

Alberta Electric System Operator  
2004-2005 Deferral Account Reconciliation Application

**Production Revenue for Deferral Purposes**

(\$million)

**Total  
Change <sup>1</sup>**

1 2002 Adjustments	(1.9)
2 1999-2001 Adjustments	(0.1)

**Total  
Change <sup>2</sup>**

**Notes:**

1 Adjustments to determine 2002 production year	
Include 2002 revenue recorded in 2003	(1.0)
Include 2002 revenue recorded in 2004	(0.2)
Include 2002 revenue recorded in 2005	(0.5)
Include 2002 revenue recorded in 2006	(0.1)
Include 2002 revenue recorded in 2007	0.0
	<u>(1.9)</u>
2 Adjustments to determine 1999 to 2001 production years:	
Include 2001 revenue recorded in 2003	(0.0)
Include 2001 revenue recorded in 2004	0.0
Include 2001 revenue recorded in 2005	(0.1)
Include 2001 revenue recorded in 2006	0.0
Include 2001 revenue recorded in 2007	0.0
	<u>(0.1)</u>

*Numbers may not add due to rounding*

Alberta Electric System Operator  
2004-2005 Deferral Account Reconciliation Application

**Production Costs for Deferral Purposes**

(\$million)

**Total  
Change <sup>1</sup>**

3 2002 Adjustments	(30.8)
4 1999 to 2001 Adjustments	(7.9)

**Notes:**

**Total  
Change <sup>2</sup>**

3 Adjustments to determine 2002 production year	
Include 2002 costs recorded in 2003	1.1
Include 2002 costs recorded in 2004	(19.5)
Include 2002 costs recorded in 2005	(12.3)
Include 2002 costs recorded in 2006	(0.0)
Include 2002 costs recorded in 2007	0.0
	<u>(30.8)</u>
4 Adjustments to determine 1999 to 2001 production years:	
Include 2001 costs recorded in 2003	(0.5)
Include 2001 costs recorded in 2004	(7.3)
Include 2001 costs recorded in 2005	(0.1)
Include 2001 costs recorded in 2006	(0.0)
Include 2000 costs recorded in 2003	0.1
Include 2000 costs recorded in 2004	(0.1)
Include 1999 costs recorded in 2003	0.0
Include 2000 costs recorded in 2006	(0.0)
Total 1999 to 2001	<u>(7.9)</u>

*Numbers may not add due to rounding*

<sup>1</sup> These adjustments are included in the 13th month of 2003 in the 2003 Deferral Account Reconciliation Application filed in 2004.

<sup>2</sup> Changes to 1999-2002 production revenue and costs as of July 2007 compared to the 2003 Deferral Account Application which had a date cut-off of January 31, 2004, except transmission losses which had a cut-off of August 31, 2004.

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2003 Income Statement Reconciliation to Deferral Balances

2003 Production Revenue for Deferral Purposes

(\$million)

	1st Filing 2003 Deferral Accounts	2nd Filing 2003 Deferral Accounts
1 Transmission Revenue	\$ 704.7	\$ 704.7
2 Transmission Interest Income	4.1	4.0
3 Sub-total	<u>708.8</u>	<u>708.8</u>
4 2003 Deferral Balance	(62.4)	(62.4)
5 2003 Rider C Refunds	209.4	209.4
6 Adjustments to 2003	<u>(3.0)</u>	<u>(5.6)</u>
7 2003 Deferral Revenue	<u>\$ 852.8</u>	<u>\$ 850.1</u>

Notes:

- 1 Agrees to the 2003 AESO Annual Report - Management Discussion & Analysis page 24, Table Section 3.1
- 2 Agrees to the 2003 AESO Annual Report - Management Discussion & Analysis page 24, Table Section 3.1
- 3 Agrees to the 2003 AESO Annual Report - Management Discussion & Analysis page 25, Paragraph 1
- 4 This is a required deduction to the reconciliation to reverse the 2003 year end revenue adjustment that was made to deferred revenue for net income to have a zero balance.
- 5 Agrees to the 2003 Deferral Account Application, Table 1 & 7 and 2004-2005 Deferral Application Appendix N  
This is a required add back to the reconciliation to reverse the 2003 Rider C refunds that have reduced the 2003 collected revenues: \$158.0M relates to 2003 and \$51.4 relates to 2002
- 6 Miscellaneous adjustments to create production year revenue from income statement revenue, an update to Note 6 of Table 2 of the 2003 Deferral Account Application.

