



April 9, 2008

Submitted by e-mail

Alberta Utilities Commission
Utilities Division
Fifth Avenue Place
4th Floor, 425 – 1st Street SW
Calgary, Alberta
T2P 3L8

Attention: Catherine Wall, Counsel

Dear Catherine:

**Re: AESO Submission on Application for Review of Board Decision 2007-106
Review and Variance Application No. 1566390**

The Alberta Electric System Operator (AESO) provides the following submission on the above-noted application, in accordance with the schedule set out in the March 28, 2008 letter of the Alberta Utilities Commission (AUC).

In the AESO's opinion, Application No. 1566390 provides reasonable grounds to suggest an error of fact, and accordingly raises a substantial doubt as to the correctness of the Alberta Energy and Utilities Board determination in section 8.3 of Decision 2007-106 in respect of the Prepaid O&M Charge. Specifically, as stated by the Applicants, the Decision appears not to account for the fact that both the capital costs of standard facilities and the O&M costs associated with standard facilities are recovered, on an ongoing basis, through the AESO's DTS rate.

This fact is consistent with the AESO's position during its 2007 tariff proceeding that "O&M costs associated with standard service obtained through Standard Facilities are properly recovered through average rates, and therefore including an O&M amount in the customer related costs for standard facilities (used to determine the contribution) is not necessary." (AESO Argument, page 87) As Decision 2007-106 did not address that aspect of the O&M charge, its omission indicates reasonable grounds to suggest the preliminary question has been satisfied, and the AUC should accordingly grant the application for review of the Prepaid O&M Charge determination in Decision 2007-106.

Having regard to the circumstances of this case, the AESO suggests this application could be dealt with appropriately through an expedited written proceeding.

If you have any questions on this submission, 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