



March 9, 2010

Hi everyone,

Thank you for your patience. It has been quite a while since I have sent out a direct communication like this - partly because I always maintained that I wouldn't "wear out our welcome" by sending too many messages and partly because there has been so much going on that I wanted the dust to settle before I spoke. So, let me apologize in advance for my ramblings.

First of all, I've heard from many people that they think the issue is over because they have heard in newspapers etc. that the AESO study concluded that the lines should be buried. I wish this were true, but it is not.

We still have a lot of work to get these lines underground and to encourage this government to adopt a provincial policy that very high voltage lines need to be buried whenever they are run in proximity to houses, schools, daycare centres, hospitals and environmentally sensitive areas.

So, let me say, the battle is just beginning.

The study conducted by CCI on behalf of the AESO is quite unequivocal that undergrounding these lines is viable while still noting that some statutory tests need to be performed, much in the same way that new cars need to undergo crash tests. No one expects them to fail, but the tests need to be done, nonetheless. Fair enough. Get on with the tests!

But, if you read the summary provided by the AESO on the CCI feasibility study, you're left with the impression it is highly unlikely that undergrounding lines of this sort is possible. The fact that endless lengths of 400kV lines are buried in climates similar to ours (Denmark, Sweden etc) seems to have escaped them, despite the fact that

international experts on undergrounding have repeatedly said that 400kV and 500kV technology is virtually identical. AESO engineers may well quibble, saying that 500kV is different, but the reality is that is just an argument based on arithmetic - yes 500kV is bigger than 400kV, but that is not particularly relevant. We have experts more than willing to testify to this fact.

Still, most of what we have faced over this two year struggle has been denial and obfuscation. While we applaud the clarity of the underground study in general, there are many faults, including the fact that in some cases average costing was used instead of best-bid and the fact that in-service dates and reliability have both been called into question. Both of these are completely within the scope of work that should be mandated for the vendors who would bid on the job. I believe this is known as project management.

I'm not going to dig into all of the details at this point, but, suffice it to say, we're still largely in the same position as we were before - the AESO and the Heartland Project Team will pay some "lip service" to undergrounding, but, in their opinion, it's probably unreliable, too costly, too difficult to maintain and, if we do want to push for this then only the affected individuals should pay for it.

I've stressed many times that this sort of thinking is equivalent to stating that only sick people should pay for hospitals, only people with cars should pay for the roads or only people with children should pay for schools. That's just not how society works.

Long ago we used to run sewers above ground (or not at all). We used to make each homeowner responsible for their own water and sanitation and we used to accept that the economic imperative was more important than having parks and playgrounds for our children. Surely these were all luxuries at one time but now they are what society demands. This is no different.

It is time that we move on. In several parts of Europe it is now legislated that high voltage power lines need to go underground in what I think you would agree are obvious circumstances (not dissimilar to the ones we face in the Heartland Transmission Project). Even in cities like Beijing undergrounding has become the way that transmission lines are run.

Are we to be leaders in this regard or reluctant followers? Ultimately we know the future will reject the wholesale defacing of our landscape.

And history may well have much to say about our current choices when it comes to the safety and welfare of our citizens.

As you may recall, the Leger Marketing study we conducted some months ago suggests that now is the time to make a change. The vast majority (70%) of Albertans are willing to pay to have high voltage power lines put underground. In fact, they are willing to pay on average \$3.55 per month on their electricity bills (or \$4.02 when it was in their own neighbourhood).

This one project will amount to around \$0.34 per month per household. If we do 10 more similar projects where the line is partially undergrounded, we're still well within this envelope. In fact, \$3.55 will likely cover the costs of undergrounding for the next 20 years or more.

And on that note, I should probably remind everyone that this is not just about this one route. There will be many, many transmission lines built over the next few decades - ultimately all of the four routes proposed for this project will be used, plus many more. We need to make sure that our government understands this ultimately affects all Albertans and they need to take action now. Your continued support will ensure no one will have to look back in regret that we missed this opportunity to make a better future for Albertans.

So, what do we do now? The truth is, in conjunction with legal counsel, we're still evaluating this. While there's no denying we need to prepare for the forthcoming AUC hearing, make no mistake - the hearing and process have been designed with one outcome in mind and the deck is heavily stacked against us.

We have recently heard that the submission to the AUC by the Heartland Project Team is going to come in May. This is several months before the date we had previously been told and is an indication that there are forces at work here who want this dispensed with as quickly as possible.

Well, the good news is, the timeline is not entirely within any one individual's or group's control. As part of due process this project needs to be reviewed and debated in a manner consistent with the needs, wishes and expectations of the public. For now, all we can recommend is that you take your time sifting through the data at hand and consider the alternatives.

We're still reviewing a lot of the technical data around the underground study - in particular when it comes to costs and capacity. Buried in the appendices is some interesting information e.g. up until 2027 the lines are only expected to energized to 450MW per circuit - one seventh of their capacity. Anyway, all of this is data we need to digest and to build arguments around.

We will definitely warn you if a particular deadline is imminent (e.g. deadline for submission to the AUC as an intervener) and can assure you that no such deadlines have passed. It is unusual (to say the least) that the AUC has taken such an inclusionary position at this stage (information sessions, automatic intervener standing for anyone within 800m of a right of way etc.). If one were cynical one might conclude that the AUC is trying to grease the wheels - to make this go as swiftly and painlessly (for them) as possible - but of course we're not cynical are we?

Over the next while we will be sending out more frequent communications to help you understand what you need to do to win this fight. For now, stand back, take your time, don't jump to any conclusions, don't rush into the battle just because people are trying to expedite this process and wait to see what we come up with.

Thanks, as always, for your continued support. I should mention that we haven't seen any change in the level of support from members who are on routes that have been eliminated and that is something that makes me proud to be an Albertan. This is for everyone's children - for all of our futures. The time to put these lines underground has come.

Bruce Johnson  
President, RETA