



November 20, 2006

Sent via e-mail

Stakeholders
AESO 2007 GTA

Dear Stakeholder:

Re: Proposal for Further Discussions to Limit, Reduce, or Settle AESO 2007 GTA Issues

On November 3, 2006, the Alberta Electric System Operator (AESO) submitted its 2007 General Tariff Application (GTA) to the Alberta Energy and Utilities Board (EUB). In the Application, the AESO requested:

10.f. In light of the stakeholder involvement in development of the rates and terms and conditions in this Application, that the Board (in accordance with IL-98-04 Revised February 4, 2003) permit the AESO to engage in further discussions – starting as early as two weeks after the Board’s receipt of this Application – with interested parties, the objective of which will be to establish whether and if so, how the issues which the Board may ultimately be requested to decide may be limited or reduced, relative to the totality of the Application. This may take the form of a settlement, partial settlement, or another form as interested parties may agree. The AESO requests that the Board provide a determination in this regard by November 16, 2006.

On November 14, 2006, the EUB issued its Notice of Application for the AESO’s 2007 GTA. The EUB noted the AESO’s request for permission to engage in further discussions, and asked the AESO to provide an assessment of the potential success of these additional discussions by December 4.

This letter initiates the further discussions referred to above.

The AESO acknowledges the significant contributions that stakeholders have already provided to the development of the GTA, both as part of the AESO Budget Review Process and through tariff consultations. We hope that these consultations have established a common understanding of many issues and the ability to identify those that may require further deliberation through a regulatory proceeding. To that end, we propose the following approach to explicitly identify these issues.

1. The AESO has prepared the attached issues consensus and response form. The form lists all issues dealt with in the 2007 GTA, in the order in which they appear in the application and including section and page references. In the middle of the form the AESO provides its assessment of the “status” of each issue — that is, whether it believes consensus support has generally been attained, may potentially be attained, or is unlikely to be attained for each of the issues. The assessments are based on the AESO’s interpretation of the considerable feedback received over the course of consultations. They are not intended to presume any parties’ positions; they are offered only in order to focus the discussions going forward. Stakeholders are requested to review the AESO’s assessments regarding consensus support, indicate if they agree with them, and provide comments to further explain their positions if they wish.
2. We then propose to meet with stakeholders who intend to participate in the AESO’s 2007 GTA proceeding to further discuss the “status” of the GTA issues as follows:

Date: Friday, December 1, 2006

Time: 9:30 AM –12:00 Noon

Place: AESO Board Room, 25th Floor, 330 – 5th Avenue SW, Calgary, Alberta

Please note that the AESO Board Room can comfortably accommodate only 22 people. Parties are requested to limit their attendance to one or two representatives. Pre-registration as requested at the end of this letter is required to determine if a larger room is needed; if so the AESO will advise registered parties of the new location by e-mail no later than the day before the meeting.

Discussion at this meeting is expected to focus on issues where consensus support may potentially be achieved, including issues where stakeholders consider the AESO may have incorrectly assessed whether consensus has already been reached or is unlikely. The goal of the meeting is clarity on what each issue entails and what modifications, if any, might be possible to achieve general consensus on the issue. One possible modification, for example, could be commitment to examine a particular aspect of an issue prior to a future tariff application.

3. After the meeting stakeholders are requested to complete the columns on the right of the form and return the completed form to the AESO. Stakeholders should indicate whether they generally support the AESO’s proposal as stated in the Application and discussed during the meeting, do not oppose or are indifferent to the AESO’s proposal, or oppose the AESO’s proposal. Stakeholders should also suggest any GTA issues they feel are missing from the form. Finally, space is provided for any comments stakeholders wish to make on an issue.

Stakeholders are requested to return the completed form to the AESO by Monday, December 4, 2006. Where a stakeholder has not indicated its position with respect to an

issue, the AESO will assume the stakeholder is not opposed or is indifferent to the AESO's proposal for that issue.

4. The AESO will review stakeholder comments and compile a final list of AESO proposals which received general consensus support, have the potential to receive consensus support, and are unlikely to receive consensus support. This list may be either provided to the EUB as an aid in development of the issues list for the GTA proceeding, or may be used as the basis for a request to enter into settlement negotiations for all or part of the AESO's 2007 GTA. In either case, the AESO believes that if the AESO's proposal for an issue receives consensus support in this process, it is reasonable that it be removed from the issues list for the proceeding.

We welcome comments on this proposed process from stakeholders prior to the December 1 meeting. We also offer the following suggestions as guidelines for that meeting:

- (a) Participation is limited to parties who intend to participate in the AESO's 2007 GTA proceeding.
- (b) Comments and information provided in written or printed form during this process will be considered public and will be posted on the AESO's website, continuing the transparency that has been an important aspect of the tariff consultations to date.
- (c) Although at this preliminary stage parties may not have fully assessed all aspects of the issues, parties should try to provide as certain a statement of their positions as possible. Parties' statements of position will be relied upon in moving to the next steps in these discussions.
- (d) "General consensus" refers to unanimity of all participants who have clearly stated a position. A statement of uncertainty will not prevent a conclusion of general consensus. The AESO expects this item may benefit from brief discussion at the December 1 meeting.

Although we appreciate that notice for this meeting is relatively short, we expect that stakeholders are reasonably familiar with the issues from the prior consultations that have been held. We hope all stakeholders who intend to participate in the AESO's 2007 GTA proceeding going forward will attend the December 1 meeting, such that the benefits of the consultations and these further discussions can be realized to the fullest extent possible.

Please register for the meeting by 4:00 PM, Tuesday, November 28, 2006, with April Walters, by e-mail to april.walters@aeso.ca or phone to (403) 539-2463 in Calgary. When you register, please indicate how many representatives of your organization will attend.

If you need additional information on the AESO's 2007 GTA or on this consensus identification process, please contact me at (403) 539-2751 or by e-mail to heidi.kirrmaier@aeso.ca or John Martin at (403) 539-2465 or by e-mail to john.martin@aeso.ca.

Sincerely,

[original signed by]

Heidi Kirrmaier
Vice President, Regulatory

cc: John Martin, Manager, Regulatory, AESO
Jamie Cameron, Application Officer, EUB

Attachment