IN THE MATTER OF the Alberta Electric System Operator 2009 Deferral Account
Reconciliation Application (Application Number 1606095 and Proceeding ID 589) for Alberta
Utilities Commission approval pursuant to sections 14, 30, and 119 of the Electric Utilities
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1 APPLICATION


3 Approval is also requested for the customer allocation methodology for recovering and refunding outstanding variance amounts from and to the AESO’s DTS and STS rate classes, and for the collection and refunding of the allocated amounts through a one-time payment/collection option. At the time the Application was filed, the AESO also requested such approval be granted as soon as practical on an interim refundable basis as discussed in more detail in section 4 of this argument.

4 Finally, the AESO requests approval of the continuation of annual retrospective reconciliation of adjustments to losses relating to years prior to 2006, and confirmation of the Commission’s acceptance of the AESO’s responses to outstanding directions.

5 At the time the Application was filed, the AESO requested approval to provide compliance reviews of second and later reconciliations in its upcoming 2010 deferral account reconciliation application, and to financially settle balances in that application after the compliance review was provided. Given the timing of argument and reply on this Application, the AESO no longer requests such approval for its 2010 application as discussed in more detail in section 5 of this argument.

6 The Application addresses a total deferral account surplus balance of $1.8 million as summarized in Table 2-2 (page 18). The annual deferral account amounts net of Rider C charges and refunds are:

- a surplus of $2.0 million from the first reconciliation of deferral accounts for 2009,
- a shortfall of $4.8 million from the second reconciliation of deferral accounts for 2008,
- a surplus of $3.4 million from the third reconciliation of deferral accounts for 2007,
- a surplus of $1.5 million from the third reconciliation of deferral accounts for 2006,
- a shortfall of $0.1 million from the third reconciliation of deferral accounts for 2005, and
- a shortfall of $0.3 million from the third reconciliation of deferral accounts for 2004.

7 The AESO held a technical meeting on the Application at the AESO office in Calgary on May 12, 2010, which was attended by representatives of six stakeholders. The AESO responded to questions asked during the meeting on May 28, 2010.

8 The process established for the review of the Application included opportunities for information requests and for the submission of intervener evidence. Information requests were received from:

- the Commission;
The AESO responded to initial information requests from all four interveners on July 5, 2010, and to supplemental information requests from IPCAA on September 29, 2010. No intervenor evidence was submitted.

However, IPCAA filed a submission on July 30, 2010, stating it had unresolved concerns with a redacted report provided as part of the AESO’s responses to IPCAA’s information requests. As a result of those concerns, the Commission directed the AESO to provide it with an unredacted report on a confidential basis. The Commission subsequently provided a copy of the unredacted report to IPCAA, also on a confidential basis. The AESO addresses the concerns raised by IPCAA in section 3.1 of this argument. The AESO has not found it necessary to refer to confidential information in this argument, and accordingly has not submitted a separate confidential version.

The AESO provides the following written argument on matters addressed in the Application, raised in information requests, and addressed in the submission by IPCAA during the proceeding. Lack of comment on any specific matter does not necessarily indicate lack of materiality or significance of that matter. In particular, if an information request simply asked for additional information or did not suggest an approach that differed from the AESO’s proposals, that request may not be referenced in this argument. The AESO reserves the right to respond in reply argument to matters raised by other parties which are not addressed in this argument.
2 AMOUNTS INCLUDED IN THE APPLICATION

12 As discussed in section 1.1 (pages 5-7) of the Application, the AESO’s approved tariffs (and those of its predecessors, ESBI Alberta Ltd. and Grid Company of Alberta) have included the use of deferral accounts since January 1, 1997. Deferral accounts are necessary to ensure no profit or loss results from the AESO’s operation in accordance with section 14 of the Electric Utilities Act (“Act”). Deferral accounts allow the AESO to address differences between actual revenues and costs incurred in providing system access service to customers, and are specifically provided for in subsections 122(2) and 122(3) of the Act.

13 The reconciliation of AESO deferral account balances and the associated allocation of those balances to customers have previously been addressed by the Commission (or its predecessor, the Alberta Energy and Utilities Board) in:
- Decision 2005-034 for 2003;
- Decision 2009-010 for 2004, 2005, 2006, and 2007; and

14 Under the deferral account methodology most recently approved in those decisions, the AESO reconciles, on a retrospective basis, the actual costs incurred in providing system access service to the revenues recovered in rates relating to provision of that service. For the reconciliation, costs and revenues are attributed to the time period during which the service was provided, which is referred to as reconciliation on a “production month” (or “production year”) basis.

