

**Potential Changes to AESO 2004-2005 Deferral Account Reconciliation Process Response Matrix
Stakeholder Comments and AESO Responses — April 2, 2008**

Stakeholder Comment	AESO Response
1 Suspending the 2004-2005 application and filing an extended 2004-2007 application including a request for immediate settlement is an appropriate means of addressing the current deferral account surplus.	
<p>ASBG/PGA — Support ASBG/PGA shares the concerns that the present 2004-2005 Deferral Account Reconciliation Process will not address the significant deferral account surplus of approximately \$56.3 million at the end of 2007. The AESO deferral account processes should endeavour to reconcile the current deferral account balances in as timely and accurate a manner as possible.</p> <p>ASBG/PGA has reviewed the 4 options presented by the AESO for addressing these concerns. Since the current significant deferral surplus balance largely relates to a Board decision on a past TFO revenue requirement the surplus balance is a special case that does not lend itself to utilizing AESO riders to address such surplus on the basis of current AESO charges or volumes. This significant surplus should be refunded to AESO customers as soon as possible particularly since a refund to a DISCO will require additional time for such refund to be flowed through to the DISCO end-use customers.</p> <p>The AESO Option 4 process appears to capture the 2006 and 2007 deferral account amounts and refund these amounts to customers as quickly as possible. Therefore ASBG/PGA support the AESO proposal of suspending the 2004-2005 application, replacing that application with an extended 2004-2007 application to capture the recent surplus amounts, and utilizing an immediate settlement process to refund surplus amounts to customers. ASBG/PGA consider an immediate settlement process based on the AESO existing deferral account methodology with a future approval and true-up would be acceptable at this time to refund the large surplus.</p> <p>Furthermore ASBG/PGA consider the other Options 1 – 3 presented by the AESO to provide unacceptable delays in the refund to customers of the deferral surplus and therefore should not be pursued.</p>	
<p>ATCO Electric — Support</p>	
<p>Cities of Red Deer and Lethbridge Given the circumstances, constraints, and options presented in the March 4th letter, the Cities are not opposed to the AESO’s recommendation to suspend the current 2004-2005 application and file a full and complete 2004-2007 application as soon as possible.</p>	
<p>City of Medicine Hat — Support Agreement with discussion paper content. Option 4 is viewed as the best approach to addressing the current deferral account surplus.</p>	
<p>EnCana — Support</p>	

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Enmax — Support	
EPCOR Utilities — Support The AESO's proposal (Option 4) will cover 2 additional years of deferral account settlement without causing additional delays in refunding the cash balances determined in the original 2004-5 Deferral account application.	
FortisAlberta — Support	
TransAlta — Support The large amount of surplus in the deferral accounts should be refunded as soon as practical. The large amount of effort required to work through the calculations suggests doing this once makes the most sense. What has been proposed by the AESO is reasonable.	
TransCanada — Support This appears to be the best option from the perspective of accuracy, procedural efficiency (i.e. one proceeding rather than two) and refunds dispersed promptly.	
UCA — Support While the proposed settlement process achieves the desired ends, the UCA is concerned that the 2004/05 costs will not be reconciled and settled until the end of 2008, some 3 or 4 years after the period in question. The UCA understands the delay is a result of the AESO developing its systems to accomplish the reconciliation process but remains concerned about the delay in reconciliation and finalization of these accounts.	Although final approval of the deferral account settlement is not expected until the end of 2008, the AESO proposes to request approval to immediately settle deferral account amounts with customers at the time it files the extended application. Deferral account refunds and collections could occur as early as June 2008 based on the amounts that will be included in the application, although the amounts would be subject to later final approval and potentially further adjustment.
2. The elements (a) through (g) which the AESO identified for a process for an extended 2004-2007 application with immediate settlement are reasonable and appropriate.	
ASBG/PGA — Support ASBG/PGA agree with the identified process steps as reasonable and appropriate to refund the surplus to customers for the reasons discussed in (1) above.	
ATCO Electric — Support	

