



May 6, 2009

Submitted via AUC Digital Data Submission (DDS) System

Alberta Utilities Commission
Utilities Division, Calgary Office
Fifth Avenue Place
400, 425 – 1st Street SW
Calgary, Alberta
T2P 3L8

Attention: Jay Halls, Application Officer

Dear Jay:

**Re: AESO Responses to Questions Asked During Technical Meeting on
AESO 2008 Deferral Account Reconciliation Application
Application No. 1604964 and Proceeding ID 186**

During the technical meeting on the AESO's 2008 Deferral Account Reconciliation Application held on May 4, 2009, the AESO agreed to provide answers to questions which it was unable to fully address during the meeting itself.

Attached are responses to the three questions noted by the AESO. As discussed during the meeting, we are submitting these responses via the Alberta Utilities Commission's Digital Data Submission system so that they may be considered part of the record in this proceeding.

If you have any comments or questions on these responses or on the deferral account reconciliation application, please contact me at 403-539-2465 or by email to john.martin@aeso.ca.

Sincerely,

[original signed by]

John Martin
Director, Tariff Applications

attachment

cc: Heidi Kirrmaier, Vice-President, Regulatory, AESO
Carol Moline, Director, Accounting & Treasury, AESO

Technical Meeting Question 1

Page 1 of 2

Title: Data Cut-Off Date of December 31, 2008

Reference: Technical Meeting Presentation slide 21
Application page 26, paragraph 114

Request:

Please provide additional information on the impact of initial, interim, and final settlement volume changes on deferral account allocations to customers.

Response:

In response to a question asked at the AESO's 2004-2005 Deferral Account Reconciliation Application Technical Meeting on February 8, 2008, the AESO examined the effect of the latest 2007 energy market settlements on charges to load customers. The AESO's response included the following information.

Technical Meeting Question 5 in AESO 2004-2005 Deferral Account Reconciliation Application

Based on the 2007 settlement data, there appears to be no significant change to load customer energy volumes and DTS charges between initial, interim, and final energy market settlements. The following table summarizes the changes in energy market settlement volumes and the resulting largest changes in volume for an individual customer, for each month of 2007.

Month	Energy Market Settlement Volumes — Load Only (MWh)			Volume Change				Largest Customer Change (MWh)
	Initial	Interim	Final	(MWh)		(%)		
				Initial-Interim	Interim-Final	Initial-Interim	Interim-Final	
Jan 2007	5,000,885	4,997,846	4,998,194	-3,039	348	-0.1%	0.0%	±6,490
Feb 2007	4,550,784	4,555,032	4,554,936	4,248	-96	0.1%	-0.0%	±3,493
Mar 2007	4,719,624	4,722,502	4,722,812	2,878	310	0.1%	0.0%	±7,136
Apr 2007	4,433,874	4,435,004	4,434,647	1,130	-357	0.0%	-0.0%	±8,087
May 2007	4,494,980	4,495,431	4,494,983	451	-448	0.0%	-0.0%	±7,696
Jun 2007	4,494,472	4,497,752		3,280		0.1%		±4,229
Jul 2007	4,795,014	4,797,114		2,100		0.0%		±3,439
Aug 2007	4,574,050	4,572,098		-1,952		-0.0%		±5,151
Sep 2007	4,403,781	4,401,678		-2,103		-0.0%		±2,169

The largest volume change for any customer in any month was ±8,087 MWh as indicated in the last column of the table. The change in deferral account allocation which would result from this

volume change would be expected to be below the \pm \$50,000 materiality threshold for individual customer revenues discussed in Appendix A-4 of the application.

Therefore, based on the quality of initial settlement data, the AESO suggests it could prepare a deferral account reconciliation application immediately after initial settlement of December volumes, with minimal impact on the accuracy of deferral account allocations to customers. Historically, the AESO has waited for final settlement of December data (which occurs in the following August) before beginning preparation of a deferral account reconciliation application.

Technical Meeting Question 2 (a-b)

Page 1 of 2

Title: Amounts Not Included in 2008 Deferral Account Reconciliation

Preamble: On slide 15 of the 2008 Deferral Account Reconciliation Application Consultation Meeting presentation on March 3, 2009, the AESO indicated a \$1.2 million surplus from adjustments relating to 2008 and prior years that had occurred in January 2009.

Reference: Consultation Meeting Presentation slide 15
Technical Meeting Presentation slide 22
Application page 14, paragraphs 68-69

Request:

- (a) Please provide more information on the transactions that have occurred since December 31, 2008 that relate to 2008 and prior years.
- (b) Please identify which of these transactions were included in the \$1.2 million surplus mentioned on slide 15 of the Consultation Meeting on March 3, 2009, and which were included in the \$3.0 million shortfall mentioned on slide 22 of the Technical Meeting presentation.

Response:

- (a-b) The following transactions have occurred since December 31, 2008 that relate to 2008 and prior years.

Adjustment Description	Surplus (Shortfall) \$ 000 000
Transactions Included in Consultation Meeting Amount	
<ul style="list-style-type: none"> • Decision 2009-018 released on January 30, 2009 on AltaLink's refiling of deferral account reconciliations pursuant to Decision 2008-076 resulted in a wires cost net refund attributable to 2004, 2005, and 2006 	\$1.4
<ul style="list-style-type: none"> • Decision 2008-125 released on December 2, 2008 on EPCOR's 2007-2009 TFO Tariff resulted in a wires cost charge attributable to 2008 	(0.1)
<ul style="list-style-type: none"> • Miscellaneous adjustments attributed to 2008 as follows: <ul style="list-style-type: none"> — DTS revenue net decrease — operating reserve costs decrease — TMR costs increase 	(0.2) 0.1 (0.1)

Technical Meeting Question 3

Page 1 of 1

Title: Significant Cost Variances for 2008

Reference: Technical Meeting Presentation slide 30
Application page 37, paragraph 169

Request:

Please provide additional information on the under frequency mitigation recorded cost decrease of \$1.0 million less than forecast for 2008.

Response:

Under frequency mitigation costs result from the competitive procurement of 59.5 Hz Load Shed Service (“LSS”) as an ancillary service. It is separate and distinct from the Demand Under-Frequency Load Shedding Credits paid under Rate UFLS in the AESO’s tariff for the regulated service which is a mandatory requirement of the Western Electricity Coordinating Council (“WECC”).

Load Shed Service is procured through commercial contracts with several load customers, and payments to providers are based on the amounts of load in megawatts available to be tripped at each provider. During 2008, reductions in the loads of some LSS providers decreased the megawatts that could be tripped, with an accompanying reduction in payments to those providers.

Load Shed Service (and the associated under frequency mitigation costs) support increased import capability on the Alberta-BC intertie for energy and reserve services. The reduction in megawatts that can be tripped under LSS reduces the import capability of the intertie in some hours, but has negligible impact on the reliability of the Alberta Interconnected Electric System.

The AESO is currently investigating the procurement of Load Shed Requirements (“LSR”) from load customers as a replacement for both Load Shed Service and the separate Interruptible Load Remedial Action Scheme (“ILRAS”) service. The AESO is also exploring the potential for generators to provide similar or competing services. The AESO considers it important to maintain import capability on the Alberta-BC intertie to provide access to additional supply capacity and energy for Alberta.