Decision **24910-D01-2019**

Alberta Utilities Commission

Alberta Electric System Operator

2017 and 2018 Deferral Account Reconciliation

December 11, 2019

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Decision 24910-D01-2019
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Proceeding 24910

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Published by the:
Alberta Utilities Commission
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Calgary, Alberta

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1 Decision

1. The Alberta Utilities Commission approves the Alberta Electric System Operator's request to settle its 2017 and 2018 net deferral account shortfall with market participants, in the amount of $154.1 million, effective January 1, 2020, for the reasons discussed in this decision.

2 Introduction and process

2. On September 27, 2019, the Alberta Electric System Operator (AESO) filed an application with the Commission requesting approval for its 2017 and 2018 deferral account reconciliation (DAR) and for changes to deferral account balances for 2016 through to 2006, representing the reconciled variances arising between the actual costs the AESO has incurred in providing system access service and the forecast amounts recovered in rates charged to market participants for those years. The AESO requested approval of the determination and allocation of a $154.1 million net deferral account shortfall and approval to collect and refund the allocated amounts. The AESO also requested that interim approval of the application be granted as soon as possible.[1]

3. The Commission issued a notice of application on October 1, 2019, and written submissions from parties were due by October 15, 2019. The notice requested interested parties to indicate their concerns or support for the AESO's application and request for an immediate interim settlement in their written submissions.[2]

4. In response to the notice of application, submissions were received from the following parties:

- Consumers' Coalition of Alberta (CCA)
- EPCOR Distribution & Transmission Inc. (EDTI)
- ATCO Electric Ltd.

5. The CCA indicated in its submission that it intended to be active and participate in any process established by the Commission. The CCA submitted that it would like to test the application with a process of information requests (IRs) before commenting on whether it did or did not object to the application.[3]

6. EDTI filed a written submission with its statement of intention to participate (SIP), indicating that it was opposed to the AESO's request for an immediate interim settlement on

[1] Exhibits 24910-X0002 to 24910-X0073.
[2] Exhibit 24910-X0076.
[3] Exhibit 24910-X0080.

invoices issued in December 2019 because the AESO's proposed timing for its interim settlement negatively affected EDTI.[4] Rather, EDTI supported an interim settlement with market participants on invoices issued in January 2020.

7. In its SIP, ATCO Electric submitted that it intends to monitor the proceeding but reserved the right to participate as necessary.[5]

8. In a letter dated October 22, 2019, the Commission set up a process for parties to provide comments on EDTI's objection and a process to test the application with a round of IRs.[6]

9. On October 30, 2019, the Commission issued a ruling on the AESO's request for interim settlement in which it found EDTI's request for settlement in 2020 to be reasonable. In its ruling, the Commission denied the AESO's request for immediate interim settlement of the application and noted that it would issue a decision on a final basis in due course.[7]

10. As per the process set out by the Commission, IRs were issued to the AESO on November 1, 2019,[8] and IR responses were filed by the AESO on November 12, 2019. The AESO later filed revised IR responses on November 29, 2019.[9]

11. For the purposes of this decision the Commission considers the record of the proceeding to have closed on November 29, 2019.

12. In reaching the determinations set out within this decision, the Commission has considered all relevant materials comprising the record of this proceeding. References in this decision to specific parts of the record are intended to assist the reader in understanding the Commission's reasoning relating to a particular matter and should not be taken as an indication that the Commission did not consider all relevant portions of the record with respect to this matter.

3 Application details

13. The AESO requested approval of its determination and allocation of a $154.1 million net deferral account shortfall. The deferral account balance results from differences between costs the AESO has incurred in providing system access service and the revenues recovered through rates charged to customers in prior periods.

14. Section 14(3) of the *Electric Utilities Act* states:

> The Independent System Operator must be managed so that, on an annual basis, no profit or loss results from its operation.

15. The DAR application allows the AESO to settle annual differences between actual costs and revenue collected in providing system access service to market participants, and ensures that

[4] Exhibits 24910-X0077 and 24910-X0078.
[5] Exhibit 24910-X0079.
[6] Exhibit 24910-X0081.
[7] Exhibit 24910-X0085.
[8] Exhibit 24910-X0086.
[9] Exhibit 24910-X0088.01.

no profit or loss results from its operation. The DAR methodology establishes the AESO's process to calculate the balances that are charged or refunded to market participants on a production year or month basis.

