

VIA EMAIL

February 13, 2004

To: Interested Parties**Re: Process for Approval of Gas and Electric Code of Conduct Compliance Plans**

On January 9, 2004, the Board issued a letter to interested parties requesting comments regarding the development of an alternative, effective process for the review and approval of compliance plans required by Board decisions and by the Gas Code of Conduct Regulation.

The Board's letter did not directly speak to the review and approval process used by the Market Surveillance Administrator (MSA) in relation to the Electric Code of Conduct Regulation. However, as appropriate, the Board and the MSA do consult with each other on matters of common interest.

In the replies received by the Board to date, utility companies indicated unanimously that they were comfortable with the processes being used at present for the review and approval of codes of conduct and related compliance plans. As a result, they did not perceive any value in holding a technical conference or workshop to review the processes.

This unanimous opposition by utility companies leaves the Board perplexed, as the workshop proposal was intended to make the approval process more efficient and, hopefully, as a result, more economic. Utility companies have consistently expressed a strong interest in such improvements in the regulatory approval process.

Other respondents provided a mixture of replies, with some expressing support for the existing processes, while others wanted to see the introduction of a new process where they would have the opportunity to review each application in detail.

The results indicate that there is no uniformity in the wishes of interested participants with regard to this matter. Consequently, it does not appear that there is sufficient appetite at this time for a technical conference or workshop to come up with an alternative Board process for reviewing and approving codes of conduct and related compliance plans. The Board will therefore continue with the consultative, iterative review and approval process currently being utilised.

The MSA notes that it will also continue with the process it has established for Electric Code of Conduct matters within its mandate.

This does not preclude interested parties from commenting on individual codes of conduct or compliance plans, as those are filed and made public. They are intended to be open, "living" documents and the Board and the MSA will consider whether or not revisions are required to previously approved plans, based on comments of interested parties or if circumstances change sufficiently.

In addition, each Code of Conduct Regulation provides that parties will be subject to an audit of their performance in meeting the requirements of their compliance plans, as well as their compliance to the Regulation. The Board or the MSA may require changes to improve compliance plans if deficiencies are noted.

If you have any questions, please contact the undersigned.

ALBERTA ENERGY AND UTILITIES BOARD
Richard M.A. McCabe, CA, MBA, Audit and
Compliance Group, Utilities Branch
(403) 297-2316

MARKET SURVEILLANCE ADMINISTRATOR
Douglas Wilson, Legal Counsel and Secretary
(403) 538-3445