

## Uniform System of Accounts/Minimum Filing Requirements (USA/MFR) Implementation Steering Committee Meeting

**Meeting Date:** June 14, 2007

**Meeting Times:** 9:00 – 12:00

**Location:** EUB Office (Calgary)

**Attendees:** Appendix 1

Discussion Point	Outcome
Document Inventory	<p>For transparency purposes, all correspondence, agendas, monthly reports and minutes will reside on the Board’s website under Current Projects. A link to the page where this material will be maintained is provided below:</p> <p><a href="http://www.eub.ca/portal/server.pt/gateway/PTARGS_0_0_261_241_0_43/http%3B/extContent/publishedcontent/publicsh/eub_home/news/current_projects/">http://www.eub.ca/portal/server.pt/gateway/PTARGS_0_0_261_241_0_43/http%3B/extContent/publishedcontent/publicsh/eub_home/news/current_projects/</a></p>
Committee Terms of Reference (TOR)	<p>The TOR, circulated in the May 31, 2007, letter were discussed (Appendix 2). It was further confirmed that:</p> <ul style="list-style-type: none"> <li>• This is the Steering Committee overseeing USA/MFR implementation</li> <li>• The Committee has access to the individual utility project committee minutes, via the Independent Monitoring Contractor (IMC)</li> <li>• The Committee’s role is to monitor implementation progress and to raise significant issues which may impede implementation dates, result in increased costs or impair the quality of USA/MFR</li> <li>• Prudence was discussed extensively. Decision 2007-017 made clear that prudence would be discussed during tariff Applications.<sup>1</sup> Where the Committee is concerned that utilities’ actions are not prudent, the Committee will investigate the situation. The Board may acquire additional consulting resources, if the area of concern is believed to be beyond the IMC’s expertise. The Committee will then make its report to the Board. At that point “Any further process requiring the Board’s direction or decision will be determined at a later date should the need arise.”<sup>2</sup></li> <li>• The material and conclusions submitted by the Committee will be available for future Applications for consideration by the Board.</li> </ul>
Independent Monitoring Contractor (IMC)	<ul style="list-style-type: none"> <li>• The IMC TOR (Appendix 3) as noted in Decision 2007-017 were reviewed.</li> <li>• Submissions from Parties were discussed. Outstanding issues from the May 31, 2007 Board Implementation letter were addressed in a submission by Cornwall Partners (CP) (Appendix 4)</li> <li>• The Committee agreed to retain Charles Buchanan of CP as the IMC.</li> <li>• It was agreed that if there were areas where the IMC required additional expertise and resources, that this would be discussed and considered by the Board.</li> <li>• The IMC will have access to monthly Utility Steering Committee (USC) minutes; the IMC will attend the USCs on an “as required” basis.</li> <li>• The IMC will submit monthly status reports to the Committee</li> </ul>

