

**Potential Changes to AESO 2004-2005 Deferral Account Reconciliation Process
Stakeholder Comments on March 4, 2008 Letter From AESO**

March 13, 2008

Written comments were provided by:

- Alberta Sugar Beet Growers and Potato Growers of Alberta (ASBG/PGA)
- ATCO Electric
- Cities of Red Deer and Lethbridge
- City of Medicine Hat
- EnCana
- ENMAX
- EPCOR Utilities
- FortisAlberta
- TransAlta
- TransCanada Energy
- Utilities Consumer Advocate (UCA)

**Potential Changes to AESO 2004-2005 Deferral Account Reconciliation Process
March 4, 2008 Discussion Paper — Stakeholder Comment Form**

Comments From: ASBG/PGA
Date: March 12, 2008
Contact: Henry Unryn
Phone: (403) 294-1351
E-mail: unrynhen@telus.net

On March 4, 2008, the AESO distributed a discussion paper outlining options which could allow a prompt and accurate settlement of its current deferral account surplus. In particular, the AESO discussed refunding the \$41.3 million deferral account surplus which has arisen since the data cut-off date for its 2004-2005 deferral account reconciliation application. The AESO invites participants in the 2004-2005 deferral account reconciliation application proceeding, as well as other interested stakeholders, to provide comments on the options discussed in the March 4 paper, using the following comment form.

Extended 2004-2007 Application and Immediate Settlement

- | | | |
|---|--|--|
| 1 | Suspending the 2004-2005 application and filing an extended 2004-2007 application including a request for immediate settlement is an appropriate means of addressing the current deferral account surplus. | <input checked="" type="checkbox"/> Support
<input type="checkbox"/> Oppose
<input type="checkbox"/> Indifferent |
|---|--|--|

Reasons for Stakeholder Position:

ASBG/PGA shares the concerns that the present 2004-2005 Deferral Account Reconciliation Process will not address the significant deferral account surplus of approximately \$56.3 million at the end of 2007. The AESO deferral account processes should endeavour to reconcile the current deferral account balances in as timely and accurate a manner as possible.

ASBG/PGA has reviewed the 4 options presented by the AESO for addressing these concerns. Since the current significant deferral surplus balance largely relates to a Board decision on a past TFO revenue requirement the surplus balance is a special case that does not lend itself to utilizing AESO riders to address such surplus on the basis of current AESO charges or volumes. This significant surplus should be refunded to AESO customers as soon as possible particularly since a refund to a DISCO will require additional time for such refund to be flowed through to the DISCO end-use customers.

The AESO Option 4 process appears to capture the 2006 and 2007 deferral account amounts and refund these amounts to customers as quickly as possible. Therefore ASBG/PGA support the AESO proposal of suspending the 2004-2005 application, replacing that application with an extended 2004-2007 application to capture the recent surplus amounts, and utilizing an immediate settlement process to refund surplus amounts to customers. ASBG/PGA consider an immediate settlement process based on the AESO existing deferral account methodology with a future approval and true-up would be acceptable at this time to refund the large surplus.

Furthermore ASBG/PGA consider the other Options 1 – 3 presented by the AESO to provide unacceptable delays in the refund to customers of the deferral surplus and therefore should not be pursued.

2	The elements (a) through (g) which the AESO identified for a process for an extended 2004-2007 application with immediate settlement are reasonable and appropriate.	x Support <input type="checkbox"/> Oppose <input type="checkbox"/> Indifferent
Reasons for Stakeholder Position:		
ASBG/PGA agree with the identified process steps as reasonable and appropriate to refund the surplus to customers for the reasons discussed in (1) above.		

