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August 25, 2006

Mr. Fino Tiberi
Senior Research and Policy Analyst
Alberta Energy and Utilities Board
640 – 5th Avenue SW
Calgary, Alberta T2P 3G4

Dear Mr. Tiberi:

Subject: FortisAlberta’s Updated Compliance Plan

In accordance with Alberta Energy and Utilities Board (AEUB) Directive 012: Alberta Tariff Billing Code (“TBC”), Version 1.3 issued on December 22, 2005, FortisAlberta hereby submits its updated Compliance Plan for your review and approval. This Compliance Plan covers two main topics - meeting the requirements for the Tariff Billing Code and FortisAlberta’s current exemptions.

A. Tariff Billing Code Requirements:

FortisAlberta has successfully completed the steps leading up to the July 1st, 2006 Cut Over and has moved into production with Version 1.3 of the Tariff Billing Code (TBC) as outlined in the following milestone chart.

The key milestones related to the Phase 1 Wave 2 Tariff Billing Code Implementation are as follows:

	Milestone Description	Completion Date	Comments
1	Phase 1 Wave 2 Version 1.1 and Version 1.2 Development and Internal Testing Complete	December 1, 2005	Complete
2	Begin Phase 1 Wave 2 Stand Alone Testing with EEAI	December 1, 2005	Complete
3	Phase 1 Wave 2 Stand Alone Testing with EEAI Complete	January 31, 2006	Complete

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4	Begin Phase 1 Wave 2 Data Creation and scrub for Stand Alone Testing with Competitive Retailers	January 31, 2006	Complete
5	Phase 1 Wave 2 Data Creation and scrub for Stand Alone Testing with Competitive Retailers Complete	February 15, 2006	Complete
6	Begin Phase 1 Wave 2 Stand Alone Testing with Competitive Retailers	February 15, 2006	Complete
7	Phase 1 Stand Alone Testing with Competitive Retailers Complete	March 31, 2006	Complete
8	Begin Market Operations Testing	April 1, 2006	Complete
9	Market Operations Testing Complete	May 15, 2006	Complete
10	Readiness Review Checkpoints (the final of four checkpoints as defined by the EUB) – Final checkpoint	June 24, 2006	Complete
11	Transition preparation Complete	July 1, 2006	Complete
12	Phase 1 Wave 2 Cut Over	July 1, 2006	Complete
13	Self Certification Sign Off based on a three month “burn-in” period being completed.	October 1, 2006	Performance Metrics Reporting as noted below.

Once FortisAlberta has completed the transition and burn-in period a final sign-off will be provided by October 1, 2006, however, as stated during our meeting on December 1, 2005 and in our follow up letter dated December 12, 2005 titled “Follow Up to Our Meeting on December 1, 2005 – Retailer Concerns” as well as other follow up correspondence, FortisAlberta is not prepared to provide Performance Metric results to the EUB until such time when all market participants, that are required to report to the EUB, are prepared to report on the same parameters of data.

B. FortisAlberta’s EUB Approved Exemptions:

1. Rate 65 Exemption:

- FortisAlberta does not receive the flow through billing data from the AESO until the 15th business day after the month to be billed. Therefore FortisAlberta will not be compliant with the performance requirement for Tariff Bill File Publication timing, the requirement being a maximum of 6 days from the billing period to the tariff bill file publication date.

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2. Rate 21 and 23 Exemption:

- FortisAlberta has submitted rates in its current filing to modify the structure of the rate to adhere to the TBC requirements. Until these rates are approved FortisAlberta will require this exemption. Currently the rate design for Rate 21 and Rate 23 disclosure of the first step in demand component charges is best presented in relation to billing demand and not the published unit price. As a consequence, the Component Unit Price will be expressed as a per KVA charge, not a monthly unit price.

3. Irrigation Sites exemption:

- Due to the geographic territory and seasonal reading of irrigation sites FortisAlberta will not meet the performance requirement - Currency of Tariff Bill File Content. The release of the meter reading requests to calendar date of billing will, in most cases, exceed the maximum 8 business days. FortisAlberta requires these sites be exempt from the calculation of this requirement.
- Regarding the Tariff Bill file publication timing requirement it is our understanding that as the TCF was changed to allow for irregular cycles and the reading date allowed as a conditional field to accommodate irrigation specifically. Therefore no analysis could be completed against these sites for this requirement due to the absence of the meter reading date and would automatically be excluded from the requirement without an exemption.

4. Section 4.3.1 - Multiple bill cycles occurring within one TBF:

- This section requires all billing cycles be presented in an individual tariff bill file. FortisAlberta, to meet billing requirements will, on occasion, bill multiple cycles in a given evening and present the data for sites for both cycles in the same TBF. FortisAlberta will still require this exemption and will undertake to review the billing process to determine how FortisAlberta may meet this requirement. Should FortisAlberta not be able to meet this requirement after investigation FortisAlberta will submit a request through the EUB's Tariff Information Management system (TIMS) for a change to the Tariff Billing Code.

5. REA rates exemption:

- REA rate structures billed by FortisAlberta are not within FortisAlberta's control. FortisAlberta will undertake to discuss with the applicable REA's a transition of the standard rate to be expressed as an amount per day. In addition to the standard rate REA's can individually apply different multipliers or factors to the standard rate structure. Therefore FortisAlberta will not be able to present charge records that will

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match the filed rates in cases where the factor is greater than one. FortisAlberta requires this exemption, from presenting REA charge component unit prices according to REA approved rates, to remain. FortisAlberta will instead present the component unit price as calculated following the application of the REA charge multiplier or factor.

6. Pre-Implementation Charges:

- Pre-implementation scenario's that do not comply with the Tariff Billing Code are as outlined in Appendix E of the Tariff Billing Code.

C. FortisAlberta TBC Phase 2 Plans:

It is also FortisAlberta's intent to implement the TBC Phase 2 requirements to be defined during the upcoming Phase 2 design session currently planned to start in September of 2006. Once the EUB's design for Phase 2 is finalized, FortisAlberta will provide an update to this Compliance Plan which will contain details on the timing of FortisAlberta's deliverables and testing as related to Phase 2 requirements of the next version of the Tariff Billing Code.

As stated in the past, FortisAlberta assumes that any changes to the completed design for Phase 2 of the TBC will be handled through a rigorous Change Request process where an impact analysis (cost and time) will be completed by the affected parties.

The current estimate to complete all work for Phase 1 (Waves 1 and 2) covering the years of 2004 through completion in 2006 is now approximately \$ 7.3 million dollars. In addition, as stated in our email of May 26, 2006 titled "Follow Up To Our Meeting May 24th, 2006 - RRO Flow Through Cost Estimate", FortisAlberta's current cost estimate to complete the necessary hardware upgrades required for the Regulated Rate Option (RRO) Regulation to implement the auto cancel rebill functionality is approximately \$ 2.2 million dollars.

FortisAlberta looks forward to the EUB's feedback on this latest Compliance Plan by September 29th, 2006.

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If you need any additional information on the contents of this letter, please call me at (403) 514-4396 in Calgary or by e-mail at nipa.chakravarti@fortisalberta.com.

Sincerely,

Nipa Chakravarti
Director, Customer Operations

cc: Karin Gashus