

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

Meeting Date: December 6, 2007

Meeting Time: 8:30 – 11:00

Location: EUB Office (Calgary)

Attendees: Appendix D

Discussion Point	Outcome
Minutes	The minutes of June 14 th , 2007, as previously circulated, were approved.
Confirmation of Utility Conversion Dates	<p>ATCO, EPCOR, AltaLink and Fortis reconfirmed the conversion dates as previously stated in Decision 2007-017 and the meeting of June 14, 2007.</p> <p>IPCAA suggested that letters should be sent from the CEOs of the utilities reaffirming the deadlines and commitment to them. The committee agreed that the status reports, previous and current affirmations of the deadlines was sufficient at this time.</p> <p>EPC indicated that there was some uncertainty as to whether they would meet the January 1, 2009 deadline. This topic is discussed below</p>
EPC Conversion Date	<p>The September – November status report from Cornwall Partners and circulated in advance of the meeting, indicated that:</p> <p style="padding-left: 40px;">“EPC does not anticipate USA/MFR compliance by January 1, 2009 and is not prepared to forecast a date by which they will be in compliance.”</p> <p>Based on this report, Board staff issued a letter (Appendix A) dated November 29th, 2007 seeking comment and direction from the committee</p> <p>EPC circulated a note on December 5, 2007 (Appendix B) regarding the status report and indicated that</p> <p style="padding-left: 40px;">“ ... EPC is not yet in a position to state whether or not it will need to apply for relief from the directions contained in EUB Decision 2007-107...</p> <p style="padding-left: 40px;">If ENMAX decides to implement SAP Financials, EPC will apply for the appropriate relief to the Board.”</p> <p>The possibility that EPC would miss the January 1, 2009 date ordered by the Board in decision 2007-017 and confirmed on June 14th, 2007 generated considerable discussion.</p> <p>IPCAA circulated and discussed a letter (Appendix C) indicating its concerns, including:</p> <ul style="list-style-type: none"> • The short notice and limited explanation from EPC • Non-compliance with Decision 2007-017 would have a major impact on the USA/MFR project.

Discussion Point	Outcome
	<p>The committee questioned EPC as to when it became aware of the proposed change. EPC stated that it had no inkling, at the time of the hearing, that there was a possibility of the SAP conversion and therefore a risk of not meeting the January 1, 2009 conversion date.</p> <p>EPC further indicated that its parent, ENMAX, was in the process of considering a new billing system. The billing system would include most, if not all ENMAX customers include regulated (RRT) and non- regulated (EasyMax, other third party) customers. Initially it considered doing the project internally complete with an interface to the existing PeopleSoft financial system. At some point in the early part of the summer, SAP came up with a creative proposition which convinced ENMAX to adopt SAP Canada's billing package. ENMAX then decided to examine the full SAP suite for its ERP platform and retained KPMG to do the analysis. Options being considered by ENMAX include utilizing SAP's billing (in the implementation phase), HR (including time management), work order management and financial modules. EPC stated that it will have a decision by the end of January and will issue a report providing rationale for the decision, plans and timelines to the committee on or before February 8, 2007. EPC agreed that if a decision was known earlier it would be communicated to the committee at the earlier time. EPC indicated it would keep Charles Buchanan of CPL informed of all developments during the month of January 2008 with respect to EPC's deliberations on this issue. Further, Mr. Buchanan agreed to keep the USA/MFR committee informed of these developments.</p> <p>Board staff questioned whether this was a firm timeline as the July and August status report regarding EPC noted that a decision would be made by ENMAX in October and impacts would be known by December. EPC assured the committee that a decision as to the use of SAP financials would be known by February 8, 2008.¹</p> <p>EPC confirmed it could meet the January 1, 2009 deadline if ENMAX decided to continue utilizing its existing PeopleSoft software, however a decision on this would have to be made by mid to late February. EPC indicated that if it proceeded with the SAP financial module and also met the 2008 deadline with PeopleSoft that there would be additional costs to ratepayers. A number of parties on the committee suggested that such costs, if they were incurred should be borne by shareholders. This topic was not discussed further.</p> <p>The committee requested, and EPC agreed to provide in the February 8, 2008</p>

¹ See Appendix E for discussions which occurred after the meeting.

