

March 15, 2018

FortisAlberta Inc.
Janine Sullivan, Vice President, Finance and Chief Financial Officer
320 – 17th Avenue SW
Calgary, AB T2S 2V1

Dear Ms. Sullivan:

Re: **Alberta Electric System Operator (AESO)
2018 ISO Tariff Application
Proceeding 22942
Consultation on DFO Customer Contribution Issue**

Further to the consultation session held on March 5, 2018 with respect to the DFO Customer Contribution Issue, the AESO has the following questions that will further assist the AESO in understanding Fortis's concerns regarding the AltaLink Management Ltd. (AltaLink) proposal.

1. Do Rate 63 customers or other customers pay a contribution to Fortis? If so, please show how is it calculated? In the calculations please indicate how transmission contributions are reflected or flowed through.
2. Please provide further details about the "tariff shopping" concern raised during the session and give an example.
3. AltaLink Management Ltd. (AltaLink) claims that "it is the regulated TFO that owns and maintains the interconnection transmission asset and therefore should be allowed to make the investment in those assets". Is it true that a regulated DFO owns the distribution assets but does not make investment in those assets? Please elaborate.
4. Does Fortis anticipate that implementing the AltaLink approach would have implications on the PBR process? If so, please explain those implications.
5. The following is set out on Fortis Slide 3, first bullet: "Rider I - Amortization of AESO customer contributions; equates to 100% investment level for transmission facility owners (TFOs) / AESO". Please explain what is meant by this statement?

Fortis may respond to these action items as part of its written comments or as a separate response, either of which will be due by the written comment deadline of March 19, 2018.

Public

Please do not hesitate to contact the undersigned if you have any questions.

Sincerely,

< *Electronically Submitted* >

Doyle Sullivan, P.Eng
Director, Tariff Design