<sup>1</sup> Decision 2007-017 pp. 3, 21,27 and 28

<sup>2</sup> May 31, 2007 Board Implementation Meeting letter

Discussion Point	Outcome																		
Cut-over Dates	<p>AltaLink (AL) indicated that Table 5 in Decision 2007-017 was based on the allocation method proposed by AL and denied by the Board. AL indicated that it could not implement the new USA format for January 1, 2008, nor would they want to convert mid year. AL expects to be using the new USA codes January 1, 2009. AL indicated this date was consistent with the filing and the Coding Block Extension (CBE) approach<sup>3</sup> approved by the Board. It is also consistent with FORTIS, which is employing a CBE approach. IPCAA stated they expected AltaLink to adhere to the January 1, 2008 date. <b>It was agreed the IMC would meet with AL to determine whether January 2008 date was feasible.</b> No other utilities suggested changes to the dates in the Table. The following is the revised Table.</p> <p><b><i>Revised Earliest Dates for Filing GTA in USA-MFR Format</i></b></p> <table border="1" data-bbox="483 789 1365 1073"> <thead> <tr> <th></th> <th>Year that Historical USA Data is available</th> <th>Earliest Date GTA could be filed in USA-MFR format with one year historical data</th> </tr> </thead> <tbody> <tr> <td>ATCO</td> <td>Currently</td> <td>Currently</td> </tr> <tr> <td>EPCOR</td> <td>2006</td> <td>2007</td> </tr> <tr> <td>AltaLink</td> <td>2009(subject to check)</td> <td>2010(subject to check)</td> </tr> <tr> <td>FORTIS</td> <td>2009</td> <td>2010</td> </tr> <tr> <td>ENMAX</td> <td>2009</td> <td>2010</td> </tr> </tbody> </table>		Year that Historical USA Data is available	Earliest Date GTA could be filed in USA-MFR format with one year historical data	ATCO	Currently	Currently	EPCOR	2006	2007	AltaLink	2009(subject to check)	2010(subject to check)	FORTIS	2009	2010	ENMAX	2009	2010
	Year that Historical USA Data is available	Earliest Date GTA could be filed in USA-MFR format with one year historical data																	
ATCO	Currently	Currently																	
EPCOR	2006	2007																	
AltaLink	2009(subject to check)	2010(subject to check)																	
FORTIS	2009	2010																	
ENMAX	2009	2010																	
Historical Data Restatement	<p>There were two issues discussed with respect to historical data, 1) bridging data and 2) the number of years of USA data available in a filing.</p> <p><b>Bridging</b> The MFR document reads:</p> <p style="padding-left: 40px;">For the transition process, in order to provide a bridge or mapping to the new USA / MFR format, summary schedules (“Vintage Schedules”) that adopt the pre USA and MFR formats where necessary must be filed. These Vintage Schedules will only be provided on a one time basis at the time of the Utilities’ first filing under the new USA and MFR formats. There is no additional requirement to restate historical information previously filed with the Board to reflect the new USA / MFR data requirements or formats.<sup>4</sup></p> <p>The utilities confirmed that upon their first filing, if there were less than the required years of historical USA data (see below), bridging information would be provided. This would likely include schedules utilizing the old coding structure for the historical and forecast periods.</p>																		

<sup>3</sup> Exhibit 042: AltaLink Cost Estimation, September 29, 2006, p. 21

<sup>4</sup> Minimum Filing Requirements, May 8, 2006, p. 4

Discussion Point	Outcome
	<p><b>Number of Years of Historical Data</b> The MFR document reads:</p> <p style="padding-left: 40px;">Where the application is filed before the beginning of the test period, the schedules shall also include an estimate of the year preceding the test period forecasts in addition to the two years actual results.<sup>5</sup></p> <p>At the meeting, parties discussed the possibility that a utility filing a <b>second</b> “USA” application would not have the requisite two year actual and one year forecast USA data. For example, a utility could convert to USA on January 1, 2009, file in 2009 for 2010, complete with bridging information. The Utility could then file in 2010 for 2011. In these circumstances, the 2011 filing would not have the requisite 2 years actual USA data.</p> <p>It was agreed that in those circumstances the utilities would file updated bridging information in the same manner as their first filing, discussed above.</p>
Changes to Requirements	The AUMA noted that the Board indicated it expected senior management involvement in the implementation. <sup>6</sup> AUMA agreed with this statement and requested that if any significant issues or changes to the direction of the project came up, that the Implementation Committee be advised promptly.
Next Meeting	September 19, 2007 EUB Edmonton Utilities Branch – 12 <sup>th</sup> Floor hearing room 10055 - 106 Street, Edmonton

<sup>5</sup> Ibid p. 8

<sup>6</sup> Decision 2007-017, pp. 25 and 26

APPENDIX 1

June 14, 2007 USA/MFR Representatives

Name of Organization (Abbreviation)	Representative
Alberta Energy & Utility Board	Jan Thygesen
EPCOR Distribution & Transmission Inc. (ED&/TI)	Pamela Chung
ATCO Electric Ltd. (AE)	David Freedman
ENMAX Power Corporation (EPC)	John Fauville
AltaLink Management Ltd. (AltaLink)	John Piotto
FortisAlberta Inc. (Fortis)	Al Skiffington standing in for (Harold Nasserden)
Industrial Power Consumers Association of Alberta (IPCAA)	Dan Macnamara
Alberta Urban Municipalities Association (AUMA)	Barry Shymanski
<b>FIRM</b> (Consumers Coalition of Alberta (CCA), Public Institutional Consumers of Alberta (PICA) Alberta Association of Municipal Districts and Counties (AAMDC) Alberta Federation of REA's Ltd (AFREA)	Azad Merani
	Raj Retnanandan (absent)
Office of the Utilities Consumer Advocate (UCA)	Russ Bell
Cornwall Partners Ltd	Charles Buchanan