Additional Comments

Please return this form with your comments by March 12, 2008, to:

John Martin
Manager, Regulatory
E-mail: john.martin@aes0.ca
Phone: (403) 539-2465
Fax: (403) 539-2524

**Potential Changes to AESO 2004-2005 Deferral Account Reconciliation Process
March 4, 2008 Discussion Paper — Stakeholder Comment Form**

Comments From: ATCO Electric
 Date: March 12, 2008
 Contact: James Grattan, Manager Pricing
 Phone: (780) 420-7492
 E-mail: James.Grattan@atcoelectric.com

On March 4, 2008, the AESO distributed a discussion paper outlining options which could allow a prompt and accurate settlement of its current deferral account surplus. In particular, the AESO discussed refunding the \$41.3 million deferral account surplus which has arisen since the data cut-off date for its 2004-2005 deferral account reconciliation application. The AESO invites participants in the 2004-2005 deferral account reconciliation application proceeding, as well as other interested stakeholders, to provide comments on the options discussed in the March 4 paper, using the following comment form.

Extended 2004-2007 Application and Immediate Settlement		
1	Suspending the 2004-2005 application and filing an extended 2004-2007 application including a request for immediate settlement is an appropriate means of addressing the current deferral account surplus.	<input checked="" type="checkbox"/> Support <input type="checkbox"/> Oppose <input type="checkbox"/> Indifferent
Reasons for Stakeholder Position:		
2	The elements (a) through (g) which the AESO identified for a process for an extended 2004-2007 application with immediate settlement are reasonable and appropriate.	<input checked="" type="checkbox"/> Support <input type="checkbox"/> Oppose <input type="checkbox"/> Indifferent
Reasons for Stakeholder Position:		

Additional Comments

Please return this form with your comments by March 12, 2008, to:

John Martin
 Manager, Regulatory
 E-mail: john.martin@aeso.ca
 Phone: (403) 539-2465
 Fax: (403) 539-2524



Chymko Consulting Ltd.
740, 1015 - 4th Street SW
Calgary, Alberta T2R 1J4
Telephone 403.261.1800
Fax 403.263.7444
www.chymko.com

March 12, 2008

John Martin
Alberta Electric System Operator
2500, 330 - 5 Ave SW
Calgary, Alberta T2P 0L4

Dear Mr. Martin

SUBJECT: Request for Comments on Potential Changes to AESO 2004-2005 Deferral Account Reconciliation Process (Application 1548908)

On behalf of the Cities of Red Deer and Lethbridge (“the Cities”), I am responding to the AESO’s letter of March 4th, requesting stakeholder feedback on the AESO’s recommended approach to a deferral account regulatory approval process. Given the circumstances, constraints, and options presented in the March 4th letter, the Cities are not opposed to the AESO’s recommendation to suspend the current 2004-2005 application and file a full and complete 2004-2007 application as soon as possible.

The AESO’s March 4th letter also requested stakeholders to comment on whether the AESO’s suggested 2004-2007 application content and administrative process is “reasonable and appropriate.” Given that it is the AESO’s responsibility to file a complete application in support of its position, the Cities consider it inappropriate to respond to such a request without the benefit of reviewing the entire application in context. The AESO is in the best position to know what supporting material and administrative process will maximize regulatory efficiency and the Cities are confident that the AESO will exercise good judgement and leadership on this matter.

Should you have any questions or comments, please contact me at (403) 781-7690.

Sincerely,

<sent by email>

Nigel Chymko
President

cc: Otto Lenz
Ligong Gan
Phyllis Smith

**Potential Changes to AESO 2004-2005 Deferral Account Reconciliation Process
March 4, 2008 Discussion Paper — Stakeholder Comment Form**

Comments From: City of Medicine Hat
Date: March 6, 2008
Contact: Douglas Crichton
Phone: (403) 529-8365
E-mail: doucri@medicinehat.ca

On March 4, 2008, the AESO distributed a discussion paper outlining options which could allow a prompt and accurate settlement of its current deferral account surplus. In particular, the AESO discussed refunding the \$41.3 million deferral account surplus which has arisen since the data cut-off date for its 2004-2005 deferral account reconciliation application. The AESO invites participants in the 2004-2005 deferral account reconciliation application proceeding, as well as other interested stakeholders, to provide comments on the options discussed in the March 4 paper, using the following comment form.