15 The 2009, 2008, 2007, 2006, 2005, and 2004 deferral account reconciliations included in the Application were prepared on a retrospective, monthly, and production month basis, consistent with the method used in the first reconciliation for 2008 and in the first and second reconciliations for 2007, 2006, 2005, and 2004, as previously reviewed and approved in the decisions mentioned above.

16 The deferral account reconciliations, prior period adjustments, and allocations to customers provided in the body and appendices of the Application were prepared using a software program developed by the AESO specifically for that purpose. The program had also been used to prepare the AESO’s 2008 and 2004-2007 deferral account reconciliation applications.

17 As discussed in section 2.1 (pages 12-13) of the Application, the data included in the Application comprises all costs paid and revenues collected by the AESO that:
- have not been settled in prior deferral account reconciliation filings;
- relate to 2009 or prior years for all costs except those related to losses; and
- have been accounted for up to December 31, 2009.

18 The Application includes some significant amounts that are attributed to periods prior to 2009 under the production month presentation used in the Application. Those amounts are discussed in detail in the relevant production year sections of the Application.
Effective January 1, 2006, transmission system losses are no longer subject to retrospective deferral account reconciliation as was the case for 2005 and prior years. Since 2006, losses have instead been subject to prospective adjustment through Calibration Factor Rider E. There were no costs paid nor revenues collected by the AESO in 2009 related to losses for 2005 and prior years, and there are accordingly no deferral account balances for losses settled in this application.

Also, any adjustments relating to 2009 or prior years which occurred after December 31, 2009 are not included in the Application, and will be addressed in a future deferral account reconciliation application.

As explained in section 2.2 (pages 15-17) of the Application, all revenues, costs, and adjustments included in the Application are presented on a production month basis, with two exceptions.

(1) AESO “own costs” (which comprise other industry costs and general and administrative costs of the AESO) are attributed to the month in which they occurred, as by their nature they are not attributable to specific matters of “production”.

(2) Rider C amounts are treated on an accounting month basis, as deferral account allocations are fully recalculated on a production month basis, and the netting of Rider C amounts against the recalculated allocations produce the same results whether treated on a production month or accounting month basis.

The Application includes the AESO’s payment to AltaLink in accordance with Decision 2009-151 on AltaLink’s 2009-2010 TFO tariff, where AltaLink was directed to give effect to a $35 million “backstop” arrangement with the AESO. The Application also includes the AESO’s compliance with the Commission’s direction in Decision 2009-191 to include any costs not accounted for in the 2008 deferral account reconciliation application with respect to the Keephills-Ellerslie-Genesee (“KEG”) unit transformers conversion project. Section 4.2.1 (pages 53-54) of the Application provides additional information on the KEG project costs.

No information requests raised concerns with the accuracy of the revenue, cost, and adjustment amounts presented in the Application, the periods for which data was included, or the attribution of costs, revenues, and adjustments to production months and years.
3   COST AND REVENUE VARIANCES

26 The Application includes sections detailing the financial results and deferral account balances for each deferral account year addressed in the Application.

27 Section 3 (pages 30-48) first discusses variances of costs from the AESO’s approved revenue requirement for 2009. An explanation of a line item cost variance for 2009 is provided when it:
   • exceeds approximately ±10% of the amount of the general and administrative costs component of the AESO’s revenue requirement, or
   • is smaller than ±10% of the amount of the general and administrative costs component but is at least ±1% of that amount and at least ±10% of the approved line item amount itself.

28 For the second reconciliation of the 2008 deferral accounts included in section 4 (pages 49-57) of the Application, those threshold levels have been reduced by half. An explanation of a line item cost variance for 2008 is therefore provided when it:
   • exceeds approximately ±5% of the amount of the general and administrative costs component of the AESO’s revenue requirement, or
   • is smaller than ±5% of the amount of the general and administrative costs component but is at least ±0.5% of that amount and at least ±5% of the approved line item amount itself.