Discussion Point	Outcome
	report, the cost for the scenario of meeting the January 1, 2009 conversion date utilizing PeopleSoft with a later conversion to the SAP financial module.
Upgrade Costs: Fortis AltaLink	In response to a question from the UCA, Fortis and AltaLink confirmed that their budgeted costs included the cost of upgrading – which would have likely occurred regardless of whether USA/MFR was implemented.
Next Meeting	Wednesday, 9:30- 12:00 February 13, 2008 Alberta Utilities Commission – 12 th Floor hearing room 10055 - 106 Street, Edmonton

Appendix A: November 29, 2007 letter Board staff to Committee



Edmonton Office 10th Fl. 10055 - 106 St. Edmonton Alberta Canada T5J 2Y2 Tel 780 427-4901 Fax 780 427-6970

ELECTRONIC NOTIFICATION

November 29, 2007

TO UNIFORM SYSTEM OF ACCOUNTS/MINIMUM FILING REQUIREMENTS (USA/MFR) IMPLEMENTATION STEERING COMMITTEE

DECEMBER 6, 2007 AGENDA ITEM 3: CORNWALL STATUS REPORT AND ENMAX IMPLEMENTATION DATE

The Project Progress Review report of September to November 2007 circulated November 28, 2007 includes the following comment:

Representatives from EPC have indicated that they are prepared to have a full discussion of the imminent delay in meeting the USA/MFR timeline and budget expectation.

As part of the upcoming meeting discussions, Board staff are interested in parties' and EPC's comments respecting the delayed implementation date as compared to that stated in Decision 2007-107 and the June 14, 2007 USA/MFR Implementation Steering Committee meeting minutes.

The relevant extracts from the Decision are cited below:

All utilities indicated that they could comply with the USA and MFR by 2010. The anticipated years are shown in Table 5 below. The actual dates and test periods for which GTAs will be filed are not known to the Board at this time.

Table 5: Earliest Dates Anticipated by Utilities for Filing GTA in USA-MFR Format

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	2008	2009
FORTIS	2009	2010
ENMAX	2009	2010-2012

Given these timelines, the Board considers that 2010 represents a reasonable and achievable date by which each utility can file its GTA in accordance with the USA and MFR. Accordingly, the Board directs AE, EDI/ETI, AltaLink, FortisAlberta and EPC to file their GTAs in accordance with the USA and MFR no later than 2010. Utilities that are currently in a position to comply with the USA and MFR should do so immediately. Utilities that are very close to compliance with the USA and MFR should proceed to

Appendix A: November 29, 2007 letter Board staff to Committee

become fully compliant as soon as possible. Other utilities who have much to do to achieve compliance, should nonetheless endeavour to meet the spirit and intent of the USA and MFR to the extent possible during the period of time it takes for them to become compliant, but in any event, no later than 2010.²

The Board expects the Senior Management of the electric transmission and distribution utilities to sponsor, budget and regularly review the progress of the USA-MFR implementation process. Additionally, it would be helpful if the Executives examine the USA-MFR implementation from an overall business perspective, not simply as a technical project.

Senior Management involvement would facilitate the decision making in the project, thus reducing time and consultant costs of delays. It also makes it easier to free up key business resources to ensure the project team is given the best information and guidance further contributing to project success.

The proposed implementations are a significant expense and once implemented, the USA may well have implications for management control and budgeting. To that end, the project will require the input and control from a senior financial leadership team in order to ensure that the beneficial outcomes are maximized.

