



February 5, 2007

Submitted via EUB Digital Data Submission System

Alberta Energy and Utilities Board
640 – 5th Avenue SW
Calgary, Alberta
T2P 3G4

Attention: Jamie Cameron, Application Officer

Dear Mr. Cameron:

**Re: AESO 2007 GTA (Application No. 1485517)
AESO Response to EnCana, IPCAA, and TransCanada Motions**

In accordance with your letter of February 1, 2007 on behalf of the Alberta Energy and Utilities Board (EUB), the Alberta Electric System Operator (AESO) provides its response to the January 30, 2007 motions of TransCanada Energy (TCE) and EnCana Corporation (EnCana) and the February 1, 2007 motion of the Industrial Power Consumers Association of Alberta (IPCAA). Those motions request the EUB to direct the AESO to provide further and better responses to certain information requests (IRs) submitted by those parties, pursuant to Rule 29 of the EUB's *Rules of Practice* (Rules).

1. Outstanding IR Responses

The AESO first notes that the outstanding responses to IRs listed in its letter of January 24, 2007 will be filed via the EUB Digital Data Submission System no later than tomorrow, February 6, 2007. That filing will include the complete response to IR PWX.AESO-016, for which a partial and incomplete attachment had been inadvertently included in the responses filed on January 24. The partial attachment was referenced in the discussion of IR TCE.AESO-006 (b) in TCE's motion. The AESO submits that the complete response to PWX.AESO-016 will fully respond to TCE.AESO-006 (b), and TCE's motion with respect to that IR may therefore be dismissed when the complete response to PWX.AESO-016 is filed.

The outstanding responses filing will also include the AESO's response to IR DUC.AESO-004. Although this IR was mentioned in Mr. Forster's letter of January 31, 2007 on behalf of the Dual Use Customers (DUC), the AESO did not understand that letter to constitute a motion for a further and better response to the IR pursuant to Rule 29. In any event, the response will be provided no later than tomorrow, as discussed above.

2. EnCana, IPCAA, and TCE Motions

(a) IR Responses Which Will Be Revised

The AESO has reviewed the remaining responses cited in EnCana's, IPCAA's, and TCE's motions, and the concerns expressed by those parties. On reflection, the AESO believes that certain of these concerns are reasonable. The AESO is therefore preparing revised responses to the following IRs identified in the motions, which will provide additional response to the IR or a more complete explanation of why the requested information was not provided:

- EnCana.AESO-018 (b)
- IPCAA.AESO-009 (d)
- IPCAA.AESO-009 (e)
- TCE.AESO-003 (e)
- TCE.AESO-004 (a)
- TCE.AESO-004 (b)
- TCE.AESO-004 (c)
- TCE.AESO-016 (a)
- TCE.AESO-024 (b)
- TCE.AESO-033 (d)
- TCE.AESO-036 (a)

The AESO expects to submit these revised responses to the EUB no later than Friday, February 9, 2007.

(b) Responses Which the AESO Believes Comply With Rule 28(1)(b)

With respect to the remaining IR responses discussed in EnCana's, IPCAA, and TCE's motions, the AESO offers the following comments.

EnCana.AESO-004 (b) — EnCana asked the AESO to identify the bulk system upgrades proposed under the 10-Year Plan, to indicate each upgrade's cut-plane, and to summarize the drivers for the upgrades and any relevant load requirements. The AESO responded by referring to the section of the 10-Year Plan that summarizes bulk system upgrades and the relevant cut-planes, as well as the specific tables that provided costs and in-service dates for the upgrades. EnCana's motion now extends its request to regional planning areas. The AESO submits EnCana's original response referred only to bulk system upgrades in the 10-Year Plan, and the AESO's original response sufficiently answered the request. However, to be helpful the AESO notes that regional upgrades are identified in section 5 of the 10-Year Plan, with costs and in-service dates for those upgrades provided in Tables 17, 20, 21, 24, 25, 28, 29, 32, 33, 36, 37, and 38.

EnCana also notes other reasons why the AESO's original answer is not responsive, and the AESO provides the following comments in response to those suggestions.

EnCana states the AESO must further explain what factors trigger transmission constraints identified in the 10-Year Plan. As explained on page 1 of the 10-Year Plan, “The 10-Year Transmission System Plan provides a roadmap to the projects necessary to meet a range of measurable load (or demand for electricity) and generation scenarios in the shorter term. Finally, the Need Applications provide detailed rationale supporting recommended specific system upgrades.” The 10-Year Plan is developed by assessing system capabilities under a range of load and generation scenarios, recognizing that there is uncertainty about the future and that plans must be flexible and adaptable to a range of future possible events. Representative transmission solutions are then developed based on powerflow analysis, to demonstrate the scope of the issue and possible solutions to address the future system requirements. The powerflow-related concerns (such as specific thermal overloading, or steady-state under- or over-voltage conditions) are provided in the identified sections of the Plan. While the powerflow analysis is significant, it is not the only analysis that is required for a system upgrade. Additional transient, dynamic, and voltage stability analysis, economic and land impact analysis, and stakeholder consultation is required before a Need Identification Application could be filed for any of these system solutions. In this regard, the AESO submits it would be inappropriate to use a high-level and conceptual document such as the 10-Year Plan as being definitive in considering detailed project issues.

