contributions when appropriate and to estimate net salvage.

Page 4 Develop a number of generic substation configurations at varying load sizes and apply current transmission infrastructure cost estimates to the projects to determine the various components of the substation costs.

Support
 Oppose
 Indifferent

Reasons for stakeholder position: TransCanada is somewhat indifferent on using cost estimates from generic substation configurations. On the positive side, these estimates can provide an assessment of future costs, better reflecting the significant increases in transmission design and construction occurring in recent years and expected to continue under Alberta's current economic conditions. However, the weakness of this approach is the arbitrary nature of the assumptions on what constitutes a generic substation configuration and typical transmission costs. The latter can be significantly affected by the terrain involved and availability of construction forces. Also, TransCanada expects that the estimates will only be accurate to within plus or minus 30% (typical of this type of analysis). Such order-of-magnitude estimates have limited accuracy and, while indicative of future trends, should not be solely relied upon. If the AESO were to find sufficient resources to conduct this analysis in addition to those above, TransCanada believes such information could also contribute to determining an appropriate investment policy.

Additional Comments

The study should track all costs and customer contributions on the basis of whether it is a single-user or multi-user POD in the event that the AESO decides to create separate DTS tariffs in the future for single-user and multi-user PODs.

Please return this form with your comments by February 8, 2006, to:

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