16. The settlement of DAR balances only applies to customers who received system access under Rate DTS (Demand Transmission Service) and Rate FTS (Fort Nelson Demand Transmission Service) during 2018 through to 2006.[10]

17. This application reflected the AESO's first reconciliation of deferral account balances for 2017 and 2018. The AESO DARs for production years 2017 and 2018 were prepared on a retrospective, annual and production year basis and relied on the final approval granted by the Commission in Decision 22942-D02-2019,[11] to apply the revised DAR methodology for 2017 and future production years.[12]

18. This application also reflected the AESO's subsequent reconciliations for the years 2016 through to 2006 deferral account balances. The DARs for years 2016 through to 2006 were prepared on a retrospective, monthly and production month basis, consistent with the methodology used in all reconciliations from 2016 to 2004.[13]

19. The AESO noted that it would continue to use the applicable methodology to reconcile deferral accounts for each production year prior to 2017 as approved by the Commission and described in the deferral account application for the first reconciliation of that production year.[14]

20. The AESO requested the Commission to approve the following:[15]

- The deferral account balance reconciliations for the calendar years 2018 through to 2006, as presented in sections 3 to 8 of the application;
- The methodology of allocating deferral account balances to market participants as presented in Section 2 and Appendices E through H of the application, for purposes of recovering and refunding outstanding variance amounts from and to market participants receiving system access service under Rate DTS or Rate FTS of the Independent System Operator (ISO) tariff;
- The collection and refund by the AESO of amounts through the use of a one-time collection and refund option similar to that used for previous years' deferral account balances, as described in Section 10 of the application;
- Further and other relief as the Commission deems appropriate.

10 Exhibit 24910-X0002, paragraph 2.
11 Decision 22942-D02-2019: Alberta Electric System Operator, 2018 ISO Tariff Application, Proceeding 22942, September 22, 2019.
12 Exhibit 24910-X0002, paragraph 13.
13 Exhibit 24910-X0002, paragraph 14.
14 Exhibit 24910-X0002, paragraph 15.
15 Exhibit 24910-X0002, paragraph 22.

21. The AESO submitted that the application incorporates all costs paid and revenue collected by the AESO that:[16]

- have not been settled in prior deferral account reconciliation filings;
- relate to 2018 or prior years for all costs except those related to losses and to provision of a wind forecasting service; and
- were accounted for up to December 31, 2018. [footnote removed]

3.1 Methodology, allocation and settlement of deferral account balances

Methodology

22. The AESO is not proposing any changes to the deferral account methodology or Rider C, its Deferral Account Adjustment Rider, in this application. The AESO noted that in Decision 2014-242[17] and Decision 21735-D02-2017,[18] the Commission issued directions to the AESO to discuss and consult with stakeholders on the matters of annual tariff updates, DAR processes and Rider C design.[19]

23. The AESO submitted that it had responded to the directions noted above in its 2018 comprehensive ISO tariff application and requested approval of proposed methodology changes to its DAR methodology, Rider C and Rate Primary Service Credit (PSC) as part of that application. Final approval of the AESO's proposed methodology changes was granted by the Commission in Decision 22942-D02-2019.[20] [21]

24. The AESO submitted the 2017 and 2018 DAR application relied on the approval granted by the Commission in Decision 22942-D02-2019, to apply the revised and approved DAR methodology for the 2017 production year and future production years.[22] The AESO also submitted that it will continue to use the applicable methodology to reconcile deferral accounts for each production year prior to 2017 as approved by the Commission and described in the deferral account application for the first reconciliation of that production year.[23]

Allocation

25. The AESO explained that allocation of deferral account balances and adjustments was implemented through its continued use of a software program, developed by the AESO, to calculate DARs.[24]