EnCana then expresses concern that the discussion of detailed analysis for these projects will take place only in the future. The AESO assures the EUB that the simple reason for deferring these discussions is because the detailed analysis has not yet been prepared. That analysis will be developed through detailed project development on a case-by-case basis leading up to the development of Need Identification Applications, and through an appropriate public consultation process for each project.

Finally, EnCana seeks a solution to a concern arising from a response to a separate information request (BR-AESO-002 (b)) and suggests the information sought in IR EnCana.AESO-004 (b) will help address this concern. As discussed above, the analysis in the 10-Year Plan is appropriate in the context of developing a conceptual plan, but would not be in sufficient depth for a Need Identification Application. The AESO submits that the analysis in the 10-Year Plan is also not appropriate for the detailed examination suggested by EnCana. EnCana is simply seeking detail that does not yet exist and that can only be meaningfully developed through extensive project development processes.

The AESO therefore submits that its response sufficiently answers the EnCana request and meets the requirements of Rule 28(1)(b), and EnCana’s request for a further response should be denied.

EnCana.AESO-007 (e) — EnCana asked the AESO to explain whether it agreed that load could be the trigger for a transmission upgrade to facilitate energy flows from a generation-surplus area. The AESO responded that the system load, the local load, and the generation dispatch scenario are all relevant factors. That response clearly states that load is a consideration. The AESO submits that its response sufficiently answers the EnCana request and meets the requirements of Rule 28(1)(b). EnCana’s request for a further response should therefore be denied.

EnCana.AESO-012 (b) — EnCana asked the AESO to provide “theoretical grounding” behind the average and excess demand method and to “discuss why such a method should be used”. The AESO provided an extensive quotation from a well-regarded reference text on public utility rates, as well as citing two other reference works. In addition, the AESO discussed why it considered the method examined in the quoted text to be appropriate. EnCana now requests the “relevance or weight, if any, placed on these references” and suggests that a “full disclosure of the methodology” is required. EnCana’s original request did not include those questions. The AESO’s response fully addressed EnCana’s original request, provided extensive citation of the theory of the average and excess demand method, and provided discussion of the AESO’s considerations for utilizing the method. The AESO submits that its response sufficiently answers the EnCana request and meets the requirements of Rule 28(1)(b).

EnCana.AESO-016 (a) — EnCana asked the AESO for data to support an assumption. In response the AESO referred to two IR responses each of which discussed the assumption questioned by EnCana. The nature of an assumption is that something is considered to be true without specific evidence. The AESO initially stated its assumption in its GTA. In response to the EnCana request, the AESO discussed its assumption in more depth. Requesting data to support a statement which by its nature does not have evidentiary support is illogical. EnCana now changes its initial request by stating that, if data is not available, then the AESO should provide hourly load data for certain customers. The AESO submits that its response sufficiently answers the EnCana request, and meets the requirements of Rule 28(1)(b).

IPCAA.AESO-032 (a-b) — IPCAA asked the AESO to provide the model used to calculate rate impacts, including the complete data set used in the calculation. The AESO responded that the individual customer billing determinants used in its analysis are confidential data. IPCAA has not disputed the confidential nature of the data, but suggests that the model be provided with the data hidden and password-protected. The hiding and protection tools available with Microsoft Excel are not security measures. As Microsoft explains on its website (“Overview of security and protection in Excel”, *Microsoft Office Online*, <http://office.microsoft.com/en-us/help/HP052388541033.aspx>, accessed February 5, 2007), such tools do not provide protection for confidential data:

Excel features related to hiding data or locking data with passwords are not intended to secure or protect confidential information in Excel. These features are merely meant to obscure data or formulas that might confuse some users or to prevent others from viewing or making changes to that data.

Excel does not encrypt data that is hidden or locked in a workbook.

