



June 2, 2008

Submitted via Digital Data Submission System

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

Attention: Jamie Cameron, Application Officer

Dear Jamie:

Re: AESO Extended 2004-2007 Deferral Account Reconciliation Application

Please find attached the 2004-2007 Deferral Account Reconciliation Application of the Alberta Electric System Operator (AESO), submitted in accordance with the April 16, 2008, letter of the Alberta Utilities Commission (AUC). This Application revises and extends the 2004-2005 Deferral Account Reconciliation Application originally filed by the AESO on December 1, 2007.

This application includes a request for approval to collect and refund the customer amounts included in the application as soon as practical on an interim refundable basis, with such amounts subject to adjustment in final approvals following a full regulatory review, as described in section 10 of the application. Section 1.2 of the application discusses how interim settlement will fulfill the objectives of prompt and accurate settlement of the outstanding deferral account balances with customers. The AESO requests interim approval be granted by mid-July to allow settlement on invoices issued in July 2008.

This is a comprehensive application, and includes the determination of and allocation to customers of \$51.1 million total deferral account balance, in respect of the following deferral account amounts net of Rider C charges and refunds:

- a surplus of \$2.0 million from a first reconciliation of the deferral account for 2007,
- a surplus of \$11.3 million from a first reconciliation of the deferral account for 2006,
- a shortfall of \$0.9 million from a first reconciliation of the deferral account for 2005,
- a shortfall of \$5.3 million from a first reconciliation of the deferral account for 2004,
- a surplus of \$2.0 million from a second reconciliation of the deferral account for 2003, and
- a surplus of \$42.1 million from reconciliations of adjustments to deferral accounts for 1999 through 2002.

The application includes several appendices providing details of calculations supporting the deferral account reconciliations and allocations to customers. As discussed in section 9.3 of the application, additional settlement point detail will be provided on request to customers, but is too extensive and detailed to be included with the application.

In compliance with the AUC's April 16 letter, this application also includes:

- a redline comparison showing all changes between the original 2004-2005 application and this extended 2004-2007 application (in Appendix M);
- revised responses to information requests answered on March 18, 2008, on the original 2004-2005 application, to update page references and provide other required changes (in Appendix N-1; no revisions were required to any IR attachments); and
- a redline comparison showing all changes between the original and revised IR responses (in Appendix N-2).

A technical meeting was held on the AESO's original 2004-2005 application, and the AESO considers that the meeting provided a valuable opportunity for participants to more fully understand the information included in the application. The AESO therefore recommends a technical meeting also be held on the extended 2004-2007 application. The AESO suggests such a meeting could be held mid-week during the week of June 16-20, due to later unavailability of AESO resources and to avoid conflict with summer vacations.

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

Yours truly,

[original signed by]

Heidi Kirrmaier
Vice-President, Regulatory

cc: John Martin, Director, Tariff Applications, AESO
Carol Moline, Director, Accounting & Treasury, AESO