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16 Exhibit 24910-X0002, paragraph 23.
17 Decision 2014-242: Alberta Electric System Operator, 2014 ISO Tariff Application and 2013 ISO Tariff Update, Proceeding 2718, Application 1609765-1, August 21, 2014, paragraph 704.
18 Decision 21735-D02-2017: Alberta Electric System Operator, 2015 Deferral Account Reconciliation, Proceeding 21735, March 14, 2017, paragraph 108.
19 Exhibit 24910-X0002, paragraphs 42-43.
20 Decision 22942-D02-2019, paragraph 279.
21 Exhibit 24910-X0002, paragraph 44.
22 Exhibit 24910-X0002, paragraph 13.
23 Exhibit 24910-X0002, paragraph 46 and Exhibit 24910-X0088.01, AESO-AUC-2017NOV01-002.
24 Exhibit 24910-X0002, paragraph 271.

26. The AESO's use of deferral accounts is incorporated in the ISO tariff through Rider C. Rider C from the tariff is reproduced below:[25]

> Applicability
>
> **1** Rider C of the **ISO tariff**, *Deferral Account Adjustment Rider*, applies to **system access service** provided under:
>
> (a) Rate DTS of the **ISO tariff**, *Demand Transmission Service*;
>
> (b) Rate FTS of the **ISO tariff**, *Fort Nelson Demand Transmission Service*; and
>
> (c) Rate PSC of the **ISO tariff**, *Primary Service Credit*.
>
> Rider
>
> **2(1)** The **ISO** must recover or refund through Rider C accumulated deferral account balances which are comprised of differences between revenues and costs incurred in providing **system access service** to **market participants**.
>
> **(2)** The **ISO** must determine Rider C for each calendar quarter as an additional percentage charge or credit that applies to each rate listed in subsection 1 above.
>
> **(3)** The **ISO** must publish the Rider C charge or credit, including its calculation, on the **ISO** website at least thirty (30) **days** prior to the beginning of the calendar quarter in which it will apply.
>
> **(4)** The **ISO** must calculate the Rider C charge or credit as the sum of amounts, based on available recorded and forecast values, required to restore the deferral account balance to zero (0) at the end of the calendar year in which the Rider C charge or credit will apply, or such period as determined by the **ISO** to minimize the rate effect, in each of the following rate components:
>
> (a) connection charge and primary service credit;
>
> (b) **operating reserve** charge;
>
> (c) **transmission constraint rebalancing** charge;
>
> (d) voltage control charge; and
>
> (e) other system support services charge
>
> where the **ISO** assigns revenues and costs to each rate component in accordance with the **ISO tariff** in effect during the period in which the revenue was collected or the cost was incurred.
>
> **(5)** The **ISO** must calculate Rider C to include only transactions settled with the ISO that have occurred after January 1 of the calendar year in which the Rider C charge or credit will apply, although such transactions may involve amounts that relate to prior years.

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25 https://www.aeso.ca/assets/documents/Rider-C-Deferral-Account-Adjustment-Rider-2018-01-01/

Terms

3(1) The **ISO** may adjust Rider C amounts collected or refunded, through a deferral account reconciliation application filed with the **Commission** by the **ISO**.

(2) The **ISO** must not add or deduct interest to or from amounts recovered or refunded through Rider C or through a deferral account reconciliation application, unless the **Commission** orders otherwise in specific circumstances.

(3) The terms and conditions of the **ISO tariff** form part of this rider.

27. The deferral account balances are allocated to individual market participants based on each market participant's percentage of base rate revenue collected, based on Rate DTS and Rate FTS that were in place during the deferral account period, by year and month and by rate component.[26]

28. As a result of Decision 22942-D02-2019, the deferral account balances for production years 2017 and 2018 have been allocated to individual market participants based on each market participant's percentage of base rate revenue collected, offset by Rate PSC.[27]

29. After the allocation of deferral account balances is determined by rate and rate component for each market participant, additional revenue already settled through Rider C or in prior DARs with each market participant is subtracted or added by rate and rate component. The remaining balance is the amount of the deferral account charge or refund attributed to the market participant on a production month basis, by rate and rate component.[28]

Settlement

30. In its application, the AESO proposed to settle the outstanding deferral account balances through a one-time payment and collection option and, similar to past reconciliation applications, the AESO offered a three-month payment option, including carrying charges, if the one-time payment option presented a financial burden to market participants.[29]

