

November 30, 2012

Market Participants Receiving System Access Service Under Rate DTS or Rate FTS

Dear Market Participant

Re: **Deferral Account Adjustment Rider C Charge for First Quarter of 2013**

The AESO advises market participants that Deferral Account Adjustment Rider C for the first quarter of 2013 is expected to increase to a charge of \$5.13/MWh, based on the attached summary of the AESO's forecasted Q1 2013 Rider C. The Rider C charge will apply to all system access services provided under:

- Demand Transmission Service Rate DTS and
- Fort Nelson Demand Transmission Service Rate FTS.

The expected increase will be the first change to Rider C since January 1, 2012. Rider C was maintained at a \$2.84/MWh charge throughout 2012 as a result of Alberta Energy's March 8, 2012, request that the Alberta Utilities Commission put in a process to limit increases in the current rates or charges for transmission and distribution service. On March 13, 2012, the Commission issued Bulletin 2012-03 which described the approach it would use for currently-pending and new applications filed with it. The AESO interpreted the intent of Alberta Energy's request and of Bulletin 2012-03 to be to ensure transmission and distribution rates and riders do not exceed their levels in March 2012. The AESO considered it appropriate and consistent with this intent to maintain Rider C throughout 2012 at the first quarter 2012 charge of \$2.84/MWh.

The AESO understands that Bulletin 2012-03 will remain in effect until the Government of Alberta responds to the Retail Market Review Committee's recommendations, which were provided to the Government on September 5, 2012. The AESO has determined Rider C for Q1 2013 assuming that the Government's response will be issued and Bulletin 2012-03 will no longer be in effect by January 1, 2013.

In the event the AESO's assumption is incorrect and Bulletin 2012-03 remains in effect into 2013, the AESO will continue to maintain Rider C at a \$2.84/MWh charge as in 2012. The AESO will notify stakeholders if and when it determines Rider C should not increase to the calculated Q1 2013 level.

The AESO will allocate and recover or refund any deferral account balances related to 2012 and prior years through its 2012 deferral account reconciliation application, which the AESO plans to file with the Commission in the second quarter of 2013.

More information, including Alberta Energy's letter and Commission Bulletin 2012-03, is available in the AESO's *Q2 2012 Rider C Estimate – Revised*, which is available on the AESO website at [www.aeso.ca](http://www.aeso.ca) by following the path Market ► Settlement ► Transmission Deferral Accounts ► 2012 Quarterly Deferral Estimates.

If you have questions or would like to discuss this further, please contact:

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## AESO Quarterly Rider C For Q1 2013

The following table provides a summary of the AESO's forecasted Q1 2013 Rider C rate.

	Estimated Revenues	(Estimated Costs)	Variance Q1 2013 Estimate	Rider 'C' Collected (Refunded) Q1 2013	Total Variance - Overcollected/ (Undercollected)
Q1 2013 Estimate <sup>(2)</sup>	DTS	DTS	DTS	DTS	DTS
Operating reserve charge	57.0	(58.4)	(1.4)	-	(1.4)
Interconnection charge	232.7	(295.5)	(62.8)	-	(62.8)
Other system support services charge	1.7	(17.8)	(16.1)	-	(16.1)
Voltage control	7.3	(0.5)	6.8	-	6.8
<b>Estimated Q1 2013 Deferral Ending Balance</b>	<b>298.7</b>	<b>(372.1)</b>	<b>(73.4)</b>	<b>-</b>	<b>(73.4)</b>

*Numbers may not add due to rounding*

- (1) The recovery or refund of deferral balances related to 2012 and prior production years are excluded from the Q1 2013 Rider C calculation and will be incorporated into the 2012 Deferral Account Reconciliation Application.
- (2) Forecast Q1 revenue is based on Rates DTS and FTS as included in the AESO's 2010 ISO Tariff Compliance Filing dated February 11, 2011, which is effective July 1, 2011.

**DTS Customers:** In Q1 2013, a Rider C net adjustment of \$5.13 per MWh will be added to the DTS rates as a charge. [\$(73.4) million (Q1 2013 estimated total variance) / (14,289 GWh for Q1 2013) = \$5.13 per MWh]

Rider C Rates for Q1 2013	\$/MWh DTS	DTS Q1/13 GWh
Operating Reserve	\$ 0.10	14,289
Interconnection Charge	\$ 4.39	
Other System Support Services Charge	\$ 1.12	
Voltage Control	\$ (0.48)	
<b>Total charge (refund)</b>	<b>\$ 5.13</b>	

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.

Note - All references to DTS customers or rate schedules include FTS.