Consumers Council of Canada and the Vulnerable Energy Consumers Coalition (CCC) and (VECC) INTERROGATORY #3 List 1

Interrogatory

Ref: B1/T3/S1 p. 10

Issue 4.0
Issue: Cost of Capital/Capital Structure

Topic: Market Risks

Request:

Ms. McShane includes the industrial load of distributors that Tx serves, please discuss in detail how a loss of industrial load to these distributors affects Tx and whether she has ever considered distributor risks in her assessment of a transmission company before.

Response

Tx's main customers are distributors. Tx's revenues are a function of the distributors' demand for transmission service. The distributors' demand for transmission service is, in turn, a function of their customer base. ATCO Electric transmission is the only other transmission-only utility for which Ms. McShane has undertaken an analysis of business risk. In that instance, she did not explicitly consider the distributor risks in assessing the risks of ATCO Electric Transco because of the manner in which the transmission revenue requirement is recovered in Alberta.