

April 14, 2011

Monte Forster
Suite 2, Mount Royal Village
880 – 16th Avenue S.W.
Calgary, Alberta
T2R 1J9

Dear Mr. Forester:

Re: Milner Power Inc. Complaint – Request for Information Concerning 2006-2011 Loss Factors

Further to your request following the loss factor technical meeting, the AESO has calculated the raw and normalized loss factors for the period 2006 to 2011. The loss factor data is in the attached files.

The loss factors using current methodology (raw and normalized) are included for reference. The software used to calculate loss factors was modified to provide these calculations. Due to differences between the current methodology and the ILF methodology, some assumptions were necessary as the two methodologies are not completely compatible in the treatment of losses. The assumptions result in some differences in calculations. The major assumptions are as follows.

1. ILF methodology does not calculate loss factors for busses where no generation exists. A marginal loss factor is calculated at busses with no generation.
2. ILF methodology provides a separate loss factor for each generator connected to the same bus. A single ILF loss factor has been calculated for busses where multiple generators exist but are connected at the same bus.
3. SPRD's and some industrial customers ILF calculations are not included due to technical constraints.
4. The methodology was changed in for the 2007 to 2011 loss factors in accordance with the rule changes that occurred prior to the 2007-2011 periods.

An Excel file can be made available if requested. If you have any questions, please feel free to contact me.

Sincerely,

<original signed by>

Robert Senko
Director, Regulatory Support Services