29 Finally, for the third reconciliations of the 2007, 2006, 2005, and 2004 deferral accounts included in sections 5 (pages 58-66), 6 (pages 67-75), 7 (pages 76-85), and 8 (pages 86-95) of the Application respectively, those threshold levels have been reduced to one-third of the first reconciliation levels. That is, an explanation of a line item cost variance for 2007, 2006, 2005, or 2004 is therefore provided when it:
   • exceeds approximately ±3% of the amount of the general and administrative costs component of the AESO’s revenue requirement, or
   • is smaller than ±3% of the amount of the general and administrative costs component but is at least ±0.3% of that amount and at least ±3% of the approved line item amount itself.

30 As explained in section 2.4 (pages 19-22) of the Application, the AESO considers the Application and related proceeding to be the proper venue for the consideration of the prudence of AESO costs incurred with respect to 2009. As well, where significant adjustments to 2008 or prior year costs are included in the deferral account reconciliation, the Application and related proceeding is also the proper venue for consideration of the prudence of those adjustments.

31 Information request TCE.AESO-001 asked for additional information about forecast and actual costs and resulting variances for black start services contracted by the AESO. The AESO’s response to that information request reveals no errors or imprudence with respect to black start costs in the Application, and no corrections are required as a result of the additional information provided.
3.1 KEG Unit Transformers Conversion Project

As explained in section 4.2.1 (page 54) of the Application, costs for the Keephills-Ellerslie-Genesee ("KEG") unit transformers conversion arose from directions in Decision 2008-101 regarding AESO recovery of costs for the project.

In accordance with the Commission’s order in Decision 2008-101, the AESO included $3.3 million of recorded project costs for 2008 in its 2008 deferral account reconciliation application. At that time the AESO noted that work on the project was not yet completed and further costs were expected to be incurred in 2009. In Decision 2009-191 on the AESO’s 2008 deferral account reconciliation, the Commission directed the AESO to include any costs not already accounted for in that application in its next deferral account reconciliation application.

The AESO received and paid one additional invoice in 2009 from EPCOR Power Development Corporation for $2.2 million incurred as direct costs resulting from the KEG unit transformers conversion. The AESO accordingly included the $2.2 million of additional project costs for 2008 in its 2009 deferral account reconciliation application.

The AESO also engaged Revay and Associates to complete an audit of invoices received for the project to ensure that only actual direct costs for the project had been invoiced to the AESO and to validate the quantum of such costs. Revay and Associates provided its Cost Review Report to the AESO in 2009, attesting to the prudence, accuracy, and completeness of the actual direct costs of the project. The AESO has added the $49,000 cost of the consultant’s review to the KEG project costs in the Application.

Total costs for the KEG unit transformers conversion project were consistent with those anticipated in the AESO’s application for recovery of the costs. The total project cost of $5.4 million resulted in a variance of 20.2% over the $4.5 million estimate provided in the AESO’s application for cost recovery, which is well within the ±30% accuracy of the estimate.

Information requests IPCAA.AESO-001, -002, -003, and -004 asked for additional information on the original cost estimate and final costs for the project by generating unit, variance explanations, related documentation, and confirmation of certain costs for the KEG unit transformers conversion project. In its July 30 submission, IPCAA also stated it had concerns about accepting expenditures for the project as prudently incurred. IPCAA also stated in its August 27 submission that it remained concerned that ratepayers were denied access to information for the project, as the AESO had requested that the Cost Review Report be considered confidential.

In Attachment IPCAA.AESO-002, the AESO provided the actual costs for the transformers associated with each of the three Genesee generating units. The AESO was unable to provide actual costs in the same breakdown as the cost estimates, as the actual costs were not recorded in that manner in the accounting records of Capital Power (previously EPCOR Power Development Corporation).
39 The information provided by the AESO showed that about 51% of the total $0.9 million variance for the project arose from demobilization and remobilization costs associated with a delay from the original fall 2007 schedule to the spring of 2008, due in part to the failure of the spare generator transformer in a factory test. An additional 27% of the total variance resulted from escalation of primary contractor labour costs also resulting from the rescheduling of the work to occur in 2008. The remaining 22% of the total variance resulted from other factors, including additional equipment monitoring capability and additional detailed coordination required by the AESO beyond the usually requirements that had been included in the cost estimates.

