

**Deferral Account Riders B and C Working Group  
Meeting Notes for June 8, 2009**

The following notes summarize items on which participants had discussion of substance. If an agenda item was simply reviewed and acknowledged, it is not included in these notes.

**1 Participants**

- ATCO Electric: Nick Palladino (representing ATCO Electric DFO)
- EPCOR: Stan Yee (representing EPCOR DFO, by conference call)
- IPCAA: Vittoria Bellissimo (representing large industrial load customers)
- UCA: Rick Cowburn (representing residential, farm, and commercial loads)
- AESO: John Martin and Carol Moline

**2 Action items**

- (a) **AESO** Re-examine  $\pm$ \$7.0 million threshold for invoking Rider B (item 4).
- (b) **AESO** Clarify process used if Rider B were invoked (item 4).
- (c) **AESO** Review considerations for non-symmetrical thresholds for Rider B refunds and charges (item 4).
- (d) **DFOs** Consider impact of different approaches to allocating shortfalls or surpluses through Rider B (item 4).
- (e) **AESO** Summarize prior-year balances excluded from Rider C determinations and estimate impact on Rider C if amounts had been included (item 5).

**3 Next meeting**

- (a) 10:00 AM to 12:00 Noon on Friday, June 26, 2009.

**4 Potential changes to Rider B**

- (a) Rider B has not been used since Rider C was first approved in the AESO's 2002 tariff. Rider B also has not changed over that period, except that it no longer applies to STS customers consistent with Transmission Regulation changes implemented in the AESO's 2006 tariff.
- (b) Rider B can be invoked when the AESO's working capital balance exceeds  $\pm$ \$7.0 million. This threshold seems conservative for the AESO today. The AESO will re-examine the threshold, and may suggest a higher threshold for discussion at the next meeting.
- (c) Rider B can be invoked without prior notice in the current billing period. The AESO does not have a clearly-documented process for invoking Rider B, mainly because Rider B has not been used in several years. It is likely that, in practice, Rider B would be implemented in the next month's billing period rather than in the current month's billing period. The AESO will investigate and clarify the process it would use to invoke Rider B under the current tariff.
- (d) Participants discussed whether Rider B needs to be symmetrical — that is, would Rider B be invoked at the same threshold for a surplus as for a shortfall? Customers may prefer a lower threshold for refund of a surplus, and a higher threshold for recovery of a shortfall. The AESO will review what considerations may be relevant to non-symmetrical thresholds.
- (e) Participants discussed whether allocation of surpluses and shortfalls under Rider B should be as a percentage of DTS charges or as a \$/MWh charge as in Rider C. The greatest impact may be on DFOs, who will later need to allocate those charges over their customer

rate classes. The DFOs in the working group will consider whether the approach to allocation by the AESO affects the ease of allocation to a DFO's end-use customers.

## **5 Inclusion of prior-year balances in Rider C determination**

- (a) In previous consultation on deferral account reconciliations, stakeholders supported accurate allocation of deferral account balances as the primary criterion for the reconciliation process. Whether prior-year balances are included or excluded from Rider C does not affect the final accuracy of the reconciliation, only the interim timing of charges or refunds through Rider C. DFOs may be indifferent to any timing impacts related to the method of handling year-end balances.
- (b) As final accuracy is not affected, other criteria, including Rider C stability or instability and timeliness of collections or refunds, should be considered.
- (c) With respect to Rider C stability, a large prior year amount (such as the \$16.1 million impact resulting from the AUC's income tax treatment in Decision 2007-104 on ATCO Electric's 2007-2008 GTA) would have a large impact if settled over a single quarter. As well, if that amount is later reconciled over several years, as happened for the income tax amount, the impact could be redistributed in the annual reconciliation after year-end. Such redistributions may not materially impact DFOs who have relatively consistent loads and who usually deal with AESO deferral account amounts on a prospective basis. They may have a larger impact on industrial customers who may have more variable loads and whose projects may have different owners over time.
- (d) The AESO will summarize prior-year balances that have been excluded from Rider C determinations in recent years, and estimate the impact on Rider C if those amounts had been included.
- (e) Perhaps a maximum threshold should be established for prior year amounts to be included in a quarterly Rider C, with larger amounts either settled over a longer period or held for inclusion in a deferral account reconciliation. One suggestion was a threshold of \$20 million, which is about 10% of the AESO average quarterly DTS revenue requirement.
- (f) If a threshold is implemented such that prior-year amounts may or may not be included in Rider C, that decisions would need to be made prior to year-end to allow customers sufficient time to prepare for any potential impacts. Participants suggested the decision should be communicated no later than the 15th of the month before the quarter begins.