



February 19, 2009

Sent via email

Alberta Utilities Commission
10th Floor, HSBC Building
10055 – 106 Street
Edmonton, Alberta
T5J 2Y2

Attention: Derrick Ploof, Application Officer

Dear Derrick:

Re: **Proposed Compliance With Direction in Decision 2009-010 on AESO 2004-2007 Deferral Account Reconciliation (Application 1574594, Proceeding ID 60)**

In Decision 2009-010, the Alberta Utilities Commission (“AUC”) provided the following direction to the AESO in its order on page 14:

- (3) *The AESO’s proposal for a redistribution related to interest is not approved, and as a result, the AESO shall:*
- (a) *recalculate its deferral account allocation to customers to remove the redistribution related to interest;*
 - (b) *refund or collect, as the case may be, the difference in amounts awarded to customers in Order U2008-253 and amounts recalculated as a result of removing its proposal for redistribution related to interest as ordered in Order (3)(a) of this Decision; and*
 - (c) *notify the Commission when the refund or collections, as the case may be, ordered in Order 3(b) of this Decision, have been completed.*

The AESO has reviewed options for complying with this direction, and is seeking confirmation that its proposed approach would be satisfactory to the AUC.

The AESO considered two approaches for complying with the direction:

- a separate settlement process addressing just the removal of the redistribution of interest, and
- incorporating the removal of the redistribution of interest into the AESO’s 2008 deferral account reconciliation process.

The AESO proposes to follow the latter approach, and comply with the direction as part of its 2008 deferral account reconciliation process which is currently in initial preparatory stages.

The AESO expects that complying with the direction through a separate settlement process would likely delay the 2008 deferral account reconciliation by up to two months, and also make that application more complex by requiring it to account for additional settlement transactions in 2009. As well, a separate settlement process followed a few months later by settlement of the 2008 deferral accounts could potentially result in some customers receiving a refund in one settlement and a charge in the other, increasing the volatility of deferral account charges to customers.

The AESO therefore proposes to comply with the Decision 2009-010 direction through the following steps:

- (a) recalculate the allocation and explain the impacts as part of the AESO's 2008 deferral account reconciliation application, currently planned to be filed in April 2009;
- (b) refund or collect the amounts from customers as part of interim financial settlement of the 2008 deferral accounts, planned to be requested for May or June 2009; and
- (c) notify the AUC when that interim settlement is completed.

The AESO expects to review this proposal with stakeholders in consultation on its 2008 deferral account reconciliation in early March.

In the meantime, the AESO would appreciate confirmation from the AUC that it would be satisfactory to incorporate compliance with the Decision 2009-010 direction into the 2008 deferral account reconciliation application.

If you have any questions or need any additional information on this matter, please contact me at 403-539-2465 in Calgary 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
Carol Moline, Director, Accounting & Treasury, AESO