

August 29, 2006

Sent by Email to Parties on the USA-MFR Proceeding Mailing List

Dear Sir/Madam:

**PROCEEDING NO. 1468565  
UNIFORM SYSTEM OF ACCOUNTS AND  
MINIMUM FILING REQUIREMENTS**

**NOTICE OF PROCEEDING AND NOTICE OF PROCESS**

On July 12, 2006, the Alberta Energy and Utilities Board (EUB or Board) issued [Bulletin 2006-25](#) wherein the Board approved in principle the form and content of a Uniform System of Accounts (USA) and Minimum Filing Requirements (MFRs) for Alberta electric utilities. The Board also indicated that it would establish a future public process in which submissions from interested parties would be considered to determine whether it would be in the public interest for the regulated electric utility companies in Alberta to implement the USA and MFRs.

Proceeding No. 1468565 has been assigned to the USA and MFR implementation process referred to in Bulletin 2006-25. This proceeding number should be referenced in all future correspondence related to this matter.

Subject to comments received as part of the Statement of Intention to Participate (SIP) process, the Board intends to generally follow the process and schedule set out below.

<b>Process Step</b>	<b>Date</b>
SIP Submissions including comments on proposed Process and Schedule, if any	September 8, 2006
General comments on Issues to be Addressed and Preliminary Budget Estimates	September 15, 2006
Board Correspondence respecting SIP Submissions, Issues and Scope of the Proceeding, and Preliminary Budget Estimates	September 22, 2006
Utilities Submission respecting detailed Cost Estimates and Implementation Plan	September 29, 2006

Submissions with respect to Benefits (if any)	October 6, 2006
IRs on Cost and Benefits Submissions	October 27, 2006
IR Responses on Cost and Benefits Submissions	November 17, 2006
Commencement of Hearing (EUB Govier Hall )	November 28, 2006

For clarity, additional information is provided on the following process steps:

- [SIP](#)
- [Issues](#)
- [Preliminary Budgets](#)
- [Detailed Cost Estimates](#)
- [Benefits](#)

### ***SIP Submissions***

EUB [Bulletin 2005-31](#) entitled Revisions to EUB Cost Policies and Prehearing Processes for Utility Matters was issued on October 28, 2005. [Supplemental Board correspondence](#) pertaining to the implementation of the policies and processes described in Bulletin 2005-31 was also issued on April 17, 2006. In accordance with the foregoing Bulletin, any party wishing to participate in this Proceeding must file a SIP, which must contain:

- A description of the nature of the party's interest in the proceeding (i.e. how the party will be affected by the Board's decision);
- Comments on the process and schedule that have been proposed for this Proceeding. Given the nature of the expected issues, the Board believes that an oral hearing would be the most effective and efficient way to address and decide the issues in this Proceeding. Accordingly, the Board has reflected this view in the proposed schedule. The Board also recognizes that oral argument instead of the normal written argument and written reply process would significantly reduce the overall time for rendering a decision and proposes to hear oral argument after the evidentiary portion of the hearing is completed.

### ***Issues to be Addressed***

Based on its understanding of the work of the USA-MFR Committee<sup>1</sup>, the Board believes that this Proceeding will likely have to address the following issues:

1. The Utilities' cost of implementing the USA and MFR that have now been adopted in principle by the Board.
2. The benefits associated with the adoption of a USA and MFR.
3. The appropriate methodology for deciding whether the USA and MFR should be implemented, including the applicability of the traditional business case approach.

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<sup>1</sup>By letter dated December 6, 2004, the EUB struck a USA Project Committee consisting of representative membership from the utilities, intervener groups and the EUB and charged the committee with the task of developing a USA that can be cost effectively implemented for use with respect to General Tariff Applications from Transmission Facilities Owner and Distribution Facilities Owner .

4. Utility affiliates costs arising from the adoption of a USA.
5. Date for moving from existing system to a USA-based system (USA cut-over date) having regard for possible efficiencies that may occur due to harmonization of the retirement of legacy IT systems and the introduction of new IT systems for the USA.
6. A plan to transition to a USA environment so that meaningful cost comparisons can be made when reviewing regulatory filings that contain forecast test years costs that relate to both the pre and post USA implementation environment.
7. Applicability of the USA and MFR developed for the larger utilities to smaller utilities such as Red Deer, Lethbridge and TransAlta Utilities.
8. Monitoring of the Utilities' USA implementation process by the EUB/third party IT contractor.

The Board recognizes that there may be other issues that are not on the list above and requests that parties add any issues that they consider to be “missing”.

#### ***Preliminary Budget Estimates***

Parties are required to provide a preliminary budget estimate based on the issues listed above or as amended to include any “missing” issues. To facilitate the budget process, the Board urges parties to use the attached template (see Attachment 1) to prepare and submit their budget estimates. The template is intended to gather the information required by [Directive 031B](#). Therefore, to the extent possible, the information provided in the template should reflect the requirements of Appendix D of [Directive 031B](#).

Given the significant involvement of the Utilities Consumer Advocate (UCA) in the USA Committee, the Board expects that the UCA would be similarly involved in this Proceeding. The Board recognizes that the UCA is not normally subject to the EUB's intervener cost process. However, for purposes of overall planning and in particular the scoping of the hearing, the Board would find it helpful if the UCA were to also complete and file a budget template should the UCA decide to participate in this Proceeding. The Board will leave it to the discretion of the UCA whether it wishes to provide dollar estimates, but would appreciate receiving the remaining information in the budget template.

