

Quarterly Rate Rider C Calculation For Q4 2004

This document provides a summary of the forecasted balances of the AESO's deferral accounts for Q4 2004. For purposes of this estimate, the 2003 Rates Schedules (Decision 2003-077) that came into effect on December 1, 2003 were used. There have been no approved rate changes for 2004.

The actual YTD August 2004 and September to December 2004 estimated deferral account balances are summarized as follows:

(\$ millions)	Revenues Collected			(Costs Paid)			Variance Q3 2004			Rider 'C' Collected (Refunded) Q3 2004 ⁽⁵⁾			Total Variance - Overcollected/ (Undercollected)		
	STS	DTS	Total	STS	DTS	Total	STS	DTS	Total	STS	DTS	Total	STS	DTS	Overall
August 2004 Deferral YTD															
Total Operating reserve charge ⁽¹⁾	76.4	78.7	155.1	(36.0)	(36.0)	(72.0)	40.4	42.7	83.1	(27.2)	(34.8)	(62.0)	13.2	7.9	21.1
Interconnection charge ⁽²⁾	101.2	150.2	251.4	(120.4)	(166.2)	(286.6)	(19.2)	(16.0)	(35.2)	19.9	19.4	39.3	0.7	3.4	4.1
Other system support services charge ⁽³⁾	-	1.5	1.5	-	(1.7)	(1.7)	-	(0.2)	(0.2)	-	0.3	0.3	-	0.1	0.1
Losses charge ⁽⁴⁾	94.4	-	94.4	(104.0)	-	(104.0)	(9.6)	-	(9.6)	1.8	-	1.8	(7.8)	-	(7.8)
YTD August 2004 Deferral Amount	272.0	230.4	502.4	(260.4)	(203.9)	(464.3)	11.6	26.5	38.1	(5.5)	(15.1)	(20.6)	6.1	11.4	17.5

September 2004 Estimate	Estimated Revenues			(Estimated Costs)			Variance Sept 2004 Estimate			Estimated Rider 'C' Collected (Refunded)			Total Variance - Overcollected/ (Undercollected)		
	STS	DTS	Total	STS	DTS	Total	STS	DTS	Overall	STS	DTS	Overall	STS	DTS	Overall
Total Operating reserve charge ⁽¹⁾	9.6	9.8	19.4	(5.7)	(5.7)	(11.4)	3.9	4.1	8.0	(9.5)	(4.2)	(13.7)	(5.6)	(0.1)	(5.7)
Interconnection charge ⁽²⁾	12.6	18.6	31.2	(15.9)	(21.9)	(37.8)	(3.3)	(3.3)	(6.6)	3.4	3.2	6.6	0.1	(0.1)	0.0
Other system support services charge ⁽³⁾	-	0.2	0.2	-	(0.2)	(0.2)	-	-	-	-	-	-	-	-	-
Losses charge ⁽⁴⁾	12.9	-	12.9	(12.8)	-	(12.8)	0.1	-	0.1	3.2	-	3.2	3.3	-	3.3
Estimated September 2004 Deferral Ending Balance	35.1	28.6	63.7	(34.4)	(27.8)	(62.2)	0.7	0.8	1.5	(2.9)	(1.0)	(3.9)	(2.2)	(0.2)	(2.4)

Q4 2004 Estimate	Estimated Revenues			(Estimated Costs)			Variance Q4 2004 Estimate			Rider 'C' Collected (Refunded) ⁽⁶⁾			Total Variance - Overcollected/ (Undercollected)		
	STS	DTS	Total	STS	DTS	Total	STS	DTS	Overall	STS	DTS	Overall	STS	DTS	Overall
Total Operating reserve charge ⁽¹⁾	38.4	38.5	76.9	(18.1)	(18.1)	(36.2)	20.3	20.4	40.7	-	-	-	20.3	20.4	40.7
Interconnection charge ⁽²⁾	40.8	58.3	99.1	(47.5)	(65.6)	(113.1)	(6.7)	(7.3)	(14.0)	-	-	-	(6.7)	(7.3)	(14.0)
Other system support services charge ⁽³⁾	-	0.5	0.5	-	(0.6)	(0.6)	-	(0.1)	(0.1)	-	-	-	-	(0.1)	(0.1)
Losses charge ⁽⁴⁾	49.8	-	49.8	(49.0)	-	(49.0)	0.8	-	0.8	-	-	-	0.8	-	0.8
Estimated Q4 2004 Deferral Ending Balance	129.0	97.3	226.3	(114.6)	(84.3)	(198.9)	14.4	13.0	27.4	-	-	-	14.4	13.0	27.4

