



## Estimated Deferral Account Summary For Q1 2004

This document provides a summary of the forecasted balances of the AESO's deferral accounts for Quarter 1 of 2004. For purposes of this estimate the 2003 Rates Schedules (Decision 2003-077) that came into effect on December 1, 2003 were used.

The AESO's estimated deferrals for January - March are summarized as follows:

	Estimated Revenues			Estimated Costs			Variance		
	STS	DTS	Total	STS	DTS	Total	STS	DTS	Overall
Operating reserve charge <sup>(1)</sup>									
Blackstart/UFM/Hydro Motor/Load Shedding/ILRAS	1.0	0.9	1.9	0.9	1.4	2.3	0.1	(0.5)	(0.4)
Transmission Must Run	4.4	3.8	8.2	9.0	9.0	18.0	(4.6)	(5.2)	(9.8)
Operating Reserves	28.6	24.6	53.2	15.1	15.1	30.2	13.5	9.5	23.0
<b>Total Operating reserve charge</b>	<b>34.0</b>	<b>29.3</b>	<b>63.3</b>	<b>25.0</b>	<b>25.5</b>	<b>50.5</b>	<b>9.0</b>	<b>3.8</b>	<b>12.8</b>
Interconnection charge <sup>(2)</sup>	46.2	57.5	103.7	45.2	62.4	107.6	1.0	(4.9)	(3.9)
Other system support services charge <sup>(3)</sup>	-	0.5	0.5	-	0.5	0.5	-	-	-
Losses charge <sup>(4)</sup>	42.5	-	42.5	42.5	-	42.5	-	-	-
<b>Estimated Total for Q1</b>	<b>122.7</b>	<b>87.3</b>	<b>210.0</b>	<b>112.7</b>	<b>88.4</b>	<b>201.1</b>	<b>10.0</b>	<b>(1.1)</b>	<b>8.9</b>
2003 Deferral Carryforward (inc December 2003 estimate)	803.9	637.4	1,441.3	824.3	653.4	1,477.7	(20.4)	(16.0)	(36.4)
<b>Estimated Q1 2004 Deferrals Ending Balance</b>	<b>926.6</b>	<b>724.7</b>	<b>1,651.3</b>	<b>937.0</b>	<b>741.8</b>	<b>1,678.8</b>	<b>(10.4)</b>	<b>(17.1)</b>	<b>(27.5)</b>

**STS Customers:** In Q1, 2004 a flat rate Rider C adjustment of **\$0.65 per MWh** will be added your STS charges as a charge in Q1 2004. Any remaining adjustments to Q1 deferral amounts will carry forward into Q2 of 2004. [ $-\$10,400,000$  (Q1 estimate) / (5,372,000 MWh per Month X 3 months) = \$0.65 per MWh]

**DTS Customers:** In Q1, 2004 a flat rate Rider C adjustment of **\$1.22 per MWh** will be added to your DTS charges as a charge in Q1 2004. Any remaining adjustments to Q1 deferral amounts will carry forward into Q2 of 2004. [ $-\$17,100,000$  (Q1 estimate) / (4,630,000 MWh per Month X 3 months) = \$1.22 per MWh]

Rider C Rates for Q1 2004	STS	DTS	\$/MWh	\$/MWh
	Q1/04	Q1/04		
	MWh	MWh	STS	DTS
Operating Reserve	16,116	13,890	\$ 3.37	\$ 1.80
Interconnection Charge			\$ 1.76	\$ (0.62)
Other system support services charge			\$ -	\$ 0.04
Losses charge			\$ (4.48)	\$ -
<b>Total charge (refund)</b>			<b>\$ 0.65</b>	<b>\$ 1.22</b>

- Costs for Operating reserve charges are split 50/50 between STS and DTS customers. Includes TMR costs, Operating reserve costs for active, standby and backstop.
- Interconnection charges include wires costs, other industry costs, and TA costs. STS is responsible for 42% of these costs and DTS 58%. Also, revenues collected from rate schedules other than STS and DTS have been included in revenues collected for interconnection charges.
- Other system support services charges are allocated 100% to DTS customers.
- 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.

**NOTE 1:**

The analysis of the expected overage attributable to STS and shortage attributable to DTS customers are the AESO's best estimate of the costs and revenues based on the information available at the time that this summary was prepared. **The estimated deferral numbers provided above do not include the effect of Rate Rider C that may be applied in Q1, 2004.** This information is an estimate only and may not represent the actual costs incurred and revenue collected in Quarter 1, 2004.

**Assumptions Used**

The above forecast was based on the following assumptions of volumes and pool price:

Pool Price	<b>\$52.80</b> /MWh
Generation	<b>5,372,000</b> MWh/Month
Load	<b>4,630,000</b> MWh/Month
Line Losses Volumes	<b>259,800</b> MWh/Month
Active Reserve Volumes	<b>448,130</b> MWh/Month
Standby Reserve Volumes	<b>207,500</b> MWh/Month

**Operating Reserve Charge**

The Operating Reserve Charge includes costs associated with the procurement of active reserves; premiums paid for standby reserves, activation costs of standby, Hydro motoring costs, Load Shedding, Blackstart, and Generation RAS.

**Interconnection Charge**

The majority of the costs attributable to this group are fixed in nature. They include wire costs paid to the Transmission Facilities Owners, other industry costs, and AESO costs.

**2003 Deferral Carry forward by Category**

	<b>STS</b>	<b>DTS</b>	<b>Total</b>
Total Operating reserve charge	(63.3)	(28.8)	(92.1)
Interconnection charge	(29.3)	13.5	(15.8)
Other system support services charge	-	(0.7)	(0.7)
Losses charge	72.2	-	72.2
	<b>(20.4)</b>	<b>(16.0)</b>	<b>(36.4)</b>