



December 16, 2005

To: Loss Factor Stakeholders:

Re: 2010 Non-Binding Loss Factors, Update

Due to the unexpected resource requirements on other aspects of the loss factor project, the 2010 loss factors will be delayed. The expected delivery is mid-January 2006.

We are presently developing the base cases with the information available for 2010. The information includes items not yet approved through the EUB. The items being added are aligned with the ten year plan and are subject to final approvals.

As discussed, the cases will not be posted as they hold confidential customer information; however the 2010 GSO has information regarding generator expansion. Further, the loss factors in 2010 will depend on changes to fundamental system attributes such as load, generation development, changes to the transmission development, and changes to the Operation Policy and Procedure's required as the Alberta Interconnected Electrical System grows and changes.

In 2006, a possible Loss Factor Rule enhancement might include the running of several scenarios in the fifth year to provide a 'bandwidth' loss factors to assist stakeholders in budgeting and business planning. Any other reasonable ideas stakeholders may have to make the cases more compelling may be discussed in upcoming meetings. I look forward to your input on this matter.

Please contact me at rob.baker@aeso.ca or at 403 539 2614.

Yours truly,

Robert Baker, P.Eng.
Alberta Electric System Operator