Extended 2004-2007 Application and Immediate Settlement		
1	<p>Suspending the 2004-2005 application and filing an extended 2004-2007 application including a request for immediate settlement is an appropriate means of addressing the current deferral account surplus.</p> <p>Reasons for Stakeholder Position:</p> <ul style="list-style-type: none">• Agreement with discussion paper content. Option 4 is viewed as the best approach to addressing the current deferral account surplus.	<p><input checked="" type="checkbox"/> Support <input type="checkbox"/> Oppose <input type="checkbox"/> Indifferent</p>
2	<p>The elements (a) through (g) which the AESO identified for a process for an extended 2004-2007 application with immediate settlement are reasonable and appropriate.</p> <p>Reasons for Stakeholder Position:</p> <ul style="list-style-type: none">• Agreement that these process elements are reasonable and appropriate.	<p><input checked="" type="checkbox"/> Support <input type="checkbox"/> Oppose <input type="checkbox"/> Indifferent</p>
Additional Comments		
None.		

Please return this form with your comments by March 12, 2008, to:

John Martin
Manager, Regulatory
E-mail: john.martin@aes0.ca
Phone: (403) 539-2465
Fax: (403) 539-2524

**Potential Changes to AESO 2004-2005 Deferral Account Reconciliation Process
March 4, 2008 Discussion Paper — Stakeholder Comment Form**

Comments From: EnCana Corporation
Date: March 12, 2008
Contact: Rod Crockford, Roger Belland
Phone: 403-645-7871, 780-486-4309
E-mail:

On March 4, 2008, the AESO distributed a discussion paper outlining options which could allow a prompt and accurate settlement of its current deferral account surplus. In particular, the AESO discussed refunding the \$41.3 million deferral account surplus which has arisen since the data cut-off date for its 2004-2005 deferral account reconciliation application. The AESO invites participants in the 2004-2005 deferral account reconciliation application proceeding, as well as other interested stakeholders, to provide comments on the options discussed in the March 4 paper, using the following comment form.

Extended 2004-2007 Application and Immediate Settlement		
1	Suspending the 2004-2005 application and filing an extended 2004-2007 application including a request for immediate settlement is an appropriate means of addressing the current deferral account surplus.	<input checked="" type="checkbox"/> Support <input type="checkbox"/> Oppose <input type="checkbox"/> Indifferent
Reasons for Stakeholder Position:		
2	The elements (a) through (g) which the AESO identified for a process for an extended 2004-2007 application with immediate settlement are reasonable and appropriate.	<input checked="" type="checkbox"/> Support <input type="checkbox"/> Oppose <input type="checkbox"/> Indifferent
Reasons for Stakeholder Position:		

Additional Comments

Please return this form with your comments by March 12, 2008, to:

John Martin
Manager, Regulatory
E-mail: john.martin@aeso.ca
Phone: (403) 539-2465
Fax: (403) 539-2524

**Potential Changes to AESO 2004-2005 Deferral Account Reconciliation Process
March 4, 2008 Discussion Paper — Stakeholder Comment Form**

Comments From: ENMAX Corporation
Date: March 6, 2008
Contact: Randy Stubbings
Phone: (403) 514-2033
E-mail: rstubbings@enmax.com

On March 4, 2008, the AESO distributed a discussion paper outlining options which could allow a prompt and accurate settlement of its current deferral account surplus. In particular, the AESO discussed refunding the \$41.3 million deferral account surplus which has arisen since the data cut-off date for its 2004-2005 deferral account reconciliation application. The AESO invites participants in the 2004-2005 deferral account reconciliation application proceeding, as well as other interested stakeholders, to provide comments on the options discussed in the March 4 paper, using the following comment form.

