

March 24, 2005

*Sent via e-mail*

**Interested Parties**

AESO 2003 Deferral Account Reconciliation

Dear Stakeholder:

Re: **AESO 2004 Deferral Account Cut-Off Date and Post Cut-Off Adjustment Process**

On March 16, 2005, the Alberta Electric System Operator (AESO) met with stakeholders to discuss the selection of a 2004 deferral account cut-off date and related matters, as proposed by the AESO in its letter of March 7, 2005. Representatives of the AESO's Regulatory and Finance departments, EnCana, and FortisAlberta attended the meeting, and representatives of EPCOR participated by conference call.

The process used for the AESO's 2003 deferral account reconciliation was first reviewed, followed by general discussion of considerations for selection of a cut-off date for the deferral account reconciliation and the handling of adjustments that occur after that cut-off date. Participants agreed that the following points should be distributed to stakeholders for comment:

1. The cut-off date for the annual deferral accounts reconciliation should be **August 31** of the following year.
2. If material adjustments occur after August 31 but prior to the EUB issuing a decision on a deferral account reconciliation, the AESO would refile the deferral account reconciliation to incorporate such adjustments.
3. Material adjustments were proposed to be:
  - (a) For AESO costs, an adjustment of more than 1% of annual revenue requirement, which would equate to approximately  $\pm$ \$7.6 million, and
  - (b) For AESO revenue, an adjustment of more than  $\pm$ \$250,000 for a single customer or a single billing period.
4. Adjustments that were below the materiality threshold would not require a refiling by the AESO, although if a refiling did occur it would include all adjustments up to the refiling cut-off date. Any adjustment that did not require an AESO refiling or that occurred after the EUB decision was issued would be accumulated in a "13th month" in the next year's deferral account and allocated on the next year's annual revenue (including adjustments).

Participants agreed more time was needed to consider the implications of these points. In particular, the AESO needed to consider whether acceptance of these points would lead to a re-filing of the AESO's 2003 deferral account reconciliation. The AESO has reviewed the four points internally, and offers its comments in the attached discussion paper, as well as additional detail on the March 16 discussion with stakeholders.

The AESO now invites all stakeholders to consider the points presented above and the comments in the attached discussion paper, in accordance with the following schedule:

- Stakeholders provide feedback to the AESO using the attached comment template. The AESO requests participants provide comments by **April 1, 2005**.
- The AESO will summarize parties' comments and advise parties of its position for the 2004 deferral account cut-off and related issues by **April 6, 2005**.

The AESO will then file its 2004 deferral account reconciliation application in accordance with the position proposed on April 6. Stakeholders will have further opportunity to comment on the AESO's application during the normal regulatory review process that is expected to occur.

The AESO advises stakeholders that it expects to identify which stakeholder provided each comment in its summary. **The AESO also assumes that if stakeholders do not provide comments, they do not have an opinion at this time on the points raised in the discussion paper.**

If you have any comments or questions on this process or on the attached information, please contact me at (403) 539-2465 or [john.martin@aeso.ca](mailto:john.martin@aeso.ca), or Randeep Nota at (403) 539-2468 or [randeep.nota@aeso.ca](mailto:randeep.nota@aeso.ca).

Yours truly,

*[Original signed]*

John Martin  
Manager, Regulatory

cc: Rob Senko  
Randeep Nota  
Carol Moline  
Roxanne Moeskops

Attachment