



## AESO Quarterly Riders For Q1 2006

With the changes that are taking place effective January 1, 2006 for the recovery of transmission costs solely from DTS customers (with the exception of transmission losses) there will be several impacts on the quarterly riders for STS and DTS customers. The following detail provides information on the changes and the riders for Q1 2006. One of the most significant changes for the reporting of the Q1 2006 riders is the separate quarterly rider in 2006 for transmission losses deferral account balances (Rider E).

All revenue and cost transactions related to the production periods prior to January 1, 2006 will continue to be addressed through the retrospective deferral account reconciliation process applicable to 2005 and prior years. This means that an adjustment that occurs in 2006 or later years that relates to pre-2006 production will continue to be associated with STS and DTS customers in accordance with the tariff in those years and will be included in the retrospective deferral account reconciliation.

For 2006 production, transmission losses will be recovered from STS customers, similar to 2005, however the reconciliation process to adjust for ongoing differences between the revenues collected and costs paid will occur through a new Rider E. Additional information on Rider E can be found on the AESO's website at [www.aeso.ca](http://www.aeso.ca)>Transmission>Loss Factors.

All 2006 production revenues and costs for non-loss cost categories will be associated with DTS customers and will continue under the current Rider C process, with quarterly riders to bring the deferral balances to zero at the end of the quarter and with an annual retrospective deferral account reconciliation.

Rider C Rates for Q1 2006	\$/MWh		STS	DTS
	STS	DTS	Q1/06 GWh	Q1/06 GWh
Operating Reserve	\$ 0.08	\$ (0.16)	14,900	13,743
Voltage Control	\$ -	\$ 0.08		
Interconnection Charge	0.31	(0.04)		
Other System Support Services Charge	-	0.02		
Losses Charge	1.01	-		
<b>Total charge (refund)</b>	<b>\$ 1.40</b>	<b>\$ (0.10)</b>		

**Rider E Rate for Q1 2006** – has been set to 0.00% for STS customers

The analysis of the forecasted deferral account balances are the AESO's best estimate of the costs and revenues based on the information available at the time that this summary was prepared. This information is an estimate only and may not represent the actual costs incurred and revenue collected.

## Rider C

The following table provides a summary of the AESO's forecasted deferral account balance for Rider C for 2005 and Q1 2006. The 2006 Interim Rates, effective January 1, 2006 in accordance with Order U2005-464, have been used in preparing the Q1 2006 forecast.

The actual January to November 2005 and estimated deferral account balances for December 2005 and Q1 2006 are summarized as follows:

(\$ millions)	Revenues Collected			(Costs Paid)			Variance November 2005 YTD			Rider 'C' Collected (Refunded) YTD November 2005			Total Variance - Overcollected/ (Undercollected)		
	STS	DTS	Total	STS	DTS	Total	STS	DTS	Overall	STS	DTS	Overall	STS	DTS	Overall
<b>January to November 2005 Actual</b>															
Total Operating reserve charge <sup>(1)</sup>	92.2	95.7	187.9	(83.2)	(83.7)	(166.9)	9.0	12.0	21.0	(11.4)	(11.4)	(22.8)	(2.4)	0.6	(1.8)
Interconnection charge <sup>(2)</sup>	157.7	235.5	393.2	(174.4)	(240.3)	(414.7)	(16.7)	(4.8)	(21.5)	12.2	4.6	16.8	(4.5)	(0.2)	(4.7)
Other system support services charge <sup>(3)</sup>	-	2.2	2.2	-	(2.6)	(2.6)	-	(0.4)	(0.4)	-	0.3	0.3	-	(0.1)	(0.1)
Losses charge <sup>(4)</sup>	154.7	-	154.7	(174.3)	-	(174.3)	(19.6)	-	(19.6)	7.0	-	7.0	(12.6)	-	(12.6)
<b>YTD November 2005 Deferral Amount <sup>(5)</sup></b>	<b>404.6</b>	<b>333.4</b>	<b>738.0</b>	<b>(431.9)</b>	<b>(326.6)</b>	<b>(758.5)</b>	<b>(27.3)</b>	<b>6.8</b>	<b>(20.5)</b>	<b>7.8</b>	<b>(6.5)</b>	<b>1.3</b>	<b>(19.5)</b>	<b>0.3</b>	<b>(19.1)</b>
<b>December 2005 Estimate</b>															
Total Operating reserve charge <sup>(1)</sup>	15.4	16.7	32.1	(12.8)	(12.8)	(25.6)	2.6	3.8	6.5	(1.4)	(1.8)	(3.1)	1.3	2.1	3.3
Interconnection charge <sup>(2)</sup>	14.1	21.9	36.0	(16.7)	(23.0)	(39.7)	(2.5)	(1.2)	(3.7)	2.5	1.6	4.0	(0.1)	0.4	0.3
Other system support services charge <sup>(3)</sup>	-	0.2	0.2	-	(0.4)	(0.4)	-	(0.2)	(0.2)	-	0.0	-	-	(0.1)	(0.1)
Losses charge <sup>(4)</sup>	24.3	-	24.3	(32.5)	-	(32.5)	(8.2)	-	(8.2)	5.7	-	5.7	(2.5)	-	(2.5)
<b>Estimated December 2005 Deferral Balance</b>	<b>53.9</b>	<b>38.7</b>	<b>92.6</b>	<b>(62.0)</b>	<b>(36.2)</b>	<b>(98.2)</b>	<b>(8.1)</b>	<b>2.5</b>	<b>(5.6)</b>	<b>6.8</b>	<b>(0.2)</b>	<b>6.6</b>	<b>(1.3)</b>	<b>2.3</b>	<b>1.0</b>
<b>Q1 2006 Estimate</b>															
Total Operating reserve charge <sup>(1)</sup>	-	20.9	20.9	-	(21.4)	(21.4)	-	(0.5)	(0.5)	-	-	-	-	(0.5)	(0.5)
Voltage Control <sup>(6)</sup>	-	13.5	13.5	-	(14.6)	(14.6)	-	(1.2)	(1.2)	-	-	-	-	(1.2)	(1.2)
Interconnection charge <sup>(2)</sup>	-	120.5	120.5	-	(120.2)	(120.2)	-	0.2	0.2	-	-	-	-	0.2	0.2
Other system support services charge <sup>(3)</sup>	-	2.2	2.2	-	(2.2)	(2.2)	-	0.0	0.0	-	-	-	-	0.0	0.0
Losses charge <sup>(4)</sup>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Estimated Q1 2006 Deferral Ending Balance</b>	<b>-</b>	<b>157.1</b>	<b>157.1</b>	<b>-</b>	<b>(158.4)</b>	<b>(158.4)</b>	<b>-</b>	<b>(1.4)</b>	<b>(1.4)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1.4)</b>	<b>(1.4)</b>