Extended 2004-2007 Application and Immediate Settlement		
1	Suspending the 2004-2005 application and filing an extended 2004-2007 application including a request for immediate settlement is an appropriate means of addressing the current deferral account surplus.	<input checked="" type="checkbox"/> Support <input type="checkbox"/> Oppose <input type="checkbox"/> Indifferent
Reasons for Stakeholder Position:		
2	The elements (a) through (g) which the AESO identified for a process for an extended 2004-2007 application with immediate settlement are reasonable and appropriate.	<input checked="" type="checkbox"/> Support <input type="checkbox"/> Oppose <input type="checkbox"/> Indifferent
Reasons for Stakeholder Position:		

Additional Comments

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John Martin
Manager, Regulatory
E-mail: john.martin@aeso.ca
Phone: (403) 539-2465
Fax: (403) 539-2524

**Potential Changes to AESO 2004-2005 Deferral Account Reconciliation Process
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Comments From: EPCOR Utilities Inc.
Date: March 11, 2008
Contact: Pat Wong
Phone: 780-412-3361
E-mail: pwong@epcor.ca

On March 4, 2008, the AESO distributed a discussion paper outlining options which could allow a prompt and accurate settlement of its current deferral account surplus. In particular, the AESO discussed refunding the \$41.3 million deferral account surplus which has arisen since the data cut-off date for its 2004-2005 deferral account reconciliation application. The AESO invites participants in the 2004-2005 deferral account reconciliation application proceeding, as well as other interested stakeholders, to provide comments on the options discussed in the March 4 paper, using the following comment form.

Extended 2004-2007 Application and Immediate Settlement	
1	<p>Suspending the 2004-2005 application and filing an extended 2004-2007 application including a request for immediate settlement is an appropriate means of addressing the current deferral account surplus.</p> <p>Reasons for Stakeholder Position:</p> <p>The AESO's proposal (Option 4) will cover 2 additional years of deferral account settlement without causing additional delays in refunding the cash balances determined in the original 2004-5 Deferral account application.</p>
	<p><input checked="" type="checkbox"/> Support <input type="checkbox"/> Oppose <input type="checkbox"/> Indifferent</p>
2	<p>The elements (a) through (g) which the AESO identified for a process for an extended 2004-2007 application with immediate settlement are reasonable and appropriate.</p> <p>Reasons for Stakeholder Position:</p> <p>Agreed.</p>
	<p><input checked="" type="checkbox"/> Support <input type="checkbox"/> Oppose <input type="checkbox"/> Indifferent</p>
Additional Comments	

Please return this form with your comments by March 12, 2008, to:

John Martin
Manager, Regulatory
E-mail: john.martin@aeso.ca
Phone: (403) 539-2465
Fax: (403) 539-2524

**Potential Changes to AESO 2004-2005 Deferral Account Reconciliation Process
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Comments From: FortisAlberta Inc.
Date: March 12, 2008
Contact: Miles Stroh
Phone: (403) 514-4229
E-mail: Miles.Stroh@fortisalberta.com

On March 4, 2008, the AESO distributed a discussion paper outlining options which could allow a prompt and accurate settlement of its current deferral account surplus. In particular, the AESO discussed refunding the \$41.3 million deferral account surplus which has arisen since the data cut-off date for its 2004-2005 deferral account reconciliation application. The AESO invites participants in the 2004-2005 deferral account reconciliation application proceeding, as well as other interested stakeholders, to provide comments on the options discussed in the March 4 paper, using the following comment form.