Commission findings

31. In Decision 21735-D02-2017, with respect to the AESO's 2015 DAR application, the Commission provided the following direction to the AESO:

> Nonetheless, the Commission expects the AESO to follow through on its commitment to further consult with stakeholders on this issue and directs the AESO to address whether changes to the deferral account allocation methodology and to Rider C are warranted given the concerns raised by the PS Group, as part of its next ISO tariff application.[30]

32. In compliance with the above Commission direction, the AESO requested approval of proposed changes to its DAR methodology for production year 2017, and to Rider C and Rate PSC, effective January 1, 2018, in its 2018 ISO tariff application.[31] As noted by the AESO,

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26 Exhibit 24910-X0002, paragraphs 56-62.
27 Exhibit 24910-X0002, paragraph 61.
28 Exhibit 24910-X0002, paragraph 62.
29 Exhibit 24910-X0002, paragraphs 283-284.
30 Decision 21735-D02-2017: Alberta Electric System Operator 2015 Deferral Account Reconciliation Proceeding 21735, March 14, 2017, paragraph 108.
31 Proceeding 22942, Exhibit 22942-X0002.01, paragraph 143 and Exhibit 22942-X0008.

the Commission approved the AESO's request for the proposed changes on a final basis in Decision 22942-D02-2019.[32]

33. In line with the findings from Decision 22942-D02-2019, the AESO explained that it had used the revised and approved DAR methodology for the 2017 and 2018 production years in the application.[33] The AESO also confirmed that it will continue to use the applicable methodology to reconcile deferral accounts for each production year prior to 2017 as approved by the Commission and described in the deferral account application for the first reconciliation of that production year.[34]

34. In IRs, the Commission explored if it would be feasible for the AESO to file its DAR applications earlier in the year or to provide information to distribution facility owners (DFOs) earlier in the year on what the DAR amounts might be. The AESO responded that if there were no changes to the DAR methodology it would be possible for it to file its DAR application in quarter two of a calendar year. The AESO also stated that it could provide DFOs with preliminary estimates of annual deferral account shortfall or surplus amounts by the end of quarter one.[35]

35. To the extent possible, the Commission directs the AESO to either file future DAR applications by quarter two of a calendar year and/or to provide DFOs with estimates of the annual deferral account shortfall or surplus amounts by the end of quarter one, so that DFOs are better positioned to collect or refund these amounts in their transmission access charge deferral account applications during the same calendar year the AESO seeks settlement of these amounts.

36. The Commission has reviewed the AESO's methodology and finds that it is consistent with the methodology approved for DAR applications in Decision 22942-D02-2019. The Commission has reviewed the allocation of the deferral account balances and finds that it is consistent with previous DAR applications approved by the Commission and the 2018 ISO tariff. The Commission has reviewed the AESO's proposed settlement process and finds that it is reasonable and consistent with previous DAR applications approved by the Commission.

37. Accordingly, the Commission approves the AESO's methodology, allocation and settlement of the deferral account balances.

32 Decision 22942-D02-2019, paragraph 279.
33 Exhibit 24910-X0002, paragraph 13.
34 Exhibit 24910-X0002, paragraph 46 and Exhibit 24910-X0088.01, AESO-AUC-2017NOV01-002.
35 Exhibit 24910-X0088.01, AESO-AUC-2019NOV01-001(b) and (c).

3.2 Cost variances

38. The costs and cost variances applied for in the application are summarized in Table 1 below:

Table 1. Recorded costs and cost variances subject to assessment in the application

	Deferral account reconciliation					
Component	**2018 recorded costs**	**2017 recorded costs**	**2016 cost variances**	**2015 cost variances**	**2014 cost variances**	**2013 to 2006 cost variances**
Costs paid	($ million)					
Wires	(1,782.5)	(1,743.7)	3.5	(12.0)	(28.7)	1.4
Ancillary services	(277.8)	(115.0)	(0.1)	-	-	(0.1)
Other industry	(15.4)	(14.8)	-	-	-	-
General & administrative	(89.0)	(84.1)	-	-	-	-
Total costs paid	(2,164.8)	(1,957.6)	3.4	(12.0)	(28.7)	1.3

Source: Exhibit 24910-X0002, Table 2-5.