The Board understands that the USA-MFR implementation process is going to change the way of doing business. Therefore, the risks are business risks rather than technology risks. Implementation of the USA and MFR could disrupt the operations and cost considerable dollars in loss of time and opportunity. The executive team must be aware of the assessment of risks along with the planned risk mitigation strategies. This could cover organizational issues like re-training of staff for the new system, re-structuring the organization due to the anticipated changes in process or ensure availability and uptime of mission critical systems.³

The relevant extracts from the Implementation Committee minutes are cited below.

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
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">• 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• Prudence was discussed extensively. Decision 2007-017 made clear that prudence would be discussed during tariff Applications. Where the Committee is concerned that utilities' actions are not prudent, the Committee will investigate the situation. The Board may acquire additional

² Decision 2007-017 Implementation of the Uniform System of Accounts and Minimum Filing Requirements for Alberta's Electric Transmission and Distribution Utilities (Released: March 6, 2007) p. 16

³ Decision 2007-017, pp. 25-26

Appendix A: November 29, 2007 letter Board staff to Committee

Discussion Point	Outcome																		
	<p>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.”</p> <ul style="list-style-type: none"> The material and conclusions submitted by the Committee will be available for future Applications for consideration by the Board. 																		
Cut-over Dates	<p><i>AltaLink (AL) indicated that Table 5 in Decision 2007-017 was based on the allocation method proposed by AL and denied by the Board.</i></p> <p><i>... No other utilities suggested changes to the dates in the Table. The following is the revised Table.</i></p> <p><i>Revised Earliest Dates for Filing GTA in USA-MFR Format</i></p> <table border="1" data-bbox="435 747 1317 1031"> <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																	
Changes to Requirements	<p>The AUMA noted that the Board indicated it expected senior management involvement in the implementation. 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.</p>																		

If you have any questions please call me at (780) 422-4116 or email to Jan.Thygesen@eub.ca

Yours truly,
(sent by email)
 Jan Thygesen
 Application Officer

Appendix B: December 5, 2007 letter EPC to Committee

December 5, 2006 [sic 2007]

To: Uniform System of Accounts / Minimum Filing Requirements (USA/MFR) Implementation Steering Committee

December 6, 2007 Agenda Item 3: Cornwall Status Report and ENMAX Implementation Date

The Project Progress Review Report of September to November 2007 circulated November 28, 2007 states:

ENMAX Power Corporation (EPC) has revisited its original USA/MFR implementation plan to assess the steps needed to be taken to meet the compliance requirements as detailed in its original submission and the EUB Decision 2007-017.

The abovementioned filing was based on the PeopleSoft Enterprise Resource Planning (ERP) system. Since that time, ENMAX Corporation (ENMAX), the parent company of EPC has made a business decision to implement certain modules of SAP. They are also considering implementing SAP Financials. One of the criteria for the decision to implement SAP Financials depends on the success of the implementation of the billing module. This decision is expected early to mid 2008. While that decision is pending, EPC has engaged a consulting firm to commence USA/MFR planning and select projects.

EPC does not anticipate USA/MFR compliance by January 1, 2009. (*emphasis added*)

ENMAX Corporation is considering an ERP change which would ultimately affect Finance. The decision is expected to be made and announced by ENMAX executive in early 2008. Such a platform change will affect EPC's ability to meet the USA/MFR timeline and budget expectation.

Representatives from EPC are prepared to have a full discussion of the imminent delay in meeting the USA/MFR timeline and budget expectation. (*emphasis added*)

EPC wishes to clarify that ENMAX is still in the process of considering the desirability of implementing SAP Financials. As a result, EPC is not yet in a position to state whether or not it will need to apply for relief from the directions contained in EUB Decision 2007-107, the effect of which, if granted, would result in a delay in meeting the USA/MFR timeline. Work is underway with KPMG to undertake all steps in the submitted plan that are logically independent of the decision with respect to the financial system platform.

If ENMAX decides to implement SAP Financials, EPC will apply for the appropriate relief to the Board.