Extended 2004-2007 Application and Immediate Settlement		
1	Suspending the 2004-2005 application and filing an extended 2004-2007 application including a request for immediate settlement is an appropriate means of addressing the current deferral account surplus.	<input checked="" type="checkbox"/> Support <input type="checkbox"/> Oppose <input type="checkbox"/> Indifferent
Reasons for Stakeholder Position:		
2	The elements (a) through (g) which the AESO identified for a process for an extended 2004-2007 application with immediate settlement are reasonable and appropriate.	<input checked="" type="checkbox"/> Support <input type="checkbox"/> Oppose <input type="checkbox"/> Indifferent
Reasons for Stakeholder Position:		

Additional Comments

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**Potential Changes to AESO 2004-2005 Deferral Account Reconciliation Process
March 4, 2008 Discussion Paper — Stakeholder Comment Form**

Comments From: TransAlta Corporation
 Date: March 7, 2008
 Contact: Bob Smith
 Phone: (403) 267-7119
 E-mail: bob_smith@transalta.com

On March 4, 2008, the AESO distributed a discussion paper outlining options which could allow a prompt and accurate settlement of its current deferral account surplus. In particular, the AESO discussed refunding the \$41.3 million deferral account surplus which has arisen since the data cut-off date for its 2004-2005 deferral account reconciliation application. The AESO invites participants in the 2004-2005 deferral account reconciliation application proceeding, as well as other interested stakeholders, to provide comments on the options discussed in the March 4 paper, using the following comment form.

Extended 2004-2007 Application and Immediate Settlement		
1	Suspending the 2004-2005 application and filing an extended 2004-2007 application including a request for immediate settlement is an appropriate means of addressing the current deferral account surplus.	<input checked="" type="checkbox"/> Support <input type="checkbox"/> Oppose <input type="checkbox"/> Indifferent
Reasons for Stakeholder Position: The large amount of surplus in the deferral accounts should be refunded as soon as practical. The large amount of effort required to work through the calculations suggests doing this once makes the most sense. What has been proposed by the AESO is reasonable.		
2	The elements (a) through (g) which the AESO identified for a process for an extended 2004-2007 application with immediate settlement are reasonable and appropriate.	<input checked="" type="checkbox"/> Support <input type="checkbox"/> Oppose <input type="checkbox"/> Indifferent
Reasons for Stakeholder Position: Only comment is with respect to point (f). The AESO has made available the information required for each customer to be able to perform the deferral account calculations by settlement point. This has been most helpful and TransAlta is appreciates the effort the AESO has put into getting this information to each customer, however; for a number of customers the deferral account balances will be billed or credited to different companies depending on the settlement point. Calculations done by the customer to segregate a portion of the AESO's overall customer refund or charge into each settlement point have no legitimacy to be charged or credited to another company. In fact what was a refund at the customer level could become a charge at the settlement point level. In order to avoid potential disputes, TransAlta believes the AESO must provide the deferral account refunds/charges by settlement point (preferably in a table similar to the "customer allocation detail").		
TransAlta accepts the other elements proposed by the AESO as reasonable.		

Additional Comments None at this time.

Please return this form with your comments by March 12, 2008, to:

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E-mail: john.martin@aeso.ca
Phone: (403) 539-2465
Fax: (403) 539-2524

**Potential Changes to AESO 2004-2005 Deferral Account Reconciliation Process
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Comments From: TransCanada
 Date: March 7, 2008
 Contact: Chris Best
 Phone: (403) 920-2081
 E-mail: chris_best@transcanada.com

On March 4, 2008, the AESO distributed a discussion paper outlining options which could allow a prompt and accurate settlement of its current deferral account surplus. In particular, the AESO discussed refunding the \$41.3 million deferral account surplus which has arisen since the data cut-off date for its 2004-2005 deferral account reconciliation application. The AESO invites participants in the 2004-2005 deferral account reconciliation application proceeding, as well as other interested stakeholders, to provide comments on the options discussed in the March 4 paper, using the following comment form.

