



August 25, 2005

Sent via e-mail

Interested Parties

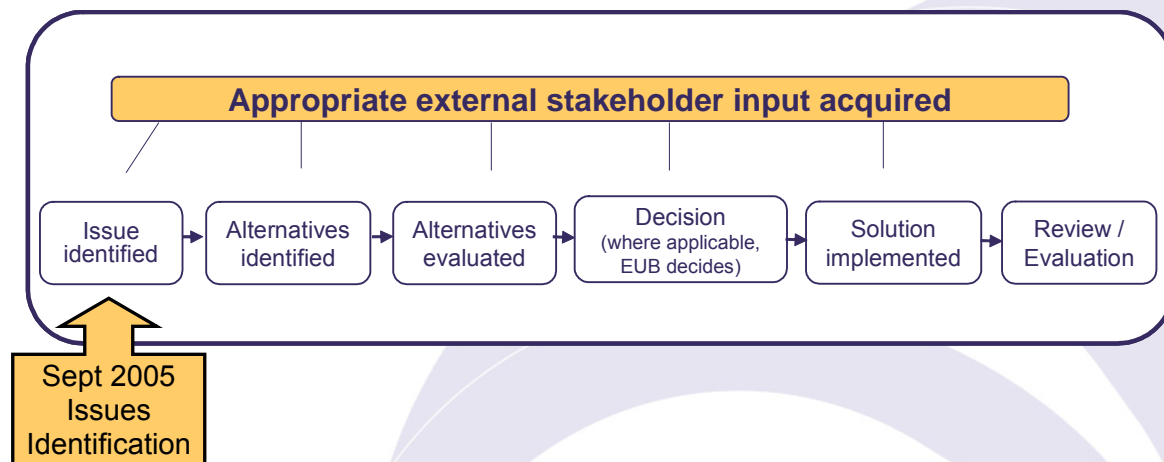
AESO 2005-2006 General Tariff Application

Dear Stakeholder:

Re: **AESO 2007 Rates Consultation**

During the 2005-2006 General Tariff Application (GTA) process the AESO promised to consult with customers on rates after the decision on the application was issued, in preparation for filing its 2007 application. As the 2005-2006 decision is expected by September 1, the AESO is initiating that consultation and inviting parties to participate.

The first stage of consultation will be identification of issues, the initial step in the AESO consultation process illustrated below.



The AESO recognizes that the 2005-2006 GTA decision will be relevant to much of the discussion about rates. Based on matters raised during that process, the AESO expects the rates consultation to include at least the following topics:

- (a) refinements to cost functionalization and allocation study;
- (b) potential development of separate rate classes addressing, for example, multiple-user PODs and short term back-up supply, and including AESO standard facilities for each rate class;
- (c) further unbundling of AESO rates;

- (d) ratchet level and duration; and
- (e) assessment of billing determinants.

The AESO notes that other consultation processes are addressing export, import, and merchant interconnection tariffs as well as terms and conditions of service for the AESO's 2007 GTA. The AESO recognizes there is some overlap of those topics with rates matters, and will coordinate these consultations processes where appropriate.

The AESO proposes the following schedule for the 2007 rates consultation. Parties who wish to participate in the September 14 meeting should indicate their intent to do so by **4:00 pm on Friday, September 9, 2005** to Maureen Winslow at maureen.winslow@aeso.ca or (403) 539-2463. The AESO also welcomes written comments from parties at that time, on the proposed schedule, the process, and specific topics that parties would like addressed during the consultation. Please note that the schedule is subject to change, due to other matters not related to this consultation.

1. Sep 14, 2005 **Consultation meeting** with interested parties to identify and clarify issues for the 2007 rates, including any direction provided in the EUB decision on the AESO's 2005-2006 GTA. This meeting will take place in downtown Calgary from 9:00 am – 12:00 noon.
2. Oct 12, 2005 **Discussion paper** distributed by the AESO including initial proposals for the 2007 rate design.
3. Oct 28, 2005 **Stakeholder comments** to be provided on the AESO's October 12 discussion paper. All comments will be made public by the AESO.
4. Nov 16, 2005 **Comment matrix** distributed by the AESO as a summary of views expressed in October 28 stakeholder comments, including AESO responses to the comments.
5. Nov 23, 2005 **Consultation meeting** to present the AESO's proposal for 2007 rates and terms and conditions, incorporating consultation comments to date and seeking additional feedback. This meeting will take place in downtown Calgary.
6. Nov 30, 2005 **Stakeholder comments** to be provided based on additional discussion at the November 16 meeting. All comments will be made public by the AESO.
7. Dec 5, 2005 **Comment matrix** distributed by AESO as summary of views expressed in Nov 30 stakeholder comments, including AESO responses to the comments and any revisions to the AESO proposal.
8. Dec 8, 2005 **Final stakeholder comments** to be provided based on December 5 comment matrix.
9. Dec 15, 2005 **AESO filing** of 2007 rates as part of General Tariff Application.

The AESO plans to distribute draft presentation slides in advance of the September 14 meeting. The slides and other consultation documents will be available on the AESO's website at www.aeso.ca by following Quick Links ► Current Regulatory Activities ► AESO 2007 Rates Consultation. The AESO appreciates stakeholders' participation in this consultation.

If you have any comments or questions on this process or schedule, please contact me at (403) 539-2465 or john.martin@aeso.ca, or Karen Mazuryk at (403) 539-2590 or karen.mazuryk@aeso.ca.

Yours truly,

[original signed by]

John Martin
Manager, Regulatory

cc: Jamie Cameron, EUB
Rob Senko, AESO
Karen Mazuryk, AESO