Industrial Power Consumers Association of Alberta

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VIA EMAIL

December 3, 2007

Alberta Energy and Utilities Board
Edmonton Office
10th Floor 10055-106 Street
Edmonton, Alberta
T5J 2Y4

Attention: Mr. Jan Thygesen, Application Officer

Dear Sir:

**RE: December 6, 2007 Agenda Item #3:
Cornwall Status Report and Enmax Implementation Date**

Further to the Board's November 29, 2007 letter seeking comments on Enmax's recent position that it will not comply with Decision 2007-107, IPCAA will provide its comments herein.

IPCAA submits it is inappropriate at this stage for the implementation steering committee, to have discussions regarding what is essentially a position by Enmax that it will not comply with an EUB Decision (EUB Decision 2007-017). Before any discussions take place on this matter within the committee, Enmax must make a formal application to the Board regarding its intention to not comply with the requirements of that decision. Obviously, as part of that process, if one is granted by the Board, IPCAA and other customer groups, should be given an opportunity to respond, once Enmax

Appendix C: December 3, 2007 IPCAA letter to Committee

has outlined in detail the reasons for its position. Therefore, in our view, the Enmax position need not be discussed at the December 6, 2007 meeting since Enmax has not provided written details on this matter to the committee.

Having provided the IPCAA position on this matter, we will make some further observations and recommendations in an effort to assist the process. Given that this committee process has been underway for more than two years, IPCAA is very disappointed that Enmax is taking this position, and that it is doing so with no reasonable notice to the committee. Nor has it sought input from the committee or the EUB. Further, it has provided no advance written explanation. This approach is not in keeping with the spirit of the process. Enmax should, at the very least, provide committee members with a full written explanation of this abrupt and surprising change in its position, simply as a courtesy to the committee members. Surely Enmax can't change course or ignore a board decision at its discretion, although it is behaving as if it can. It is up to the EUB to enforce its own decisions, not interveners. Finally, you can bet if Gary Holden, EUB president, wanted compliance with Board Decision 2007-017 the Enmax representatives would ensure it was done.

Additionally, the EUB should ask its consultant, Cornwall Partners, to provide its assessment of this development, as that is why an "expert" was retained and for which the EUB presumably pays expert fees. In recognition of the complexities of this initiative an expert was retained because committee members are not experts and the EUB wanted to ensure timely and appropriate implementation of its decision.

Finally, delays or non-compliance regarding Board Decision 2007-017 caused by utilities have a major impact on the viability of the process and should not be allowed. The EUB must respond appropriately to any such actions by Enmax, or others. The obvious concern here is which utility is next with some delay or action of non-compliance if the Board does not respond appropriately to Enmax. IPCAA is unable to attend the December 6, 2007 meeting.

Yours truly,

Dan Macnamara

DBM/ne

Cc. Brad McManus, Board Member, EUB

Doug Larder, General Counsel, EUB

Bob Heggie, Director, Utilities Branch, EUB

Rob Hemstock, Vice President, Enmax Power

APPENDIX D Committee Representatives

December 6, 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)	Doug Baer
ENMAX Power Corporation (EPC)	John Fauville Deborah Emes
AltaLink Management Ltd. (AltaLink)	John Piotto
FortisAlberta Inc. (Fortis)	Janine Sullivan
Industrial Power Consumers Association of Alberta (IPCAA)	Dan Macnamara
Alberta Urban Municipalities Association (AUMA)	Barry Shymanski
FIRM (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
Office of the Utilities Consumer Advocate (UCA)	Russ Bell
Cornwall Partners Ltd	Charles Buchanan
Observers	
Cities of Red Deer and Lethbridge Electric Utilities	Michael Turner Michael Zimmer

APPENDIX E Post Meeting Discussions

EPC pointed out, on December 12, 2007, that “there is always the chance that unforeseen or unanticipated events can occur” and a decision might not be made by the date stated in the minutes.

On December 13, 2007 stated that “EPC commits to providing a report by February 8, 2008, irrespective of whether a decision is made or not. If no decision has been made, EPC will provide details of why a decision has not been made, when it will be made, and progress to date on the implementation path that is being taken.”