

December 6, 2004

To: Parties on the AML & TAU 2004 - 2007 GTA Mailing List
Parties on the AE 2003-2004 GTA Mailing List
Parties on the EPCOR & ENMAX 2004 Distribution Tariff Application Mailing Lists

Dear Sir/Madam:

DEVELOPMENT OF A UNIFORM SYSTEM OF ACCOUNTS FOR TRANSMISSION FACILITY OWNERS AND DISTRIBUTION FACILITY OWNERS

Introduction

In Decisions 2003-061 and 2003-071, the Alberta Energy and Utilities Board (EUB or Board) directed AltaLink Management Ltd. (AltaLink) and ATCO Electric Ltd. (AE) to collaborate with the other Transmission Facility Owners (TFOs) for the purposes of forming a small working group consisting of TFO and stakeholder representatives to determine what would be required to develop and implement a TFO uniform system of accounts (USA) that could be used for regulatory filings.

In the fall of 2003, the TFOs created a working group of TFOs (the Working Group) consisting of AltaLink, AE, EPCOR, ENMAX, City of Lethbridge and the City of Red Deer in response to these Board directives. The Working Group initially met independently of stakeholder representatives in order to establish an understanding of their current accounting systems. In their view, this understanding was necessary to establish a common ground from which the framework for a future report could be developed. Once this was completed, the Working Group intended to provide it to the stakeholder representatives for comment in order to develop a report by December 31, 2003, as required by the Board's USA directives in 2003-061 and 2003-071.

On December 5, 2003, the Working Group sent a report to stakeholders containing a set of proposed accounts that the Working Group recommended be considered in producing a USA. The Working Group advised that it received no suggestions for revisions or review in response to the report it sent. Therefore, the Working Group filed the report with the Board on December 23, 2003.

Following the submission of the Working Group's December 23, 2003 report, and at the request of Board Staff, the Working group met to determine if accounts could be established at a more detailed level than that initially proposed. By letter dated May 7, 2004, the Working Group provided an update to the EUB indicating that the next steps in the process required the establishment of a set of common definitions for the list of recommended accounts. The Working Group noted that these definitions would be the key to ensuring comparability amongst TFOs in their General Tariff Applications (GTA). The Working Group also indicated that it would be inviting input from stakeholders on the definition process once the proposed set of accounts were approved by the Board.

As part of AltaLink’s 2004-2007 GTA proceeding (Proceeding), the Utilities Consumer Advocate (UCA) filed evidence respecting the adoption of a USA and the determination of Minimum Filing Requirements (MFR) for TFOs. In addition, The City of Calgary (Calgary) and the Industrial Power Consumers Association of Alberta (IPCAA) also jointly filed evidence, which partly related to the adoption of a USA. (Both pieces of evidence will be referred to as “the Evidence”).

By letter dated August 27, 2004, the Board advised parties to the AltaLink Proceeding that it would be more appropriate to consider the filed Evidence in the context of the current TFO USA collaborative process resulting from Decisions 2003-061 and 2003-071 since all affected parties would have the opportunity to comment upon the material at the appropriate time in that process. The Board was also of the view that, while the current Collaborative Process was focused on the development of a TFO USA, its scope could be expanded to include the determination of a TFO MFR. The Board further indicated that it would issue a letter setting out a process and schedule for developing a TFO USA and MFR in a timely manner, which will also ensure that there is an opportunity for all affected parties to provide their views and have them considered. The Board invited comments and suggestions as to the process and schedule it should establish. The Board received comments from a number of interveners.

In Decisions 2004-066 and 2004-067, respecting the distribution tariffs of ENMAX Power Corporation (EPC) and EPCOR Distribution Inc. (EDI), the Board also expressed the view that it might be reasonable to assess the usefulness of implementing a USA for Distribution Facility Owners (DFO) at some point in the future.

Process to Develop a TFO and DFO USA

The Board has considered all of the USA and MFR material referred to in the previous section and has determined that the best way to bring the work of the existing TFO Working Group to a timely completion is to formally strike a USA project committee (Committee) consisting of representative membership from the utilities, intervener groups and the EUB. The Committee will be charged with the expanded task of developing a USA that can be cost effectively implemented for use in both TFO and DFO GTAs starting January 1, 2006.

