

May 8, 2006

R. D. Heggie
Executive Manager, Utilities Branch
Alberta Energy and Utilities Board
640 - 5th Avenue SW
Calgary, Alberta
T2P 3G4

Dear Mr. Heggie:

UNIFORM SYSTEM OF ACCOUNTS AND MINIMUM FILING REQUIREMENT DOCUMENTS

Since the issuance of the Alberta Energy and Utilities Board (EUB or Board) letter dated December 6, 2004 (December 6th Letter) that formally established the uniform system of accounts (USA) project committee (Committee), the members of the Committee have been working collaboratively to develop a USA and a minimum set of filing requirements (MFR) that could be used in the context of Transmission Facility Owner (TFO) and Distribution Facility Owner (DFO) General Tariff Applications (GTA) that are filed for approval with the Board. While the primary focus was the development of a USA, the Committee recognized the linkage between a USA and MFR to achieve regulatory efficiencies and continued its work to establish a MFR. For convenience and ease of reference, the [December 6th Letter](#) is attached.

The Committee is pleased to advise the Board that, after much deliberation and debate, the members of the Committee have reached an agreement with respect to a USA and MFR that reflect the consensus views of the Committee membership. The Committee recommends that the EUB use the attached [USA](#) and [MFR](#) documents in the future process mentioned below to determine whether a USA and MFR should be implemented for regulated TFOs and DFOs with a view to improving the review and disposition process for GTAs that these utilities file for approval with the Board.

Accordingly, the Committee respectfully requests that the Board acknowledge and support the Committee's recommendation respecting the proposed use of the attached USA and MFR by providing an approval in principle of the content of the attached USA and MFR documents.

In addition, the Committee requests that, at the same time that the EUB provides its approval in principle, the EUB also establish a process and schedule to determine whether a USA and MFR should be implemented. The Committee envisions that the aforementioned process would utilize the attached USA and MFR documents and other pertinent information and would include a requirement for the utilities to file with the EUB by September 29, 2006 a detailed USA cost estimate, an implementation schedule, and RFP documents that can be used to select contractors for the implementation of the USA.

The Committee considers that with the filing of these USA and MFR documents, the Board's expectations of the Committee as set out in the December 6th Letter have now been fulfilled.

While the Committee has been disbanded, it can be reconstituted on an ad hoc basis to address specific USA and MFR issues or tasks that the Board may wish to have addressed.

I would like to acknowledge the hard work and dedication of the members of the Committee and the USA and MFR Working Groups who persevered through a very hectic regulatory time to complete this important project. It was very encouraging to see the high level of collaboration and cooperation exhibited by the Committee and Working Group members. For the record, a [list of the members](#) of the Committee and the USA and MFR Working Groups is attached.

FURTHER EUB USA AND MFR PROCESS

As noted previously, the Committee recognizes that further process will be required before the Board can make a decision as to whether the attached USA and MFR should be implemented. To assist in this regard, the Committee offers the following for the Board's information and consideration.

More Detailed Cost Estimates and Implementation Plan

Rough estimates provided to date by the utilities for the implementation of the proposed USA suggest a cost of approximately \$25 million with a range factor of +/- 50%. AltaLink, Fortis, and ENMAX will require major changes to their information technology (IT) and business systems and to a lesser degree EPCOR. ATCO Electric has advised that their systems require minimal, if any, changes.

At its final meeting on March 10, 2006, after much discussion, the Committee agreed that the utilities should re-start the process for obtaining more accurate cost estimates and timelines for implementing the USA and MFR (Cost Estimation Process), which was placed in abeyance in October 2005 pending the completion of the USA and MFR documents. The Committee recognized that the information from the Cost Estimation Process would ultimately be needed by the EUB to make a decision regarding the USA and MFR implementation and acknowledged that it was better to re-start the Cost Estimation Process sooner rather than later.

The utilities agreed to contact a credible consulting firm with a view to retaining them to conduct the Cost Estimation Process. The utilities have recently advised that they are committed to delivering by September 29, 2006 a detailed cost estimate, an implementation schedule, and RFP documents that can be used to select contractors for the implementation of the USA.

Transition to a USA and MFR Regulatory Regime

If the Board ultimately decides to direct the utilities to implement the proposed USA and MFR, a plan to transition smoothly to the new USA and MFR regime would need to be established. A transition plan would assist in ensuring that there is a good measure of comparability between a utility's last GTA filed under the current system and its first GTA under the new USA/MFR regime. The Committee considers that the EUB can develop this plan in consultation with the utilities and interveners once the decision is made to proceed with implementation of the USA and MFR.

Smaller TFO USA/MFR

To minimize the administrative burden that would be imposed on smaller utilities, such as Red Deer, Lethbridge and TransAlta if they were required to conform to a USA and MFR that was developed for the major utilities, the proposed USA contains a provision for the smaller utilities

to seek exemption from the requirements of the USA. At the time of any exemption application, the applicant can propose a form of USA/MFR that it considers more appropriate for its circumstances.

EUB Involvement during the Implementation of the USA

The Committee recognizes that if implementation proceeds, the final cost for implementing the USA will be subject to review and determination through the GTA process. However, the Committee felt that the overall public interest would be better served if a more proactive approach to scrutinizing the USA implementation costs were established. In this regard, the Committee considers that the on-going review by a neutral third party (Contractor) knowledgeable in IT and accounting process matters would assist in ensuring that only prudent systems and infrastructure are built. The Contractor would be retained by the EUB, but the associated cost would be recovered through utility rates.

SUMMARY

To conclude, the Committee is pleased to enclose the following documents:

- Committee endorsed USA
- Committee endorsed MFR

As noted above, the Committee looks forward to receipt of further communication from the Board with regard to the following:

- The Committee's request for an approval in principle of the content of the attached USA/MFR documents.
- The Committee's request for the establishment of a process to determine whether the attached USA and MFR should be implemented
- A transition plan in the event that the attached USA and MFR are to be implemented and the role of the EUB during the implementation process.

Should you have any questions with respect to any of the foregoing matters, 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.
USA Committee Chair
Utilities Branch
Alberta Energy and Utilities Board

Attachments



D:\# USA Project
Committee\# EUB Filir

(Committee-endorsed USA)



D:\# USA Project
Committee\# EUB Filir



D:\# USA Project
Committee\# EUB Filir

(Committee-endorsed MFR including Schedules)



D:\# USA Project
Committee\# EUB Filir

(EUB December 6, 2004 Letter Establishing the USA Committee)



D:\# USA Project
Committee\# EUB Filir

(Committee and Working Group Members)