#### ***Detailed Cost Estimates and Implementation Plan***

At the USA-MFR Committee final meeting on March 10, 2006, the utilities committed to delivering by September 29, 2006 (Commitment Date) a detailed cost estimate, an implementation schedule, and request for proposal (RFP) documents that can be used to select contractors for the implementation of the USA. The Board is aware of correspondence from AltaLink to the USA/MFR Committee dated July 17, 2006 advising that AltaLink cannot meet the Commitment Date and will not be able to provide the cost estimates and required RFP documents prior to December 1st, 2006. A copy of AltaLink's email to the USA Committee members is attached to this letter (see Attachment 2).

The Board is sympathetic to AltaLink's situation. However, the Board is mindful of the need for this current USA process to deliver a decision by the end of this year or very early in 2007 in order to ensure the timely adoption of the USA in the event that a determination is made to proceed with implementation. The Board notes that no other utility has indicated that it is

experiencing similar difficulties in meeting the Commitment Date. The Board further notes that a reasonable and significant amount of time was allowed for by the USA Committee between the date of the USA Committee meeting and the Commitment date (some 6 ½ months). Moreover, AltaLink knew that a detailed cost estimating process would be needed and was actively involved with such a process in the Fall of 2005 when that process was suspended pending the USA Committee's finalization of the USA and MFR. Therefore, the Board is not in a position to delay the filing of the detailed cost information and implementation plan beyond the Commitment Date and has reflected this in the proposed schedule.

The Board expects AltaLink to take all necessary steps to ensure that the Board has before it reasonably accurate cost estimates prior to the start of the hearing.

***Submissions with respect to Benefits***

As noted above, the Board expects that the benefits associated with adopting a USA will be at issue in the Proceeding. Consequently, a step for obtaining submissions/evidence on this issue has been incorporated into the process.

***Notice of Hearing***

The EUB will hold a public hearing of Proceeding No.1468565 commencing **Tuesday, November 28, 2006 at 9:00 a.m.** at the Calgary Offices of the EUB, Govier Hall, 2nd Floor, 640 - 5 Avenue SW, Calgary, Alberta. All participants must be present at the commencement of the hearing to register their appearance. As noted previously, parties must be prepared to present oral argument immediately following the completion of the evidentiary portion of the hearing.

Information relating to this Proceeding can be viewed on the Board's website through IAR Query by accessing the following link:

[https://www3.eub.gov.ab.ca/eub/dds/iar\\_query/ApplicationAttachments.aspx?AppNumber=1468565](https://www3.eub.gov.ab.ca/eub/dds/iar_query/ApplicationAttachments.aspx?AppNumber=1468565)

All correspondence related to this Proceeding should also be submitted electronically to the Board at [EUB.UTL@gov.ab.ca](mailto:EUB.UTL@gov.ab.ca). Further notification regarding either scheduling or process will only be provided to registered participants. Questions relating to any of the above matters should be directed to the writer at (403) 297-8200 or at [mike.asgar-deen@gov.ab.ca](mailto:mike.asgar-deen@gov.ab.ca).

Yours truly,

*(Original signed "Michael Asgar-Deen")*

M. L. Asgar-Deen, P.Eng.  
Application Officer





Issue Identifier per August 28, 2006 Board Correspondence	Issue Rank by Participant	Organization Represented	Name of Consulting Firm	Estimated General Consultant Hours	Estimated Total Professional Services Claim (\$)
Utilities Costs for Implementation					
USA-MFR Benefits					
Decision Methodology					
Affiliates Costs					
USA Cut-over Date					
Transition Plan for Regulatory Filings					
Applicability to Smaller Utilities					
Monitoring of the Utilities' USA Implementation Process					

**From:** Piotto, John [John.Piotto@AltaLink.ca]

**Sent:** Monday, July 17, 2006 12:40 PM

**To:** Mike Asgar-Deen; dmacnamara@shaw.ca; bthiele@collinsbarrow.com;  
bjsregulatory@telus.net; David.freedman@atcoelectric.com; Mike.olson@fortisalberta.com;  
lenwong@epcor.ca; jfauville@enmax.com

**Subject:** USA Cost Estimate

All,

AltaLink is currently working towards preparing the required cost estimate and necessary RFPs with respect to the USA / MFR project. Given the large scope and magnitude of this project in relation to the significant overlapping regulatory, operating and capital projects workload that AltaLink is currently experiencing, it will not be able to provide the necessary information by September 29th. Two items of particular note is that the AltaLink 2007-2008 GTA hearing is scheduled to begin on September 19th compounded by AltaLink's downtown head office move that takes place during this same period.

This phase of the USA / MFR project is not merely a cost estimation exercise, it is the creation of RFPs that sets out the work that must be properly performed in order to successfully implement the USA/MFR specifications to AltaLink's business processes and IT systems. This project demands the time of a common group of AltaLink internal resources that are not readily available due to the current workload level.

AltaLink believes that in order to perform this first phase of the USA / MFR, it must have the engagement of its appropriate internal resources to properly perform this task. It is for these reasons that AltaLink is advising the USA/MFR Committee that it will be unable to provide the cost estimates and required RFP documents prior to December 1st, 2006.

Regards,  
John

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