Total Estimated Deferral Balance at Dec 2004 Q4 2004 Estimate	Estimated Revenues			(Estimated Costs)			Variance Q4 2004 Estimate			Estimated Rider 'C' Collected (Refunded) as of Q3 2004			Total Variance - Overcollected/ (Undercollected)		
	STS	DTS	Total	STS	DTS	Total	STS	DTS	Overall	STS	DTS	Overall	STS	DTS	Overall
Total Operating reserve charge ⁽¹⁾	124.4	127.0	251.4	(59.8)	(59.8)	(119.6)	64.6	67.2	131.8	(36.7)	(39.0)	(75.7)	27.9	28.2	56.1
Interconnection charge ⁽²⁾	154.6	227.1	381.7	(183.8)	(253.7)	(437.5)	(29.2)	(26.6)	(55.8)	23.3	22.6	45.9	(5.9)	(4.0)	(9.9)
Other system support services charge ⁽³⁾	-	2.2	2.2	-	(2.5)	(2.5)	-	(0.3)	(0.3)	-	0.3	0.3	-	-	-
Losses charge ⁽⁴⁾	157.1	-	157.1	(165.8)	-	(165.8)	(8.7)	-	(8.7)	5.0	-	5.0	(3.7)	-	(3.7)
Estimated Deferral Balance at Dec 2004	436.1	356.3	792.4	(409.4)	(316.0)	(725.4)	26.7	40.3	67.0	(8.4)	(16.1)	(24.5)	18.3	24.2	42.5

- Costs for Operating reserve charges are split 50/50 between STS and DTS customers and includes TMR costs, Operating reserve costs for active, standby and backstop.
- Interconnection charges include wires costs, other industry costs, and G&A costs. STS is responsible for 42% of these costs and DTS is responsible for 58% of these costs. Revenues collected from rate schedules other than STS and DTS have been included in revenues collected from 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.
- The representation of the 2004 Rider C collections (refunds) reflects the AESO proposed methodology for the reconciliation of the 2003 deferral accounts included in the AESO 2003 Deferral Account Reconciliation Application filed with the Alberta Energy and Utilities Board on June 4, 2004 / AESO re-filing 2003 Deferral Account Reconciliation Application filed the Alberta Energy and Utilities Board on August 20, 2004. This methodology is subject to Board approval.
- Q4 2004 forecasted Rider C collections (refunds) have not been incorporated into the above table.



STS Customers: In Q4 2004 the Rider C adjustment of **\$(1.33) per MWh** will be added to your STS rates as a refund. Any remaining adjustments to Q4 deferral amounts will carry forward into Q1 2005. [\$18.3 million (Q4 2004 estimated total variance) / (13,874 GWh for Q4) = \$(1.33) per MWh]

DTS Customers: In Q4 2004 the Rider C adjustment of **\$(1.84) per MWh** will be added to your DTS rates as a refund. Any remaining adjustments to Q4 deferral amounts will carry forward into Q1 2005. [\$24.2 million (Q4 2004 estimated total variance) / (13,189 GWh for Q4) = \$(1.84) per MWh]

Rider C Rates for Q4 2004	STS	DTS	\$/MWh	
	Q4/04 GWh	Q4/04 GWh	STS	DTS
Operating Reserve	13,874	13,189	\$ (2.01)	\$ (2.14)
Interconnection Charge			0.42	0.30
Other System Support Services Charge			-	-
Losses Charge			0.26	-
Total charge (refund)			\$ (1.33)	\$ (1.84)

(Comprised of accumulated variances from Q1 to Q3 2004)

Q4 2004 Assumptions Used

The Q4 forecast for Rider C is based on the following assumptions:

Q4 Average Pool Price	\$69.28/MWh
Line Losses Volumes	236,000 MWh/Month

NOTE

The analysis of the expected over collection attributable to STS and over collection 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. This information is an estimate only and may not represent the actual costs incurred and revenue collected in Q4 2004.