40 In response to IPCAA’s request for additional information on project costs, the AESO initially provided a redacted version of the Revay and Associates Cost Review Report and subsequently the unredacted report on a confidential basis, which was provided to IPCAA in accordance with the Commission’s ruling on the AESO’s confidentiality request. The report included agreement letters between the AESO and EPCOR, EPCOR invoices to the AESO, and a Revay and Associates interim status report to the AESO.

41 In response to IPCAA’s request for confirmation of the accuracy of in-house labour costs and capitalized interest costs for the project, the AESO provided additional information from Capital Power on the amounts included in the project.

42 The information on the KEG unit transformers conversion project costs provided in response to IPCAA’s information requests reveals no errors with respect to those costs, and no corrections are required as a result of the additional information provided. In addition, the information provided, including the unredacted Cost Review Report, supports Revay and Associates’ conclusion that the costs invoiced to the AESO were the direct costs of carrying out the project and were prudent, accurate, and complete.

43 In conclusion, the AESO submits that there is no evidence of errors or imprudence with respect to the recorded costs included in the Application, and those costs should be approved as filed.
4 ALLOCATION TO AND SETTLEMENT WITH CUSTOMERS

44 Deferral account balances and adjustments in the Application are allocated to customers as in previous deferral account reconciliation applications. The allocation to customers is discussed in section 9.1 (pages 96-97) of the Application.

45 The 2004 to 2009 deferral account balances (except for losses) are allocated to individual customers based on each customer’s percentage of total revenue collected through the rates in place during the period. Balances are allocated on a production month basis, by rate and rate component.

46 Effective January 1, 2006, transmission system losses are no longer subject to retrospective deferral account reconciliation. Accordingly, the Application does not include any allocation of losses deferral account balances to customers for 2006, 2007, 2008, and 2009.

47 Deferral account balances associated with losses for 2004 and 2005 are allocated to individual customers based on each customer’s hourly production multiplied by the pool price in the hour summed over each production month. The losses allocation methodology is consistent with the allocation methodology approved in previous reconciliation applications.

48 After deferral account balances are allocated to each customer, additional revenue already paid by or refunded to each customer (through Rider C or in prior deferral account reconciliation settlements) is subtracted or added by rate and rate component. The remaining balance is the amount of the deferral account charge or refund attributed to the customer on a production month basis, by rate and rate component.

49 In section 9.2 (page 97) of the Application, the AESO explains that the results of the deferral account allocation for each DTS and STS customer have been included in Appendices G, I, J, and K, in annual customer detail summaries and customer allocation detail. Customer confidentiality has been protected by assigning a number to each AESO direct-connect customer as had been done in previous deferral account reconciliation applications. After filing the Application, the AESO distributed to each customer the applicable customer and generator numbers for the deferral account reconciliation years included. The AESO also provided to any customer on request deferral account allocation data for each of the customer’s settlement points, in Microsoft Excel format.

50 The AESO further explains that, where a customer assigned its System Access Service Agreement to another customer (the “assignee”) in accordance with the AESO’s tariff, the deferral account allocation is applied to the account of the assignee, and the applicable customer numbers were provided only to the assignee.

51 As discussed in section 2.6 (pages 23-24) of the Application, the allocation of deferral account balances to customers involves a large volume of data on which many calculations are performed, and provides limited ability for market participants to assess and verify any aspects of the reconciliation beyond the calculations applicable to their individual accounts. In recognition of such considerations, the AESO included with the Application a report prepared by PricewaterhouseCoopers on specified procedures to assess the accuracy of
the data sorting and calculations performed in the deferral reporting system to determine and allocate deferral account balances to individual customers. PricewaterhouseCoopers had been contracted by the AESO in 2009 to complete the specified procedures on the AESO’s 2008 deferral account reconciliation application as previously filed with the Commission. The PricewaterhouseCoopers report supported and validated the accuracy of the deferral reporting system and related AESO processes.

52 The report was initially provided in a redacted version as an appendix to the Application. In response to information request UCA.AESO-001, the AESO provided an unredacted version of the report following a further review by PricewaterhouseCoopers and their agreement to its release in response to UCA’s information request.

53 Finally, the AESO states in section 9.3 (pages 97-98) of the Application that the current legislated federal Goods and Services Tax (“GST”) rate of 5% will be applied to the deferral account balances being charged and refunded.

