

FACTS ABOUT COMPENSATION FOR THE EASTERN ALBERTA DC TRANSMISSION LINE

ATCO Electric believes in fairly compensating landowners who have transmission facilities on their property. There are two components to the compensation we pay:

1. Right-of-way/impact of construction payment
2. Annual payments for structures located on property

In 2010, ATCO Electric revised the transmission compensation structure to be consistent with the trend observed in the industry and related industries. Compensation applicable to the Eastern Alberta DC Transmission Line is outlined below.

Right-of-Way/Impact of Construction Payment

There are a number of components that make up this aspect of compensation.

Easement

ATCO Electric will pay the landowner fair market value of the land occupied by the right-of-way. This is payment for an easement only; the landowner retains title to the land within the right-of-way.

Entry Fee Payment

Under section 19 of the Surface Rights Act, an entry fee is paid to landowners for each agreement entered into on each titled unit. The entry fee is the lesser of:

1. \$5,000 or
2. \$500 per acre of right-of-way, not to be less than \$250, where the land granted to the operator is less than one acre.

General Disturbance Payment

Compensation for inconvenience related to consultation and construction is paid per the table below:

Per Parcel	
Land Use	Amount
Uncultivated	\$1,250
Headland	\$1,500
Midfield	\$1,750

An additional amount of \$1,000 is paid for each parcel that is occupied by one or more residences.

Pre-paid Damages

Before construction begins, ATCO Electric pays landowners a pre-determined amount as compensation for any and all damages that may occur. The damages include ATCO Electric's estimate of the value of loss of use of the right-of-way during construction and reduced production during a two year recovery period.

The full amount is paid in the first year as per the table below:

Pre-paid Damages	Cultivated	Pasture
Loss of use value	\$335/acre	\$150/acre
Year One	100%	100%
Year Two	100%	100%
Year Three	50%	50%
Year Four	25%	25%
Total for Four Year Period	\$925/acre	\$425/acre

Trimming and Removal of Vegetation Details

In addition to the primary right-of-way, ATCO Electric may need a secondary right-of-way to trim or remove trees that could fall on the line. The compensation is 50% of the fair market value of the land needed for the vegetation control area.

Annual Structure Payment

Annual structure payments are as follows:

Type of Structure	Location of Structure	Amount per Structure
Steel Towers	Cultivated Land	\$1,178
	Uncultivated Land	\$471

Payments for structures straddling a property boundary are divided between the properties. The annual payment rates are reviewed every five years to evaluate any changes to the factors on which they are based.

Early Access and Resolution Payment

In order to undertake environmental and geotechnical assessments and collect other data needed for design and construction planning, ATCO Electric will now pay for early access to the land. The type of activity required will have minimal impact on the land.

Early resolution of the right-of-way agreement will reduce regulatory costs, risk of construction costs, and schedule over-runs.

Continued on page 2

Effective September 1, 2010, ATCO Electric will pay \$10,000 per parcel for early access to a landowner's property and early agreement to its right-of-way terms.

Half is paid upon execution of the Early Access and Resolution Agreement (EARA) and the Right-of-Way Agreement. The remainder is paid prior to construction, provided the Alberta Utilities Commission (AUC) approves the right-of-way as applied for.

To be eligible for this payment, the landowner must execute these agreements within a specified time period of receiving them from ATCO Electric. ATCO Electric may agree to extend this period in certain circumstances.

Right-of-Way Acquisition Process

Once the feedback from the wider public consultation process has been reviewed and a preferred route chosen, ATCO Electric will begin the consultation and land negotiation process with landowners along the preferred route as outlined below:

1. **Market Value Research:** We will conduct market value research to determine the fair market value of the land along the preferred route.
2. **Easement Discussions:** Our land agents will arrange meetings with landowners along the preferred route to discuss any concerns or questions about the choice of the preferred route and the construction process. At the same time or not long after, our representatives will discuss the terms of an offer for early access and a right-of-way agreement which includes the specific terms for compensation.
3. **If an agreement is reached:** The landowner will sign the agreements which will then be registered on the title. The right-of-way agreement will come into effect only if the right-of-way is approved by the AUC.
4. **If an agreement is not reached:** Following AUC approval of its application, ATCO Electric will check once more with the landowner to see if an agreement can be reached. If not, ATCO Electric will apply to the Surface Rights Board (SRB) for a Right of Entry Order. The SRB typically decides first on access, and then schedules a proceeding to resolve the disagreement on compensation.
5. **Construction:** Communication with landowners will continue throughout the construction process to ensure ATCO Electric meets reasonable expectations and standards.

Compensation Timeline

The following table outlines when you can expect to receive compensation:

Compensation Payments	Payment Received
Early Access and Resolution Payment	50% upon signing and 50% prior to construction
Easement payments including: Entry Fee, General Disturbance, Pre-paid Damages	Prior to construction, after AUC approval of the project is received
Annual Structure Payments	Begins when line is in service

Compensation Example

A right-of-way 60 metres wide contains about 12 acres, over a distance of one-half mile or 800 metres. For this example, a land value of \$1,000/acre is used. Where the right-of-way straddles two cultivated quarter sections, the owner of each quarter section would receive:

Easement	6 acres x \$1,000	= \$6,000
Entry Fee	6 acres x \$500	= \$3,000
General Disturbance		= \$1,500
Damages	6 acres x \$925	= \$5,550
Early Access		= \$10,000
Total One-Time Payment		= \$26,050
Annual Structure Payment	2 x \$589*	= \$1,178/yr

*Annual structure payment is halved when structure straddles two property boundaries.

Grazing Lease on Crown Land

Grazing lease holders on Crown land receive all the compensation components described above except for the entry fee. The legislation that stipulates an entry fee applies to landowners only.



Contact Us

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