The major project milestones, deliveries and timelines will be as set out in the table below.

Major Project Milestone or Deliverable	Target Date
USA Project Committee Struck	December 10, 2004
Initial Committee Meeting	December 17, 2004
Final Set of TFO and DFO Accounts to be included in USA	January 31, 2005
Final Definitions and Allocations	April 1, 2005
Assessment of utilities’ accounting system changes and costs to implement the proposed USA	April 29, 2005
Committee Report to the EUB	May 16, 2005
If cost effective, USA Implementation by TFOs and DFOs	After May 2005
TFO and DFO Implementation Progress Report	September 30, 2005
Inclusion of USA in TFO and DFO GTAs	January 1, 2006

USA Project Committee Scope and Membership

Given the wires similarity between TFOs and DFOs, the Board considers that some efficiency can be gained by incorporating the DFOs into the TFO USA development process. Therefore, the goal of the Committee will be to develop a USA for the TFOs and the DFOs.

The Board recognizes that there is some linkage between a USA and an MFR and that the development of a USA could, to some degree, achieve the goals of an MFR. Therefore, the Board considers that it would be more efficient and effective to first focus on developing a USA and then determine what additional work, if any, needs to be done with respect to the establishment of an MFR. Thus, the primary focus of the Committee should be on the development of a USA.

In order to keep the Committee to a manageable size and to ensure fair representation, the Committee shall consist of no more than nine members as set out below.

- EUB Staff Member (Chair)
- A representative from each of Calgary, the FIRM Customer Group, IPCAA and the UCA.
- Two representatives from the TFOs
- Two representatives from the DFOs

The EUB will serve as Committee Chair. Mr. Mike Asgar-Deen, from the EUB's Utilities Branch, will assume this role. The Chair will be responsible for ensuring that the work of the Committee proceeds in a manner that would allow the major milestones and deliverables shown above to be completed by the target dates. In addition, the Board is presently evaluating whether it will require an independent consultant to provide assistance to the Committee Chair.

Calgary, the FIRM Customer Group, IPCAA, the UCA, the TFOs and the DFOs shall advise the Committee Chair of the name(s) of their representatives by December 10, 2004.

Initial Meeting

The initial meeting, which the Board expects to be a working meeting, is set for December 17, 2004. The Board recognizes that this could potentially present a conflict for some of the committee members who may be involved with the AESO's Edmonton-Calgary 500 kV Transmission Development Need Application Hearing. The Board is prepared to proceed with this meeting date if everyone is agreeable.

When you nominate your representatives, please advise the Committee Chair whether you have a conflict with the aforementioned hearing. In the event that it is necessary to reschedule the initial meeting, the Board expects that it would be held no later than December 31, 2004.

Cost of Participation

The Committee will be considered a utility proceeding and Committee members may seek recovery of reasonable costs of their participation in accordance with the Board's *Guidelines for Utility Cost Claims*. This comment also includes costs related to the preparation of the Evidence filed in the AltaLink Proceeding. The appropriate cost determinations will be made in the May 2005 time frame following the Committee report to the EUB.

Exchange of Information

The Board notes the work that the TFO Working Group has completed to date as well as the work that has been performed by the interveners in preparing the Evidence. The Board would like the Committee to be able to take advantage of these efforts and would expect the Committee to consider this material in its deliberations. As the work was prepared, in each instance, in the absence of input at the initial stages from all the parties, the Board directs the parties to make arrangements to provide for the exchange of any necessary supporting documentation that they deem necessary in order to fully understand the work prior to the date of the Initial Meeting.

In the event that the parties cannot agree on what material to exchange, either party can request that the Committee Chair make a determination on the matter. In that event, the determination of the Committee Chair shall be final.

Should you have any questions with respect to this matter, please contact the writer at mike.asgar-deen@gov.ab.ca or by phone at (403) 297-8200.

Yours truly,

(Original signed “ Michael Asgar-Deen”)

M. L. Asgar-Deen, P. Eng.
Utilities Branch
Alberta Energy and Utilities Board