Total Estimated YTD Deferral Balance at Q1 2006 January to November 2005 Actual and December 2005 to March 2006 Estimated	Estimated Revenues			(Estimated Costs)			Variance Q1 2006 Estimate			Estimated Rider 'C' Collected (Refunded) as of Q1 2006			Total Variance - Overcollected/ (Undercollected)		
	STS	DTS	Total	STS	DTS	Total	STS	DTS	Overall	STS	DTS	Overall	STS	DTS	Overall
Total Operating reserve charge <sup>(1)</sup>	107.6	133.3	240.9	(96.0)	(117.9)	(213.9)	11.6	15.4	27.0	(12.8)	(13.2)	(26.0)	(1.1)	2.2	1.0
Voltage Control <sup>(6)</sup>	-	13.5	13.5	-	(14.6)	(14.6)	-	(1.2)	(1.2)	-	-	-	-	(1.2)	(1.2)
Interconnection charge <sup>(2)</sup>	171.9	377.8	549.7	(191.1)	(383.5)	(574.6)	(19.2)	(5.7)	(24.9)	14.7	6.2	20.8	(4.6)	0.5	(4.1)
Other system support services charge <sup>(3)</sup>	-	4.6	4.6	-	(5.2)	(5.2)	-	(0.6)	(0.6)	-	0.4	0.4	-	(0.2)	(0.2)
Losses charge <sup>(4)</sup>	179.0	-	179.0	(206.8)	-	(206.8)	(27.8)	-	(27.8)	12.7	-	12.7	(15.1)	-	(15.1)
<b>Estimated Deferral Balance at Q1 2006</b>	<b>458.5</b>	<b>529.2</b>	<b>987.7</b>	<b>(493.9)</b>	<b>(521.3)</b>	<b>(1,015.1)</b>	<b>(35.4)</b>	<b>7.9</b>	<b>(27.4)</b>	<b>14.6</b>	<b>(6.6)</b>	<b>8.0</b>	<b>(20.8)</b>	<b>1.3</b>	<b>(19.6)</b>

Numbers may not add due to rounding

- Operating Reserve charges
  - 2005 - Operating reserve charges are split 50/50 between STS and DTS customers and include TMR and Operating Reserves.
  - 2006 - Effective January 1, 2006 Operating reserve charges are allocated 100% to DTS customers. The costs include Operating Reserves, Generator Remedial Action Schemes, and Black Start.
- Interconnection charges
  - 2005 - Interconnection costs include Wires, Other Industry and G&A. STS is responsible for 42% of these costs and DTS is responsible for the remaining 58%. Revenues collected from rate schedules other than STS and DTS have been included in revenues collected from Interconnection charges.
  - 2006 - Effective January 1, 2006 Interconnection charges are allocated 100% to DTS customers. Interconnection charges include Wires, ILRAS, Other Industry and G & A. Revenues collected from rate schedules other than DTS have been included in revenues collected from Interconnection charges.
- Other System Support Services charges are allocated 100% to DTS customers.
- Losses charges
  - 2005 - Losses charges are allocated 100% to STS customers. Losses revenues collected from rate schedules ES & IS offset revenue requirements for losses from STS rate schedules.
  - 2006 - Deferral balances related to transmission losses will be settled through Rider E.
- The YTD November 2005 Deferral account includes \$18.1 million under-collected related to 2005 production months and \$1.0 million in Wire charges related to prior years that were received in Q4 2005; the total deferral account amount is \$19.1 million.
- Effective January 1, 2006 Voltage Control (Transmission Must Run) costs are allocated 100% to DTS customers.



**STS Customers:** In Q1 2006, a Rider C net adjustment of \$1.40 per MWh will be added to the STS rates as a charge. Barring any large pre-2006 prior period billing or invoice adjustments that the AESO may receive in the future, Q1 2006 will be the last Rider C rate for STS customers. [ $\$(20.8)$  million (YTD Q4 2005 estimated total variance) / (14,900 GWh for Q1 2006) = \$1.40 per MWh]

**DTS Customers:** In Q1 2006, a Rider C net adjustment of \$(0.10) per MWh will be added to the DTS rates as a refund. Any remaining adjustments to 2005 and Q1 2006 deferral amounts will carry forward into Q2 2006. [ $\$1.3$  million (YTD Q1 2006 estimated total variance) / (13,743 GWh for Q1 2006) = \$(0.10) per MWh]