39. The AESO submitted, in Section 2.4 of the application, that where significant adjustments to 2016 or to prior year AESO costs are included in the DAR, this proceeding should be the venue for consideration of the prudence of those adjustments. However, it maintained that the prudence of the AESO's costs incurred with respect to 2016 and prior years, which were previously dealt with in prior DAR proceedings, should not be reviewed again.[36]

40. The AESO noted that the prudency of transmission facility owner (TFO) wires costs is assessed by the Commission as part of its approval of TFO tariff and deferral applications.[37] The AESO stated that the wires costs included in the application were based on the approach approved by the Commission in Decision 2011-275.[38] [39]

41. The AESO explained that the AESO's own administrative costs are approved by the AESO board in accordance with the *Transmission Regulation*. Once these costs are approved by the AESO board, Section 46(1) of the *Transmission Regulation* provides that the AESO's own administrative costs must be considered to be prudent by the Commission, unless an interested person satisfies the Commission otherwise.[40]

42. As for ancillary services costs and line losses costs, the AESO stated that those are approved by the AESO board; however, it noted that, as stated by the Commission in Decision 2014-242:

> 36. … there is no equivalent provision to Section 46(1) of the *Transmission Regulation* that provides an interested party with the ability to argue the reasonableness of [ancillary service costs and costs for line losses] before the Commission. Instead, Section 20 of the *Electric Utilities Act* and sections 15, 17, 33 and 34 of the *Transmission Regulation*

36 Exhibit 24910-X0002, paragraph 74.
37 Exhibit 24910-X0002, paragraph 68.
38 Decision 2011-275: Alberta Electric System Operator, Compliance Filing Pursuant to Decision 2010-606 and 2011 Tariff Update, Proceeding 1074, Application 1607003-1, June 24, 2011.
39 Exhibit 24910-X0002, paragraph 52.
40 Exhibit 24910-X0002, paragraph 69.

> authorize and, in some instances, direct the AESO to establish rules related to the calculation and recovery of ancillary service costs and costs for line losses. Consequently, where ISO rules are proposed or created for the calculation and recovery of ancillary service costs or the costs for line losses, the Commission's oversight of these costs is addressed through the objection and complaint provisions found in sections 20 and 25 of the *Electric Utilities Act*, respectively.[41]

43. With respect to its own administrative costs, the AESO submitted that its budget review and approval process, developed in consultation with market participants, includes an agreed-upon practice to be applied in circumstances where estimated costs are expected to exceed budgeted amounts; specifically, this practice is to be applied in circumstances involving general and administrative costs and capital. Variances above a specified threshold are first reviewed with market participants prior to presentation to the AESO board for consideration and approval. A request for additional budget approval may be required to accomplish specific business priorities or to meet the AESO's mandate, and would only be made after consideration has been given to managing the timing or reducing the scope of other business priorities to remain within budget. In summary, the AESO claimed that its management structure and approach provide an appropriate and adequate process to establish and manage the AESO's budget.[42]

44. No interested party filed submissions in the proceeding regarding the AESO's cost variances set out in the application.

Commission findings

45. This application represents the first opportunity to consider the actual recorded AESO revenue requirement costs for the years 2017 and 2018, and the first opportunity to consider cost variances for the years 2016 through to 2006 in relation to the recorded cost amounts for those years, subsequent to the Commission's assessment in Decision 23802-D02-2018.[43] The Commission agrees with the AESO that a DAR proceeding is the proper venue to consider the prudence of AESO costs incurred with respect to 2017, 2018 and any cost variance amounts not already considered in previous DAR decisions related to prior years.

46. The provisions of the *Electric Utilities Act* and the *Transmission Regulation* provide guidance to the Commission regarding the extent to which it may assess the costs and expenses incurred by the AESO. As set out by the Commission in Decision 2014-242,[44] which decided the AESO's 2014 tariff and 2013 tariff update, there are four principal categories of costs and expenses incurred by the AESO in its tariff, namely:

- the AESO's own administrative costs;
- ancillary services costs;
- transmission line losses; and
- costs related to transmission wires payable under a TFO tariff.