## APPENDIX 2

### **USA-MFR Implementation Advisory Committee Terms of Reference (TOR) per May 31, 2007 Letter**

In its correspondence of April 24, 2007, the Board proposed to reconstitute the USA-MFR Committee, with some adjustments, as the USA-MFR Implementation Advisory Committee (Committee). The Committee would have the following terms of reference:

- The Committee is advisory to the Board.
- Determination of the Independent Monitoring Contractor (IMC) terms of reference, issuance of request for proposal (RFP) and selection. The Committee will use as an initial guide the Board's comments respecting the IMC in Decision 2007-017, p. 22 including the proposed cost recovery process.
- Confirmation of cutover dates and identification of any variances from Table 5, Decision 2007-017.
- Development and confirmation of historical data restatement requirements.
- Reporting and advising on any significant conversion issues which may impact or affect other utilities.
- Identification and refinements of accounts and sub-accounts and changes to the consensus document, if required.

Although there were comments respecting the contents and scope of the TOR, no objections to the TOR themselves were received.

FIRM commented:

We note that the Committee is intended to be "advisory to the Board". In terms of the mechanics of how this will work, FIRM suggests that the Committee prepare and file a report with the Board and have the Board then issue a decision on the Committee's recommendations. This would be similar to the process followed with respect to the first Committee's recommendations on the accounts for the USA/MFR.

The Board agrees that the Committee should prepare and file its report. Any further process requiring the Board's direction or decision will be determined at a later date should the need arise.

## Appendix 3

### Independent Monitoring Contractor Terms of Reference per Decision 2007-017

The Board considers that the primary function of this role is to ensure the public interest is being served by the utilities' USA-MFR implementation approaches, that the projects are being executed effectively, that the projects stay within budget, and that the scope of the project is solely for the purpose of USA-MFR compliance. The Board is of the view that the roles and responsibilities of the Independent Monitoring Contractor should include:

- The Independent Monitoring Contractor is an independent consultant who reports quarterly to a Committee comprised of representatives from the utilities, interveners and the EUB.
- The Independent Monitoring Contractor is the project representative of the interveners and the EUB.
- Responsibility for updating interveners and the EUB, and for ensuring that any outstanding issues or problems are adequately raised as necessary.
- Reviewing and providing input to key project deliverables prior to distribution to the Project Committee.
- Reviewing Project Management Documents, Scope Change Requests and Customization Requests.
- Reviewing monthly project status reports.
- Reviewing risk management, issue management, problem resolution and escalates to the Project Committee, if required.
- Meeting with the respective Project Managers and Project Steering Committees as determined by agreed schedule.
- Conducting project audits or detailed review of project components if there is concern.
- Ensuring sustained understanding/buy-in of the project(s) at the intervener and Board levels.



## APPENDIX 4

### **Independent Monitoring Contractor: Clarification and Discussion**

In the USA Process Letter of April 24, 2007 the Board invited comments on “as to the terms of reference for the IMC as discussed in Decision 2007-017, p. 22”. A number of questions were asked and requests made for clarification and discussion on the subject of the Independent Monitoring Contractor (IMC). The Board provided further details in the Cornwall Partners proposal on May 31, 2007.

#### UCA

In its letter of May 24, 2007 the UCA writes: “The terms of reference for the Independent Monitoring Contractor (IMC), as discussed in Decision 2007-017, p. 22, are acceptable to the UCA with one proposed change. The IMC should have the right to attend all individual utility project team and steering committee meetings, at the IMC’s option, and have access to all related meeting minutes, and historical USA-MFR documentation.”

**Comments:** The IMC should, in fact, be allowed to attend individual project meetings but only in cases where issues arise and in agreement with the project steering committee. The IMC is not intended to be intrusive. The IMC should be allowed access to project documentation as a means of understanding project decisions and progress.

#### IPCAA

In its letter of May 7, 2007 IPCAA writes: “With the abovementioned qualifications, the terms of reference and timelines appear to be generally acceptable, but they could also be discussed in more detail at the proposed preliminary meeting.”