54 In summary, the allocation of deferral account balances and adjustments to customers is completed in the same manner as in previous deferral account reconciliation applications. No information requests raised concerns with the allocation. The AESO therefore submits the allocation to customers should be approved as filed.

55 As described in section 10 (pages 99-100) of the Application, the AESO proposes a one-time payment and collection option to settle the outstanding deferral account balances, consistent with the approach approved for the AESO’s 2003, 2004-2007, and 2008 deferral account reconciliations. If one-time collection presents a financial burden to a customer, the AESO considers it reasonable to offer a three-month payment option, including carrying charges, as has been offered to customers in previous deferral account reconciliations.

56 At the time the Application was filed (on April 15, 2010), the AESO requested that the charges and refunds due to customers be settled as soon as possible on an interim refundable basis. The Commission issued Decision 2010-209 on May 13, 2010, approving the interim distribution of the deferral account balances as proposed in the Application. The AESO included the charges and refunds on final statements for May 2010, issued to customers on June 21, 2010. The AESO submitted a compliance notice on July 7, 2010, advising the Commission that deferral account amounts had been financially settled with customers, as ordered in Decision 2010-209.

57 The AESO notes that amounts settled on invoices issued in June 2010 are interim and refundable, and are subject to adjustment in the final decision on the Application. In the Application, the AESO proposes that the impact of any such adjustment be assessed to determine whether a separate settlement process is required or whether the adjustment can be included in the 2011 deferral account reconciliation application expected to be filed in March or April of 2011.
5 FUTURE DEFERRAL ACCOUNT RECONCILIATIONS

In section 2.8 (pages 25-29) of the Application, the AESO explains that it expects to utilize the same approach in future deferral account reconciliations as in the current Application, namely:

- to use the deferral account reconciliation software program,
- to base the reconciliation and allocation on a December 31 data cut-off date and initial settlement volumes,
- to exclude year-end balances from the calculation of first quarter Rider C for the following year, and
- to begin preparation of deferral account reconciliation applications in February of each year.

The AESO is not seeking any approval or direction on these matters for future deferral account reconciliations at this time, although the AESO notes the exclusion of year-end balances from the calculation of first quarter Rider C was reflected in the rider proposal included in the AESO’s 2010 ISO tariff application currently before the Commission (Application Number 1605961 and Proceeding ID 530).

The AESO consulted on changes to simplify and improve the efficiency of the preparation and review of deferral account reconciliation applications, and in particular on potential approaches to respond to the Commission’s comments included in Decision 2009-191 on the AESO’s 2008 deferral account reconciliation. In that decision, the Commission expressed “concern about the number of times that additional reconciliation is required in respect of deferral account years that have already been considered by the Commission in the context of prior deferral account reconciliation applications.” After further investigation and in consideration of the Commission’s concern, in the Application the AESO proposed and requested approval to:

1. continue to provide annual deferral account reconciliation applications that include full reconciliations of all production years to which transactions in the application year relate;

2. provide compliance reviews of second and later deferral account reconciliations that remove the need for Commission approval of those reconciliations when deferral account balances, both individually and in aggregate, are less than ±1% of the AESO’s annual revenue requirement subject to deferral account reconciliation and when no unusual circumstances warrant a request for specific Commission approval of a second or later reconciliation; and

3. financially settle the first reconciliation as well as second and later reconciliations on an interim basis without specific Commission approval, upon filing of the compliance review for a deferral account reconciliation application.
In information response AUC.AESO-001, the Commission suggested an alternative approach involving:

- periodic applications for Commission approval of deferral account reconciliations, such as every three years or only when deferral account balances exceed a materiality threshold; and
- annual settlement of deferral account balances with customers on an interim refundable basis without application to the Commission.

In response, the AESO suggested the alternative approach appears reasonable inasmuch as it strikes a balance between competing goals of timeliness, accuracy, and certainty, and then provided additional considerations for the Commission. The AESO suggested that the annual settlement process in the alternative approach should be similar to the AESO’s current process and include consultation with stakeholders, preparation and publication of a deferral account reconciliation report including variance explanations, and a technical meeting with written responses to stakeholder questions. The AESO also expressed a preference in the alternative approach for periodic applications on a predetermined schedule, to provide some certainty of process and to also avoid potential concerns with offsetting balances in different rate components or different production years.

