



October 30, 2009

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Dear Rob:

Re: 2010 Loss Factor Models – Draft Loss Factors

TransCanada Energy (“TransCanada”) has reviewed the draft 2010 Draft Loss Factors provided by the AESO on October 21, 2009. TransCanada has the following concerns or questions about the 2010 Draft Loss Factors.

1. Did the AESO include the Keystone pipeline load for 2010? Information on the substation names and load are attached.
2. The AESO stated in the October 21 letter that “Sheerness and Battle River generation are higher and the area load lower”. This statement does not agree with the Hanna Area Needs Identification Document. In Table 2.2-1 and 2.2-2 on page 8 of the Hanna Area NID, the forecast peak load is growing at a significant rate with a forecast load growth for the Hanna area of 10.3%. Do the loss factor models for 2010 include the load growth stated in the Hanna Area NID?
3. TransCanada understands that the Keephills 3 generation project has been delayed until Q2 2011. This announcement to shareholders was just made by TransAlta in a press release earlier in the week. TransCanada suggests that this generator be removed from the 2010 loss factor models.

TransCanada appreciates the opportunity to participate in validating the loss factor rates and looks forward to discussing this issue with the AESO before the draft loss factors are finalized. If you have any questions, please contact me at (403) 920-5422 or Larry Sibbald at (403) 920-2074.

Yours truly,

TRANSCANADA ENERGY

Jim Paton
Director Power Marketing
TransCanada Energy

CC: Larry Sibbald – TransCanada
Dan Levson – TransCanada
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