**Comments:** Additional details have been provided in the Board’s communication of May 31, 2007.

#### ENMAX

In its letter of May 28, 2007 ENMAX comments: “Determination of Independent Monitoring Contractor (“IMC”) terms of reference as discussed in Decision 2007-017, pg. 22. EPC does not expect to have its USA/MFR business implementation plan constantly assessed through an independent third party. EPC would certainly agree to an independent third party assessment of the project implementation plan and costs incurred when the project is completed. EPC through past experience is in agreement with AACCP (Alberta Association of Municipal Districts and Counties, the Alberta Federation of Rural Electrification Associations Ltd., Consumers Coalition of Alberta, and the Public Institutional Consumers of Alberta) and IPCAA (Industrial Power Consumers Association of Alberta) that finding the contractor(s) that would have the skill set to assess and offer “useful” technical assessments during the project will be extremely difficult.”

**Comments:** The IMC will work with the project leaders of individual projects to initially review the implementation plans, monitor progress, appreciable deviations and scope changes. The proposed effort of one day per month per project only allows for a general project health check and discussions of exceptions. The IMC will not be offering ‘technical assessments’ but more ‘review and report’. The proposed IMC has significant experience in ERP implementations and project management.

#### FortisAlberta

In its letter of May 24, 2007 FortisAlberta comments: “The roles and responsibilities of the IMC as set out on page 22 of Decision 2007-017 will require discussion, and likely revision, by the Committee. The IMC is, on page 22 of that Decision, variously described as ‘independent’, as the ‘project representative of the intervenors and the EUB’, as ‘providing input to key project deliverables prior to distribution to the Project Committee’, and as ‘conducting project audits’. These various roles elide what would, in other projects, be the separate functioning of an owner’s engineer as observer, versus a project team member as participant, versus an independent auditor.

Once this larger matter of IMC role has been resolved, then other matters arising therefrom that currently appear in the list on page 22 of the Decision can be dealt with. Such other matters include the role of the IMC in ‘buy-in of the project(s)’, and the nature and content of the reports to be prepared by the IMC (and the role of those carrying out the projects in being able to assure the factual accuracy of those reports).”

**Comments:** The role of the IMC has been clarified subsequent to the Board Decision 2007-017. The IMC will report to the USA-MFR Implementation Advisory Committee on the status of the projects in the USA Implementation Program. This role will be predominantly observer and neither ‘project team member’ nor ‘independent auditor’. The IMC will play no role in the ‘buy-in of the project(s)’.

The IMC will propose a format for reporting to the Committee. This reporting will likely include: overall project status, scope, budget, resources, schedule, risks and mitigation, issues for Committee action. Reports on individual projects will be vetted with project leaders for factual accuracy.

#### AltaLink

In its letter of May 24, 2007 AltaLink writes: AltaLink fully supports and acknowledges the role of the Independent Monitoring Contractor (IMC) and would like to submit two items for consideration. Firstly, AltaLink would like to request for some clarity with respect to the “Independent” aspect of the Monitor Contractor. This will be an important consideration if issues should arise during the design and implementation phases in order to maintain a balanced perspective between the utilities and customer groups. Secondly, AltaLink requests to advance the timing associated with the engagement of the IMC. AltaLink is concerned about the proposed timing of the selection of the IMC (August 31<sup>st</sup>). AltaLink began actively working on the USA/MFR project shortly after March 6,



2007, when the Board issued Decision 2007-017, in order to attempt to meet the implementation deadline. AltaLink does not have the option of waiting until almost the fall of 2007 to initiate this process if it is to meet a January 1, 2009 USA/MFR implementation date. AltaLink must determine the scope of the changes required to accommodate the USA/MFR by the latter half of June. This scoping determination is analogous to creating the “blue print” for the project that sets out the changes to AltaLink’s SAP system. Assuming that it is the Board’s intent that the IMC approve the scope of its project, AltaLink requests that the Board expedite the selection of the IMC. AltaLink proposes that if advancing the dates pertaining to the engagement of the IMC is not possible then perhaps an interim solution could be achieved. Such a solution could contemplate AltaLink sharing its RFP process and associated project scoping materials with the Board and customer groups for their review. AltaLink wants to ensure that the design stage of its project meets with the expectations of the EUB and customer groups before it proceeds, but is also mindful of the project delivery date.

**Comments:** The proposed IMC is prepared to commence immediately. The IMC will not approve technical design but will report to the Committee on situations where significant changes in scope occur or there is a question of USA compliance.

