



THE POWER OF POSSIBILITY

September 23, 2005

Milner Power Inc.
1220, 715 – 5th Avenue SW
Calgary Alberta
T2P 2X6

Attention: Jeff McLean.

Re: Jeff McLean email, September 19, 2005

Dear Jeff,

Below is AESO's response to your email of September 19 2005. AESO's response is in bold.

Question 1: Rob, you have asked that we sign-off on the production forecast that we sent the AESO on July 27 for the purposes of recalculating the capacity factors which are required to calculate loss factors. We sent you our 2006 production forecast and asked that you recalculate the capacity factors and return them to us for review and sign-off. We would be happy to review and sign-off on the capacity factors that have been calculated based on our production forecast after we have an opportunity to see them, but as far as I know, we have yet to see the numbers. When can we expect to see the new capacity factors?

Response 1: The capacities are included in the 2006 GSO, supplied on August 25, 2005. These are the values we have used in the loss factor analysis and require a Milner executive to sign-off on these values.

Question 2: Also, by sending the production forecast to the AESO, Milner did not agree that the forecast be shared with any other parties. This forecast contains information on Milner's planned maintenance and offer strategies that is confidential. Milner provided the additional detail to show the AESO the justification for Milner's forecast. Milner feels that it would be inappropriate to disclose the detailed production forecast. In our view, any disclosure to other stakeholders should be limited to a one line summary of reasons. The justification for the change could be summed up by, "The 2006 production forecast provided by Milner is based on the anticipated Pool Price environment, Milner's anticipated maintenance schedule and expectation of generator availability."

Response 2: In order to meet the agreed to principles of the loss factor methodology, AESO remains committed to sharing the GSO and its capacity components. On September 13, some stakeholders wanted to ensure changes to the purely raw capacity components be shared to ensure no 'gaming' on the loss factor process. To this end, the notes from the meeting will be shared with stakeholders to gather input on how to best proceed with the issue.

Question 3: Finally, as you know, Milner has filed a complaint with the EUB concerning, among other things, the AESO's proposed loss factor methodology. I suppose (and hope) it goes without saying that should Milner be able to sign off on the capacity forecasts, we would do so without prejudice to our complaint and the remedies we are seeking therein.

Response 3: Agreed.



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Regards,

Robert Baker, P.Eng.