September 12, 2007  

Alberta Energy and Utilities Board  
640 – 5th Avenue SW  
Calgary, Alberta  
T2P 3G4  

Attention: Carolyn Arbeau, Legal Assistant  

Dear Ms. Arbeau:  

Re: AESO 2007 General Tariff Application (1485517) Cost Application No. 1494352  
AESCO Comments on Cost Claims  

In accordance with the September 5, 2007 letter from the Alberta Energy and Utilities Board (EUB), the Alberta Electric System Operator (AESC) provides the following comments on the costs claimed by participants in the proceeding for the AESO’s 2007 General Tariff Application (GTA), Application No. 1485517.  

The AESO’s comments are provided in the context of EUB Directive 031B regarding Utility Cost Claims (as revised in March 2006) and the consultation that the AESO and participants undertook prior to entering the EUB review process. In particular, the AESO notes the EUB’s comment in its Final Issues List letter of December 13, 2006, that the consultation process “should have assisted parties in garnering some understanding of the issues addressed in the Application and should allow for some efficiency in parties’ interventions.”  

The AESO’s comments are as follows.  

1. The PPGA cost claim of nearly $240,000 constitutes close to 30% of the total costs claimed by all parties (including the AESO), yet PPGA’s involvement was focused on only two issues (the POD charge and transmission vs. distribution service) with much of its evidence being repetitive. Moreover, the EUB’s letter of December 1, 2006, stated that PPGA would not be eligible for a cost award, presumably because Section 2 of Directive 031B states that “ad hoc associations of commercial interests organized for participating in individual proceedings” will “ordinarily be ineligible for cost recovery”.  

2. The EUB’s letter of December 1, 2006, also stated that ATCO Electric would not be eligible for a cost award, presumably because Section 2 of Directive 031B states that “a utility intervening in another utility’s application” will “ordinarily be ineligible for cost recovery”.  

Submitted electronically
recovery”. In addition, ATCO Electric’s participation was focused on the interpretation of standard facilities, and as noted in ATCO Electric’s Final Argument dated June 21, 2007, a “mutually acceptable commercial solution” had been reached prior to the filing of AESO Rebuttal Evidence on April 30, 2007.

3. The cost claims for ADC, IPCAA, and PICA are of similar magnitude or significantly exceed those from the same participants in the AESO’s 2005-2006 GTA proceeding. These costs are being claimed despite the considerable involvement of stakeholders in the development of the Application during the AESO’s consultation process. Although there was a material reduction in the number of information requests to the AESO compared to the prior GTA (about 800 IR parts in the 2007 GTA compared to about 1,400 IR parts in the 2005-2006 GTA, as noted in the AESO’s cost claim letter filed on August 31, 2007), there appears to be no corresponding reduction in cost claims for these parties. The AESO does note that PICA was considerably more active in the 2007 GTA compared to the prior proceeding.

For all of the cost claims where the EUB determines a participant to be eligible for a cost award, the AESO suggests that the amount of the award should be proportionate to the participant’s contribution to a better understanding of the issues before the EUB during the GTA proceeding.

If you have any questions on these comments or need additional information, please contact me at (403) 539-2465 or by e-mail to john.martin@aeso.ca.

Yours truly,

[original signed by]

John Martin
Director, Tariff Applications

cc: Heidi Kirrmaier, Vice-President, Regulatory, AESO