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1	Suspending the 2004-2005 application and filing an extended 2004-2007 application including a request for immediate settlement is an appropriate means of addressing the current deferral account surplus.	<input checked="" type="checkbox"/> Support <input type="checkbox"/> Oppose <input type="checkbox"/> Indifferent
Reasons for Stakeholder Position:		
This appears to be the best option from the perspective of accuracy, procedural efficiency (i.e. one proceeding rather than two) and refunds dispersed promptly.		
2	The elements (a) through (g) which the AESO identified for a process for an extended 2004-2007 application with immediate settlement are reasonable and appropriate.	<input checked="" type="checkbox"/> Support <input type="checkbox"/> Oppose <input type="checkbox"/> Indifferent
Reasons for Stakeholder Position:		
TransCanada supports these elements with the following two comments:		
(c) "The AESO expects it would be able to file an extended application in late May 2008." TransCanada requests that the AESO commit to filing the extended application by May 31 2008 and recommends that the AUC direct the AESO to file by this deadline.		
(d) "The extended application would be based on a data cut-off date of March 31, 2008." TransCanada requests that the AESO obtain clarity from Alberta Energy on the release of the Load Settlement TAA PFAM amounts so that they can be included in an extended 2004-2007 application.		

Additional Comments

TransCanada commends the AESO for its creative response to stakeholder concerns on the prompt and accurate return of surpluses to customers.

TransCanada remains concerned with the value that has been derived from the holding of these deferral account surpluses and in particular the associated historic interest charges or credits. TransCanada's support for the AESO's proposals for revision to the 2004-2005 application process should not be construed as an indication of agreement on any matters pertaining to an extended application for the years 2004-2007, including but not limited to the question of interest charges or credits to be applied on all of the amounts in the deferral account.

TransCanada also assumes there will be a full regulatory process for the extended application, including an opportunity for further Information Requests to the AESO, the filing of evidence and an appropriate hearing. This was not stipulated in the elements. TransCanada reserves its right to fully participate in a regulatory proceeding in respect of an extended application for the years 2004-2007.

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**Potential Changes to AESO 2004-2005 Deferral Account Reconciliation Process
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Comments From: UCA
Date: March 12, 2008
Contact: Russ Bell
Phone: (780) 421-1356
E-mail: russ@russbell.ca

On March 4, 2008, the AESO distributed a discussion paper outlining options which could allow a prompt and accurate settlement of its current deferral account surplus. In particular, the AESO discussed refunding the \$41.3 million deferral account surplus which has arisen since the data cut-off date for its 2004-2005 deferral account reconciliation application. The AESO invites participants in the 2004-2005 deferral account reconciliation application proceeding, as well as other interested stakeholders, to provide comments on the options discussed in the March 4 paper, using the following comment form.

Extended 2004-2007 Application and Immediate Settlement		
1	Suspending the 2004-2005 application and filing an extended 2004-2007 application including a request for immediate settlement is an appropriate means of addressing the current deferral account surplus.	<input checked="" type="checkbox"/> Support <input type="checkbox"/> Oppose <input type="checkbox"/> Indifferent
Reasons for Stakeholder Position: While the proposed settlement process achieves the desired ends, the UCA is concerned that the 2004/05 costs will not be reconciled and settled until the end of 2008, some 3 or 4 years after the period in question. The UCA understands the delay is a result of the AESO developing its systems to accomplish the reconciliation process but remains concerned about the delay in reconciliation and finalization of these accounts.		
2	The elements (a) through (g) which the AESO identified for a process for an extended 2004-2007 application with immediate settlement are reasonable and appropriate.	<input checked="" type="checkbox"/> Support <input type="checkbox"/> Oppose <input type="checkbox"/> Indifferent
Reasons for Stakeholder Position: The UCA is not clear from the proposed timeline whether stakeholders would have an opportunity for Information Requests related to the 2006/07 data or if the AESO is proposing requesting an expedited decision. Specifically, in item (e), the AESO indicates it will request approval to “ immediately settle deferral account amounts ”. The UCA is unclear what process is contemplated between filing of the updated application and the proposed decision date.		

Additional Comments

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