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<p>Cities of Red Deer and Lethbridge The AESO's March 4th letter also requested stakeholders to comment on whether the AESO's suggested 2004-2007 application content and administrative process is "reasonable and appropriate." Given that it is the AESO's responsibility to file a complete application in support of its position, the Cities consider it inappropriate to respond to such a request without the benefit of reviewing the entire application in context. The AESO is in the best position to know what supporting material and administrative process will maximize regulatory efficiency and the Cities are confident that the AESO will exercise good judgement and leadership on this matter.</p>	<p>The AESO did not mean to request stakeholders to comment on the application content prior to the application being filed. The AESO was seeking comments on the process proposed for the filing of the extended application. The AESO considered that stakeholders might want opportunity to comment on the process prior to the original application being suspended.</p>
<p>City of Medicine Hat — Support Agreement that these process elements are reasonable and appropriate.</p>	
<p>EnCana — Support</p>	
<p>Enmax — Support</p>	
<p>EPCOR Utilities — Support Agreed.</p>	
<p>FortisAlberta — Support</p>	
<p>TransAlta — Support Only comment is with respect to point (f). The AESO has made available the information required for each customer to be able to perform the deferral account calculations by settlement point. This has been most helpful and TransAlta is appreciates the effort the AESO has put into getting this information to each customer, however; for a number of customers the deferral account balances will be billed or credited to different companies depending on the settlement point. Calculations done by the customer to segregate a portion of the AESO's overall customer refund or charge into each settlement point have no legitimacy to be charged or credited to another company. In fact what was a refund at the customer level could become a charge at the settlement point level. In order to avoid potential disputes, TransAlta believes the AESO must provide the deferral account refunds/charges by settlement point (preferably in a table similar to the "customer allocation detail"). TransAlta accepts the other elements proposed by the AESO as reasonable.</p>	<p>As explained in Information Response TAC.AESO-001 (e) filed on March 18, 2008, the AESO will provide deferral account amounts included in the extended application allocated to individual settlement points of a customer, on request. Those amounts will be provided in Microsoft Excel or comma separated values (csv) format, and will contain information comparable to the customer allocation detail in the application appendices. However, the AESO does not plan to include such information in the application itself. The AESO considers it impractical to provide deferral account allocations to all settlement points, especially when only a few customers have requested such detail.</p>
<p>TransCanada — Support TransCanada supports these elements with the following two comments: (c) "The AESO expects it would be able to file an extended application in late May 2008." TransCanada requests that the AESO commit to filing the extended application by May 31 2008 and recommends that the AUC direct the AESO to file by this deadline.</p>	<p>The AESO fully intends to file the extended application in May 2008, barring unforeseen circumstances.</p>

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<p>(d) “The extended application would be based on a data cut-off date of March 31, 2008.” TransCanada requests that the AESO obtain clarity from Alberta Energy on the release of the Load Settlement TAA PFAM amounts so that they can be included in an extended 2004-2007 application.</p>	<p>The AESO has discussed with Alberta Energy the release of the suspended TAA adjustment amounts, and will include those amounts in the extended application if possible. However, the AESO does not intend to delay the application in anticipation of a potential release of the suspended amounts.</p>
<p>UCA — Support The UCA is not clear from the proposed timeline whether stakeholders would have an opportunity for Information Requests related to the 2006/07 data or if the AESO is proposing requesting an expedited decision. Specifically, in item (e), the AESO indicates it will request approval to “immediately settle deferral account amounts”. The UCA is unclear what process is contemplated between filing of the updated application and the proposed decision date.</p>	<p>The AESO proposes to request approval to immediately settle deferral account amounts with customers at the time of filing the extended application. Deferral account refunds and collections would occur upon approval based on the amounts included in the AESO’s application. The AESO expects that the application itself would then be subject to a full regulatory review process, including information requests. The amounts in the application would therefore be subject to later final approval and potentially further adjustment, although the AESO expects such adjustment, if necessary, would be small and far less than the deferral account balance being settled.</p>

Additional Comments	
<p>TransCanada TransCanada commends the AESO for its creative response to stakeholder concerns on the prompt and accurate return of surpluses to customers. TransCanada remains concerned with the value that has been derived from the holding of these deferral account surpluses and in particular the associated historic interest charges or credits. TransCanada’s support for the AESO’s proposals for revision to the 2004-2005 application process should not be construed as an indication of agreement on any matters pertaining to an extended application for the years 2004-2007, including but not limited to the question of interest charges or credits to be applied on all of the amounts in the deferral account. TransCanada also assumes there will be a full regulatory process for the extended application, including an opportunity for further Information Requests to the AESO, the filing of evidence and an appropriate hearing. This was not stipulated in the elements. TransCanada reserves its right to fully participate in a regulatory proceeding in respect of an extended application for the years 2004-2007.</p>	<p>The AESO has reexamined accounting for interest in the extended application, and is planning a brief stakeholder consultation process on the matter before filing the extended application.</p> <p>The AESO assumes the extended application will be subject to a full regulatory review process, although that process would happen after financial settlement of the deferral account amounts with customers (assuming the AESO’s request for immediate settlement is approved).</p>