Alberta Electric System Operator

2012 Deferral Account Reconciliation Interim Settlement

October 4, 2013
The Alberta Utilities Commission
Decision 2013-370: Alberta Electric System Operator
2012 Deferral Account Reconciliation
Interim Settlement
Application No. 1609885
Proceeding ID No. 2809

October 4, 2013

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1 Introduction

1. On August 29, 2013, the Alberta Electric System Operator (AESO) filed an application (the application) with the Alberta Utilities Commission (AUC or Commission) requesting approval of the determination and allocation of a $7.5 million net deferral account surplus, and approval to refund and collect the allocated amounts as soon as practical to and from market participants who received system access service from the AESO during 2005 to 2012.

2. The Commission issued notice of the application on September 3, 2013. Further to the notice of application, statements of intent to participate (SIPs) were filed by the Consumers’ Coalition of Alberta (CCA), FortisAlberta Inc. and ATCO Electric Ltd.

3. In the application, the AESO also requested interim approval to immediately settle current deferral account amounts with customers.

2 Background

4. In the application, the AESO requested approval to settle the current deferral account amounts with market participants, on an interim and refundable basis, subject to adjustment in the final decision following a full regulatory review. The AESO stated that stakeholders have been generally supportive of interim approval to immediately settle the deferral account in prior deferral account reconciliation consultations and proceedings.

5. The Commission issued a letter on September 19, 2013, seeking parties’ comments regarding the AESO’s request for an immediate interim settlement with market participants. In that letter the Commission stated that once comments had been received from parties, the Commission would make its ruling regarding the interim settlement.

6. In response to the Commission’s letter, comments were only received from the CCA. The CCA stated that it did not object to the AESO’s request for an immediate interim settlement with market participants on an interim and refundable basis.

3 Request for interim settlement

7. In Section 1.2 of the application, the AESO stated that the purpose of requesting the immediate settlement was to collect from market participants the outstanding deferral account

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1 Exhibit 3, AESO application, Section 1.2 interim settlement with market participants.
2 Exhibit 3, AESO application, paragraph 20.
3 Exhibit 58.01, CCA correspondence.
shortfall, or to refund to market participants the outstanding deferral account surplus, to the greatest extent possible without further delay. The AESO notes that such settlement would be interim and refundable, and subject to adjustment in the final decision on the 2012 application following a full regulatory review.

8. The AESO noted that the Commission had approved the interim settlement of deferral account balances for 2008 in Decision 2009-074, and for 2009 in Decision 2010-209. Although the AESO had requested similar interim approval to settle the deferral account amounts in its 2010-2011 deferral account reconciliation application, the Commission did not grant this request due to Commission Bulletin 2012-03 (issued on March 13, 2012) which had set out the Commission’s approach to the Alberta Minister of Energy’s request to maintain electricity rates at that time.

9. The AESO submitted that settlement of the 2012 deferral account reconciliation application will result in a refund of $7.5 million net surplus to market participants. The $7.5 million net deferral account surplus in the application is comparable in magnitude to the $6.4 million net shortfall balance in the AESO’s 2008 deferral account reconciliation application. The AESO stated that the allocation of deferral account balances to market participants had been prepared in the application using the same methodology, and the same software program used in the 2008, 2009, and 2010-2011 deferral account reconciliation applications.

10. The AESO stated that it considered that the $7.5 million net surplus balances reconciled in the application represented a probable and material amount, and that this was one reason it was appropriate to immediately settle deferral account amounts with market participants. Further, the AESO stated that settlement with market participants through an interim refund of the deferral account balances should result in rate stability and intergenerational equity, which was another reason why interim approval was appropriate.

4 Commission findings

11. The Commission has taken into consideration the fact that no parties opposed the AESO’s proposal to immediately settle the 2012 deferral account amounts with customers on an interim and refundable basis. The only party to submit comments regarding interim settlement was the CCA who stated that it did not object to the AESO’s proposal.

12. The Commission has also considered the AESO’s evidence, that the application was prepared using the same software, methodology as was used to prepare the AESO’s 2008, 2009

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4 Exhibit 3, AESO application, paragraph 17.
5 Exhibit 3, AESO application, paragraph 19.
9 Exhibit 3, AESO application, paragraph 17 and 18.
10 Exhibit 3, AESO application, paragraph 20.
11 Exhibit 3, AESO application, paragraph 22.
12 Exhibit 3, AESO application, paragraph 21 and 22.
and 2010-2011 deferral account reconciliation applications, and the fact that, in aggregate, the AESO expects to refund a greater amount to its customers than it expects to collect. The Commission is therefore satisfied that there is a reasonable likelihood that the Commission’s ultimate consideration of the application will not result in significant changes to the amounts refunded to or collected from AESO customers. Moreover, the amounts approved are subject to adjustments and final approvals following a full regulatory review. Consequently, the Commission finds that the proposed application to settle the current deferral account amounts with market participants on an interim and refundable basis, is in the public interest and approves the AESO’s application.

5 Order

13. It is hereby ordered that:

(1) The interim settlement of the deferral account balances set out in the application is approved as requested.

(2) The AESO shall notify the Commission when the interim settlement has been completed.

Dated on October 4, 2013.

The Alberta Utilities Commission

(original signed by)

Anne Michaud
Panel Chair

(original signed by)

Bill Lyttle
Commission Member

(original signed by)

Henry van Egteren
Commission Member
Appendix 1 – Proceeding participants

<table>
<thead>
<tr>
<th>Name of organization (abbreviation)</th>
<th>counsel or representative</th>
</tr>
</thead>
</table>
| Alberta Electric System Operator (AESO) | J. Martin  
|                                      | C. Moine  
|                                      | N. Weigel |
| ATCO Electric Ltd.                   | L. Keough  
|                                      | J. Grattan  
|                                      | T. Martino  
|                                      | B. Yee  
|                                      | L. Kerckhof |
| Consumers’ Coalition of Alberta (CCA) | J. A. Wachowich  
|                                      | A. P. Merani  
|                                      | R. Retnanandan |
| FortisAlberta Inc.                   | J. Croteau |

The Alberta Utilities Commission

Commission Panel
- A. Michaud, Panel Chair
- B. Lyttle, Commission Member
- H. van Egteren, Commission Member

Commission Staff
- M. Ali (Commission counsel)
- S. Karim
- J. Halls
- D. Ward