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41 Decision 2014-242, paragraph 36.
42 Exhibit 24910-X0002, paragraphs 71-72.
43 Decision 23802-D02-2018: Alberta Electric System Operator, 2016 Deferral Account Reconciliation, Proceeding 23802, November 23, 2018.
44 Decision 2014-242, paragraph 33.

47. Each of these categories are discussed in turn.

The AESO's own administrative costs

48. The AESO's own administrative costs are defined in Section 1(g) of the *Transmission Regulation* to include: (i) the transmission-related costs and expenses of the AESO respecting the administration, operation and management of the AESO; (ii) the transmission-related costs and expenses of the AESO respecting reliability standards and reliability management systems; and (iii) the transmission-related costs and expenses required to be paid by the AESO that are not for the costs of providing ancillary services; costs of transmission line losses nor amounts payable under a TFO tariff.

49. As noted by the AESO, Section 46(1) of the *Transmission Regulation* limits the Commission's review of the AESO's own administrative costs to those costs that an interested party has argued are not prudent. Moreover, the onus is on the interested party, not the AESO, to satisfy the Commission that the AESO's own administrative costs are not reasonable. In addition, Section 3 of the *Transmission Regulation* addresses consultation and approval of those costs and requires that the AESO consult with market participants with respect to proposed costs to be approved by the AESO.

50. No interested person has argued that the AESO's own administrative costs were unreasonable, nor has any party indicated that the AESO has not consulted properly as required pursuant to Section 3 of the *Transmission Regulation*. Consequently, the AESO's own administrative costs, shown above in Table 1, are accepted as filed.

Ancillary services costs

51. The AESO board approves the costs for ancillary services. However, Section 3(1) of the *Transmission Regulation* requires the AESO to consult with market participants directly affected by these costs. As noted by the Commission in Decision 2014-242, there is no equivalent provision to Section 46(1) of the *Transmission Regulation* that enables an interested party to argue the reasonableness of these costs before the Commission.

52. The recovery of ancillary services costs is prescribed in Section 30(4) of the *Electric Utilities Act* and Section 48 of the *Transmission Regulation*. These provisions are as follows:

> *Electric Utilities Act*
>
> **30(4)** The Independent System Operator may recover the costs of transmission line losses and the costs of arranging provision of ancillary services acquired from market participants by
>
> (a) including either or both of those costs in the tariff, in addition to the amounts and costs described in subsection (2), in which case the Commission must include in the tariff the additional costs it considers to be prudent, or
>
> (b) establishing and charging ISO fees for either or both of those costs.

> *Transmission Regulation*
>
> **48(1)** A reference in the Act to "prudent" or "appropriate" in relation to the ISO's costs for the provision of ancillary services and costs of transmission line losses means the amounts of those costs that have been approved by the ISO members.

53. The AESO has stated that ancillary services costs have been approved by the AESO board members, and no party has indicated that the AESO has failed to consult properly. The Commission accepts these amounts as prudently incurred and these amounts are approved as filed.

Transmission line losses

54. At Section 2.1.3 of the application, the AESO noted that, effective January 1, 2006, the cost of transmission system losses is no longer subject to the retrospective DAR. Accordingly, the AESO did not include the reconciliation of transmission line loss amounts in the application.[45]

Costs related to transmission wires payable under a TFO tariff

55. With respect to TFO wires-related costs and cost variances identified in Table 1 above, the AESO must pay the rates set out in the approved tariff of the owner of each transmission facility pursuant to Section 32 of the *Electric Utilities Act*. The Commission approves the costs and expenses of a TFO in the TFO's applicable tariff application, pursuant to Section 122 of the *Electric Utilities Act*. It does not review the prudence of these expenditures in an AESO DAR application nor in an AESO tariff application. Consequently, the costs and cost variances set out above in Table 1 for TFO wires-related costs are approved as filed.

