Consumers Council of Canada and the Vulnerable Energy Consumers Coalition (CCC) and (VECC) INTERROGATORY #5 List 1

Interrogatory

Ref: B1/T3/S1 p. 11

Issue 4.0
Issue: Cost of Capital/Capital Structure

Topic: Market Risks

Request:

Operating risks

a) Please indicate whether Tx forecasts potential revenue losses from unanticipated outages and extraordinary expenses associated with weather and the terrain over which its transmission system is built and builds those into its revenue requirement;

b) Please produce a table showing both the dollar amount and the % of Tx's revenue requirement of each item listed in section 2 since 2000.

c) With respect to the prudency requirement please indicate whether Ms. McShane has built into her financial recommendations compensation for imprudent losses that may be incurred by Tx;

Response

a) Revenue losses for typical outages are included (to the extent that these typical outages were reflected in the historical data used to determine the forecast for the charge determinants). Revenue losses associated with major outages, such as the 1998 Ice Storm and 2003 Blackout, are not included.

b) The discussion in Section 2 does not readily lend itself to being presented in table form by year.

c) The recommended returns on equity and capital structure did not build in compensation for imprudent losses.