

March 7, 2005

To: Interested Parties – AESO 2003 Deferral Account Reconciliation

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

As part of its 2003 Deferral Account Application (Application No. 138574) submitted to the Alberta Energy and Utilities Board (EUB), the Alberta Electric System Operator (AESO) committed in both its Argument and Reply Argument that it would undertake to develop a process for its 2004 Deferral Account to respond to the concerns brought forward by interveners (in particular, Encana) respecting the deferral account cut-off date and the treatment of post cut-off adjustments.

The AESO proposes a consultation process for interested parties, to review in detail the considerations around selection of a cut-off date and treatment of post cut-off adjustments. Parties who wish to participate in the consultation process should indicate their intent to do so by **4pm on Friday, March 11th** to Maureen Winslow at maureen.winslow@aeso.ca or at (403) 539-2463. A schedule for the consultation is proposed below; the AESO welcomes comments from parties on the schedule.

1. March 7, 2005: Consultation Letter to be sent out.
2. March 16, 2005: Consultation meeting with interested parties to present and discuss options and considerations for setting a cut-off date, handling prior period adjustments (post cut-off) and discussing the process schedule. This meeting will take place at the AESO's offices (2500, 330 - 5th Ave SW) from 8:30am – 11:30am.
3. March 22, 2005: Meeting Conclusions – AESO summarizes and distributes the views expressed at the March 16th meeting.
4. April 1, 2005: Comments from Parties – Parties provide additional comments, either in response to the AESO summary or based on their own positions.
5. April 6, 2005: AESO Decision – AESO to advise parties of its position for the 2004 deferral account reconciliation based on input from parties (i.e. what cut-off date will be used, how post-cut-off adjustments will be handled, and when application will be filed).

The AESO recognizes the tight timeline for the process, but hopes to complete this process before the commencement of the 2005/06 GTA hearing.

Attached to this letter are three documents providing background for this consultation:

- A PowerPoint presentation reviewing the deferral account reconciliation process used for 2003 and indicating possible options for allocating post cut-off adjustments;
- An Excel workbook containing two schedules explaining cost and revenue adjustments for 2003 that occurred after the January 31, 2004 deferral account reconciliation cut-off, including the amount and rationale for each; and
- The AESO's 2003 Deferral Account Application Re-Filing dated December 14, 2004, which includes details on the selection of January 31 as a cut-off date and the handling of post cut-off adjustments in 2003.

The AESO would appreciate it if parties would review these attachments prior to the consultation meeting so that a thorough and efficient discussion can take place on March 16th.

If you require further information or would wish to receive clarification on any of the issues mentioned in this letter, please contact Randeep Nota at (403) 539-2468 or randeep.nota@aeso.ca

Yours truly,

Rob Senko
Director, Regulatory

cc: John Martin
Randeep Nota
Carol Moline

enclosures