3.3 Deferral account amounts

56. The AESO identified a net shortfall of approximately $154.1 million (net of Rider C charges and refunds and any prior DAR settlements) to be allocated to customers, composed of the following amounts:[46]

- A shortfall of $77.3 million for 2018 (first reconciliation);
- A shortfall of $38.2 million for 2017 (first reconciliation);
- A surplus of $3.1 million for 2016 (second reconciliation);
- A shortfall of $12.4 million for 2015 (third reconciliation);
- A shortfall of $29.2 million for 2014 (fourth reconciliation);
- A surplus of $3.9 million for 2013 (fourth reconciliation);
- A shortfall of $3.4 million for 2012 (fifth reconciliation);
- A shortfall of $0.3 million for 2011 (sixth reconciliation);
- A shortfall of $0.2 million for 2010 (sixth reconciliation);
- A shortfall of $0.2 million for 2009 (fifth reconciliation);
- A shortfall of $0.1 million for 2008 (sixth reconciliation);

[45] Exhibit 24910-X0002, paragraph 39.
[46] Exhibit 24910-X0002, sections 3-8.

- A shortfall of $0.1 million for 2007 (seventh reconciliation); and
- A shortfall of $0.0[47] million for 2066 (sixth reconciliation).

57. A summary of the proposed reconciliation between tariff revenues collected, costs paid by the AESO, collections or refunds of Rider C, and prior year DAR collections or refunds was provided in Table 2-3 of the application. The Commission reproduced Table 2-3 (in part) below:

Table 2. Summary of 2017 and 2018 DAR application

	Deferral account reconciliation						Totals
Component	**2018**	**2017**	**2016**	**2015**	**2014**	**2013 to 2006**	**2018 to 2006**
	($ million)						
Total revenue net of offsets	2,084.1	1,971.3	1,807.1	1,550.2	1,475.4	7,279.4	16,167.5
Total costs paid	(2,164.8)	(1,957.6)	(1,914.7)	(1,863.5)	(1,633.3)	(8,026.4)	(17,560.3)
Deferral account							
(Shortfall) Surplus	(80.7)	13.7	(107.6)	(313.3)	(157.8)	(747.1)	(1,392.8)
Rider C refund (collection)	3.7	(51.9)	(70.1)	220.2	185.5	1,000.3	1,032.4
Prior DAR collection (refund)	-	-	180.9	80.7	(56.9)	(253.7)	(49.0)
Net (shortfall) surplus	(77.0)	(38.2)	3.1	(12.4)	(29.2)	(0.4)	(154.1)

Source: Exhibit 24910-X0002, Table 2-3.

Commission findings

58. The Commission accepts the accuracy of the deferral account amounts and the calculation of the net deferral account shortfall of $154.1 million and notes that no market participant has objected to the application. Accordingly, the Commission approves the deferral account balances and the net deferral account shortfall amount of $154.1 million.

47 Value noted here is a shortfall of $0.0 million due to rounding.

4 Order

59. It is hereby ordered that:

    (1) The Alberta Electric System Operator's 2017 and 2018 deferral account reconciliation application is approved as filed, effective January 1, 2020.

Dated on December 11, 2019.

Alberta Utilities Commission

(original signed by)

Henry van Egteren
Vice-Chair

Appendix 1 – Proceeding participants

Name of organization (abbreviation) **Company name of counsel or representative**
Alberta Electric System Operator (AESO)
EPCOR Distribution & Transmission Inc. (EDTI)
ATCO Electric Ltd. (ATCO Electric)
Consumers' Coalition of Alberta (CCA)
FortisAlberta Inc.

Alberta Utilities Commission Commission panel H. van Egteren, Vice-Chair Commission staff A. D'Aoust (Commission counsel) J. Graham (Commission counsel) S. Karim

Appendix 2 – Summary of Commission directions

This section is provided for the convenience of readers. In the event of any difference between the directions in this section and those in the main body of the decision, the wording in the main body of the decision shall prevail.

1. To the extent possible, the Commission directs the AESO to either file future DAR applications by quarter two of a calendar year and/or to provide DFOs with estimates of the annual deferral account shortfall or surplus amounts by the end of quarter one, so that DFOs are better positioned to collect or refund these amounts in their transmission access charge deferral account applications during the same calendar year the AESO seeks settlement of these amounts. .... paragraph 35