The AESO also suggested in its IR response that the average billing determinants provided in Appendix E to the AESO’s Application could be used to estimate bill impacts. IPCAA states that it expects the AESO would contest such calculations. The AESO does not know the basis for IPCAA’s expectations, but does not expect to contest bill impact calculations based on average billing determinants. As the AESO explained in its response to IR TCE.AESO-032, “The AESO’s impetus to change the DTS rate structure has been to adhere to the cost causation basis which satisfies the primary rate design principles of provision of appropriate price signals and

fairness, objectivity, and equity,” and not to mitigate rate impact. The rate impact analysis was utilized only in the development of the AESO’s proposed rate cap discussed in section 4.5.3 of its Application. The AESO accordingly submits that its response sufficiently answers the IPCAA request, and meets the requirements of Rule 28(1)(b).

IPCAA.AESO-047 (b) — IPCAA asked the AESO to indicate the PODs which the AESO would characterize as backup load. The AESO responded that it cannot identify all such PODs and offered alternative in an effort to assist in understanding of the issue. IPCAA cites other IR responses to suggest that the AESO is withholding information. With respect, the AESO provided information in the other IR responses in attempts to be helpful in the absence of specific information. For example, IPCAA cites the AESO’s Application which states, “load capacities of less than 5% duration were about 103% of the DTS contract capacities for those customers....” First, the AESO does not state that those customers constitute the entirety of customers who would take backup service. Second, such customers are already clearly identified by the load factors provided in Appendix E to the AESO’s 2007 GTA. The AESO accordingly submits that its response sufficiently answers the IPCAA request, and meets the requirements of Rule 28(1)(b).

IPCAA.AESO-047 (c) — IPCAA asked the AESO for hourly load data for the PODs identified in part (b) of the IR. As discussed above, the AESO could not identify all PODs which would be characterized as backup load, which renders the request impossible to complete. IPCAA refers to Figure 4.6.1 in the AESO’s Application in support of its need for hourly data. Figure 4.6.1 was not compiled using POD data. It was compiled from hourly metering data for 240 kV lines, and the data was provided on December 13, 2006, on the AESO’s website as detailed in responses to IR IPCAA.AESO-044 (c) and other IRs. IPCAA also cites the AESO’s reference to “a forecast methodology which incorporates actual metering data” in response to IR IPCAA.AESO-042. Again, the hourly metering data being referred to was provided as already discussed. As stated in the AESO’s original response to IPCAA.AESO-047 (c), “The AESO has not compiled aggregate hourly load data for individual PODs, and doing so would require an unreasonable expenditure of time and effort.” The AESO has provided the information relevant to this issue in this proceeding, IPCAA has not demonstrated the relevance of its request, and such request cannot be provided with reasonable effort. The AESO accordingly submits that its response appropriately lays out the grounds under which it is unable to respond to IPCAA’s request, and meets the requirements of Rule 29(1).

TCE.AESO-004 (d) — TCE asked the AESO to provide restated tables so that the effect of changes to CIAC amounts and the cost of dual-use substations “from the original to the updated functions and classifications can be identified”. The AESO’s response referred TCE to Table 4 on page 52 of the *2006 Transmission Cost Causation Update*, where those changes from the original *Transmission Cost Causation Study* are provided in their entirety. TCE now requests that CIAC amounts which remain unchanged from the original study also be identified and included in the response. The AESO submits that its response to the original request was fully provided in the *Update* which was referenced therein, sufficiently answers the TCE request, and meets the requirements of Rule 28(1)(b).

TCE.AESO-039 (a) — As discussed in the comments on EnCana.AESO-016 (a), above, TCE asked the AESO to provide data to support an assumption, which by definition is something that is considered to be true without specific evidence. Data cannot be provided to support a statement which by its nature does not have evidentiary support. The AESO submits that its response sufficiently answers the TCE request, and meets the requirements of Rule 28(1)(b).

TCE.AESO-057 (b) — TCE asked the AESO to confirm that the Alberta-BC inter-tie is a constrained path. The AESO stated, in the third paragraph of part (b) of its response, that “...the inter-ties have limited capacity and, at time, normal economic operation of import and export transactions will be constrained...” The AESO submits that its response sufficiently answers the TCE request, and meets the requirements of Rule 28(1)(b).

As noted above, the AESO is preparing revised responses to several of the information requests identified in the EnCana, IPCAA, and TCE motions. For the reasons provided above, the AESO submits, and asks the EUB to confirm, that further responses are not required for the balance of the IRs identified in the motions.

3. Proposed Extension of Time

With respect to the requests of DUC, IPCAA, and TCE to extend the deadline for filing of intervenor evidence to two weeks after the filing of final IR responses, the AESO considers this to be a reasonable request in the circumstances.

If you have any questions on this application or need additional information, please contact me at (403) 539-2465 or by e-mail to john.martin@aeso.ca, or Heidi Kirrmaier at (403) 539-2751 or by e-mail to heidi.kirrmaier@aeso.ca.

Yours truly,

[original signed by]

John Martin
Manager, Regulatory

cc: Heidi Kirrmaier, Vice-President, Regulatory, AESO