

June 28, 2012

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

Dear Market Participant:

Re: **Revised Information for Deferral Account Adjustment Rider C Charge  
for Third Quarter of 2012**

On May 31, 2012, the AESO posted a letter advising market participants that Deferral Account Adjustment Rider C for the third quarter of 2012 will be maintained at a \$2.84/MWh charge, the same level as for the first and second quarters of 2012. The AESO attached its usual Quarterly Rider C calculation to the letter, which showed an estimated deferral account balance of \$20.1 million overcollection at the end of the third quarter of 2012, excluding any Rider C collections or refunds during the quarter.

The AESO has found that the Quarterly Rider C calculation provided for Q3 2012 contained two errors. A revised calculation is attached, which now shows an estimated deferral account balance of \$47.2 million undercollection at the end of the third quarter, again excluding any Rider C collections or refunds during the quarter. The errors included an incorrect calculation of May-June estimated amounts and inadvertent use of increased rates to estimate Q3 revenue.

The revised Rider C calculation will have no impact on the actual Rider C charge during the third quarter of 2012, as the amount will continue to be maintained as a \$2.84/MWh charge as explained in the AESO's May 31 letter. The AESO estimates that maintaining Rider C as a \$2.84/MWh charge will result in a deferral account balance shortfall of \$8.8 million at the end of the third quarter of 2012, after accounting for Rider C collections during the quarter.

As noted in its May 31 letter, the AESO expects to revert to its normal process to determine Rider C for the fourth quarter of 2012 and will publish the Q4 Rider C amount on or before September 1, 2012.

More information, including the AESO's May 31 letter, 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 Q3 2012 - Revised

The following table provides a summary of the AESO's forecasted deferral account balance at April 30, 2012 and the Q3 2012 Rider C rate.

(\$ millions)

	Revenues Collected	(Costs Paid)	Variance Pre-2012	Rider 'C' Collected (Refunded) Pre-2012	Total Variance - Overcollected/ (Undercollected)
	DTS	DTS	DTS	DTS	DTS
<b>Pre-2012 Actuals <sup>(1)</sup></b>					
Operating reserve charge	(0.2)	(0.0)	(0.2)	-	(0.2)
Interconnection charge	0.0	-	0.0	-	0.0
Other system support services charge	(0.0)	(0.0)	(0.0)	-	(0.0)
Voltage control	0.0	(1.7)	(1.7)	-	(1.7)
<b>Pre-2012 Deferral Amount</b>	<b>(0.1)</b>	<b>(1.7)</b>	<b>(1.9)</b>	<b>-</b>	<b>(1.9)</b>

	Revenues Collected	(Costs Paid)	Variance April 2012 YTD	Rider 'C' Collected (Refunded) YTD April 2012	Total Variance - Overcollected/ (Undercollected)
	DTS	DTS	DTS	DTS	DTS
<b>YTD April 2012 Actual</b>					
Operating reserve charge	77.4	(78.1)	(0.8)	0.8	(0.0)
Interconnection charge	295.8	(329.7)	(33.9)	39.4	5.5
Other system support services charge	2.1	(6.2)	(4.1)	16.7	12.6
Voltage control	9.6	(3.0)	6.6	(3.6)	3.0
<b>YTD April 2012 Deferral Amount</b>	<b>384.8</b>	<b>(417.0)</b>	<b>(32.2)</b>	<b>53.3</b>	<b>21.0</b>

	Estimated Revenues	(Estimated Costs)	Variance May / June 2012 Estimate	Rider 'C' Collected (Refunded) May / June 2012	Total Variance - Overcollected/ (Undercollected)
	DTS	DTS	DTS	DTS	DTS
<b>May / June 2012 Estimate</b>					
Operating reserve charge	26.0	(26.2)	(0.3)	0.4	0.1
Interconnection charge	145.7	(173.8)	(28.1)	18.4	(9.7)
Other system support services charge	1.0	(5.2)	(4.2)	7.8	3.6
Voltage control	4.5	(1.5)	3.0	(1.7)	1.4
<b>Estimated May / June 2012 Deferral Balance</b>	<b>177.1</b>	<b>(206.7)</b>	<b>(29.6)</b>	<b>24.9</b>	<b>(4.7)</b>

	Estimated Revenues	(Estimated Costs)	Variance Q3 2012 Estimate	Rider 'C' Collected (Refunded) Q3 2012	Total Variance - Overcollected/ (Undercollected)
	DTS	DTS	DTS	DTS	DTS
<b>Q3 2012 Estimate <sup>(2)</sup></b>					
Operating reserve charge	61.2	(61.7)	(0.4)	-	(0.4)
Interconnection charge	222.6	(280.0)	(57.4)	-	(57.4)
Other system support services charge	1.5	(10.3)	(8.8)	-	(8.8)
Voltage control	6.9	(1.9)	5.0	-	5.0
<b>Estimated Q3 2012 Deferral Ending Balance</b>	<b>292.2</b>	<b>(353.8)</b>	<b>(61.6)</b>	<b>-</b>	<b>(61.6)</b>

	Estimated Revenues	(Estimated Costs)	Variance Q3 2012 Estimate	Estimated Rider 'C' Collected (Refunded) as of Q3 2012	Total Variance - Overcollected/ (Undercollected)
	DTS	DTS	DTS	DTS	DTS
<b>Total Estimated YTD Deferral Balance at Q3 2012 Pre-2012 and YTD April 2012 Actual, May / June 2012 and Q3 2012 Estimated</b>					
Operating reserve charge	164.4	(166.1)	(1.7)	1.1	(0.6)
Interconnection charge	664.0	(783.4)	(119.4)	57.8	(61.6)
Other system support services charge	4.6	(21.7)	(17.1)	24.5	7.3
Voltage control	20.9	(8.0)	12.9	(5.2)	7.7
<b>Estimated Deferral Balance at Q3 2012</b>	<b>854.0</b>	<b>(979.3)</b>	<b>(125.3)</b>	<b>78.1</b>	<b>(47.2)</b>

Numbers may not add due to rounding



- (1) The recovery or refund of deferral balances related to 2011 and prior production years which were settled before the end of 2011 are excluded from the Q3 2012 Rider C calculation and have been incorporated into the 2011 Deferral Account Reconciliation Application. The recovery or refund of 2011 and prior year amounts which were or are forecast to be settled in 2012 are included in the Q3 2012 Rider C calculation.
- (2) Forecast Q3 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 Q3 2012, a Rider C net adjustment of \$3.49 per MWh will be added to the DTS rates as a charge. [\$(47.2) million (YTD Q3 2012 estimated total variance) / (13,471GWh for Q3 2012) = \$3.49 per MWh]

<b>Rider C Rates for Q3 2012</b>	<b><u>\$/MWh DTS</u></b>
Operating Reserve	\$ 0.04
Interconnection Charge	\$ 4.57
Other System Support Services Charge	\$ (0.55)
Voltage Control	<u>\$ (0.57)</u>
<b>Total charge (refund)</b>	<b><u>\$ 3.49</u></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.