



Alberta Electric System Operator

2008 Deferral Account Reconciliation
Interim Settlement

June 3, 2009



ALBERTA UTILITIES COMMISSION

Decision 2009-074: Alberta Electric System Operator
2008 Deferral Account Reconciliation – Interim Settlement
Application No. 1604964
Proceeding ID. 186

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**ALBERTA ELECTRIC SYSTEM OPERATOR
2008 DEFERRAL ACCOUNT RECONCILIATION
INTERIM SETTLEMENT**

**Decision 2009-074
Application No. 1604964
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1 BACKGROUND

1. The Alberta Electric System Operator (AESO) filed an application (2008 Application) on April 9, 2009, with the Alberta Utilities Commission (AUC or the Commission).
2. The 2008 Application sought approval of the AESO's first reconciliation of deferral accounts for 2008; the AESO's second reconciliation of deferral accounts for the years 2007, 2006, 2005, and 2004; the AESO's third reconciliation of the deferral account for 2003; and reconciliations of adjustments to deferral accounts for the years 2001 and 2002.
3. In accordance with the Commission directions set out in Decision [2009-010](#)¹ relating to the AESO's 2004-2007 deferral account reconciliation application (2004-2007 Application), the reconciliations applied for in the 2008 Application reflected the removal of the amounts related to the interest redistribution proposed in the 2004-2007 Application (Interest Redistribution Amounts).
4. In the 2008 Application, the AESO also requested interim approval to immediately settle current deferral account amounts with customers.

2 REQUEST FOR INTERIM SETTLEMENT

5. With respect to the request for immediate settlement of the deferral account amounts, the AESO noted that such settlement would be interim and refundable, and subject to adjustment in the final decision on the 2008 Application following a full regulatory review. The AESO noted that a similar request for interim approval to immediately settle deferral account amounts with customers was included in its 2004-2007 Application and was approved by the Commission in Order [U2008-253](#).²
6. The AESO noted that while the Interest Redistribution Amounts had been included in the interim distribution approved in Order U2008-253, the reconciliations included in the 2008 Application reflected the AESO's compliance with the direction in Decision 2009-010 to remove the Interest Redistribution Amounts.

¹ Decision 2009-010 – *Alberta Electric System Operator 2004-2007 Deferral Account Reconciliation* (Application 1574594 / EPS ID 60) (Released: January 27, 2009)

² Order U2008-253 – *Alberta Electric System Operator 2004-2007 Deferral Account Reconciliation – Interim Distribution* (Application 1574594 / EPS ID 60) (Released: July 17, 2008)

7. The AESO noted that the deferral account balances in the 2008 Application are significantly smaller than those in the 2004-2007 Application. Additionally, unlike the 2004-2007 Application, the balances in the 2008 Application represent a net shortfall to be collected from customers rather than a net surplus to be refunded. However, the AESO noted that stakeholders had indicated support for interim approval to immediately settle the deferral accounts in a consultation process held by the AESO in March 2009.

8. The AESO indicated that the deferral account balances in the 2008 Application were determined based on recorded costs paid and recorded revenues received by the AESO, and were reconciled to the AESO's financial statements. The AESO accordingly considered its request for interim approval to be appropriate because the \$6.4 million net balance reconciled in the 2008 Application represented a probable and material amount.

9. The AESO noted that the same methodology and the same software program used in the 2004-2007 Application were used to allocate deferral account balances to customers in the 2008 Application. Furthermore, as previously noted, the 2008 Application reflected the removal of the Interest Redistribution Amounts. As such, the AESO considered that interim approval of the customer allocation set out in the 2008 Application should result in rate stability and intergenerational equity.

10. On May 12, 2009, the Commission issued correspondence requesting the views of the parties with respect to the request for interim settlement of the deferral account balances in the 2008 Application. The Commission received a submission from TransAlta Corporation (TransAlta). No other submissions were received.

11. TransAlta submitted that it would be in the public interest to avoid significant delay and to provide an interim settlement pending final determination of the AESO's application by the Commission provided that any approval is on an interim refundable basis.

3 COMMISSION FINDINGS

12. The Commission notes that no party has objected to the AESO's proposal to immediately settle current deferral account amounts with customers on an interim refundable basis. The Commission also notes that no parties have provided any information to contradict the AESO's assertion that its proposal to immediately settle deferral account amounts on an interim basis was supported by stakeholders participating in an AESO consultation process held in March 2009.

13. As noted above, the interim distribution of 2004-2007 deferral account balances approved in Order U2008-253 and distributed to customers on an interim and refundable basis in July 2008 included the Interest Redistribution Amounts. The Commission ultimately, in Decision 2009-010, did not approve the redistribution of interest proposed in the 2004-2007 Application. However, rather than initiate a refiling process in connection with Decision 2009-010, in correspondence exchanged with the Commission in February 2009, the AESO confirmed that it was acceptable to the Commission to remove the Interest Redistribution Amounts as part of its 2008 Application.

14. The Commission notes that an interim and refundable adjustment at this time will give effect to the Commission's ruling in Decision 2009-010 with respect to the Interest

Redistribution Amounts. The Commission will approve the interim settlement of the deferral account balances set out in the 2008 Application as filed.

15. The Commission notes that part (3)(c) of the Order section of Decision 2009-010 required the AESO to notify the Commission when the customer refunds or collections arising from the reversal of the Interest Redistribution Amounts made in accordance with Order U2008-253 had been completed. The Commission considers that the requirements of Order (3)(c) from Decision 2009-010 will be fulfilled upon completion of the interim settlement approved herein.

4 ORDER

16. IT IS HEREBY ORDERED THAT:

- (1) The interim settlement of the deferral account balances set out in the 2008 Application is approved as requested.
- (2) The AESO shall notify the Commission when the interim settlement has been completed.

Dated in Calgary, Alberta on June 3, 2009.

ALBERTA UTILITIES COMMISSION

(original signed by)

Carolyn Dahl Rees
Panel Chair

(original signed by)

Bill Lyttle
Commissioner

(original signed by)

Tudor Beattie, Q.C.
Commissioner

APPENDIX 1 – PROCEEDING PARTICIPANTS

Name of Organization (Abbreviation) Counsel or Representative (APPLICANTS)
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TransAlta Corporation (TransAlta) R. Marx B. Smith C. Copp
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