The AESO also raised questions with respect to the content to be included in a periodic reconciliation application (which could potentially require additional effort in preparation and review by the AESO and stakeholders) and whether annual reconciliations should be filed with the Commission for information purposes only between periodic applications. The AESO also questioned whether compliance reviews should be performed annually as initially proposed by the AESO, and notes that it had also proposed that the cost of the compliance review would be included in the AESO’s revenue requirement as an external regulatory cost in the other industry costs category.

The AESO also commented on future deferral account reconciliations in its 2010 ISO tariff application. The AESO noted that the Commission’s comments in Decision 2009-191 suggested that the AESO consider “its redesign of deferral account reconciliation processes and associated rate riders for its forthcoming GTA.” In the tariff application, the AESO summarized the proposals described above and recommended that changes to the deferral account reconciliation process should be more properly addressed in a deferral account reconciliation application than in a tariff application.

The AESO notes that the regulatory review of the 2009 deferral account reconciliation has been extended due to the confidential nature of information provided in response to IPCAA information requests, as discussed in section 3.1 above. The AESO has also begun the modification and validation of its deferral account reconciliation software program for the annual update to include the 2010 deferral account year. The AESO has planned to complete the update work by year-end, to ensure resources are available for the expected implementation of the AESO’s proposed 2010 tariff early in 2011.

The Commission’s decision on the AESO’s 2010 tariff application is expected in December 2010, and could include directions with respect to Rider C and the deferral account reconciliation process that could affect the AESO’s 2010 deferral account reconciliation.
Commission’s decision on the 2009 deferral account reconciliation is expected in late 2010 or in early 2011, potentially after the data cut-off date for the AESO’s 2010 deferral account reconciliation has passed and after calculations for the reconciliation have been completed. Given the timing of these decisions and the AESO’s preference to complete the update of its deferral account reconciliation software program by year-end, the AESO requests that the Commission not direct changes to the reconciliation process that would affect the preparation of the 2010 deferral account reconciliation application.

67 The AESO accordingly withdraws the specific requests included in section 1.4 (pages 9-10) of the Application, for approval with respect to the approach to be used for the 2010 deferral account reconciliation application. The AESO instead intends to prepare and file its 2010 deferral account reconciliation in the same manner as its 2009 application.

68 Consistent with its response to information request AUC.AESO-001, the AESO also suggests the Commission may want to consider further discussion with stakeholders to review alternative proposals related to the deferral account reconciliation application process, before directing material changes to the current approach.

69 In information request UCA.AESO-002, UCA asked questions with respect to the treatment of deferral account balance by distribution facility owners, the nature of adjustments that give rise to AESO deferral account balances, and the potential finalization and “close-out” of deferral account years by the AESO. The AESO explained that distribution facility owners generally recover or refund their deferral account amounts based on current consumption of their customers. The AESO also discussed the adjustments which may give rise to deferral account balances, noting that such adjustments may extend back to 2001 or potentially even earlier, which effectively limits the extent to which a deferral account year may be considered “closed”.

70 In summary, the AESO is not seeking any decision in the current proceeding in respect of its 2010 deferral account reconciliation application. Also, if directions in the Commission’s decision would potentially impact the modification and validation of the AESO’s deferral account reconciliation software program, the completion of the deferral account reconciliation, or the preparation of the deferral account reconciliation application, the AESO requests that the Commission consider making such directions applicable only to the AESO’s 2011 and later deferral account reconciliations. In the alternative, the AESO requests that the Commission have consideration for the potential impact of such directions on the timing and filing of the AESO’s 2010 deferral account reconciliation application.
6 CONCLUSION

71 The AESO submits that no substantive matter has been raised in information requests or other submissions by interveners that requires correction or revision to the proposals included in the AESO’s 2009 deferral account reconciliation application.

72 As well, the AESO’s Application includes extensive detail in several appendices, none of which were subject to information requests.

73 Having consideration for all the foregoing, the AESO submits that its Application should be approved as filed, and that the relief requested in section 1.4 (pages 9-10) of the Application should be granted in full. However, as discussed in section 5 of this argument, the AESO no longer requests approval of process changes initially proposed with respect to the AESO’s upcoming 2010 deferral account reconciliation application.

74 Accordingly, the AESO further submits that the distribution of the deferral account balances approved on an interim basis in Decision 2010-209, as discussed in section 4 of this argument, should be confirmed as final.