	1st Filing 2003 Deferral Accounts	2nd Filing 2003 Deferral Accounts
Reclassification from interest revenue to expense offset (TMR refund interest)	\$ (4.0)	\$ (4.0)
Reclassification of non-wire costs from revenue offset to expense for deferral purposes	2.0	2.0
Remove 2002 accrual reversals	<u>(1.0)</u>	<u>(1.0)</u>
Sub-total	<u>\$ (3.0)</u>	<u>\$ (3.0)</u>
Adjustments to determine 2003 production year		
Add 2003 true-ups of prior year actuals from year end accruals		(0.0)
Remove 2002 revenue recorded in 2003 (previously included in 13th month)		1.0
Remove 2001 revenue recorded in 2003 (previously included in 13th month)		0.0
Include 2003 revenue recorded in 2004		0.5
Include 2003 revenue recorded in 2005		(3.6)
Include 2003 revenue recorded in 2006		<u>(0.6)</u>
Sub-total of adjustments since 1st filing		<u>\$ (2.7)</u>
Total adjustments to determine production year revenue	<u>\$ (3.0)</u>	<u>\$ (5.6)</u>

- 7 2003 Deferral Account Application, Table 1 and 2004-2005 Deferral Account Application Table 2-2

Numbers may not add due to rounding

Alberta Electric System Operator  
2004-2005 Deferral Account Reconciliation Application

2003 Income Statement Reconciliation to Deferral Balances

2003 Production Costs for Deferral Purposes

(\$million)

	1st Filing 2003 Deferral Accounts	2nd Filing 2003 Deferral Accounts
Transmission Expenses		
1 Wires	\$ 327.8	\$ 327.8
2 Line Loss	186.2	186.2
3 Ancillary Services	155.8	155.8
4 Other Industry Costs	9.2	9.2
5 G&A, Depreciation, Interest	29.7	29.7
6 Sub-total	\$ 708.8	\$ 708.8
7 Deferral Adjustments	24.6	32.9
8 <b>2003 Deferral Expense</b>	<u>\$ 733.3</u>	<u>\$ 741.6</u>

Notes:

- 1 Agrees to the 2003 AESO Annual Report - Management Discussion & Analysis page 26, Table Section 4.1
- 2 Agrees to the 2003 AESO Annual Report - Management Discussion & Analysis page 26, Table Section 4.1
- 3 Agrees to the 2003 AESO Annual Report - Management Discussion & Analysis page 26, Table Section 4.1
- 4 Agrees to the 2003 AESO Annual Report - Management Discussion & Analysis page 26, Table Section 4.1
- 5 Agrees to the 2003 AESO Annual Report - Management Discussion & Analysis page 29, Table Section 4.2.4.
- 7 Miscellaneous adjustments to create production year expenses from income statement expenses:

	1st Filing 2003 Deferral Accounts	2nd Filing 2003 Deferral Accounts
Reclassification from interest revenue to expense offset (Transmission Must Run refund interest)	\$ (4.0)	\$ (4.0)
2003 interest related to Transmission Must Run refund (previously included in 2002 deferral reconciliation)	3.6	3.6
Remove 2002 accrual reversals	8.1	8.1
2002 line losses paid in 2003 (previously included in 2002 deferral reconciliation)	(4.0)	(4.0)
Transmission Must Run refund (as per Decision 2003-033) (received Q1 2003 relating to 2002)	21.5	21.5
Reclassification of non-wire costs from revenue offset to expense for deferral purposes	2.0	2.0
2003 line loss charges from the first & second quarter 2004 (reduction to expenses)	(1.9)	(1.9) <sup>1</sup>
Include 2002 costs recorded in 2003 (previously included in 13th month)	(0.7)	(0.7)
Sub-total	<u>\$ 24.6</u>	<u>\$ 24.6</u>
2003 accrual reversal (previously included in 2003 deferral reconciliation)	-	(0.1)
Adjustments to determine 2003 production year		
Remove 2002 costs recorded in 2003 (previously included in 13th month)	-	(1.1)
Remove 2001 costs recorded in 2003 (previously included in 13th month)	-	0.5
Remove 2000 costs recorded in 2003 (previously included in 13th month)	-	(0.1)
Remove 1999 costs recorded in 2003 (previously included in 13th month)	-	(0.0)
Include 2003 costs recorded in 2004	-	19.0 <sup>1</sup>
Include 2003 costs recorded in 2005		(10.0)
Include 2003 costs recorded in 2006		(0.0)
Sub-total of adjustments since 1st filing		<u>8.2</u>
Total adjustments to determine production year costs	<u>\$ 24.6</u>	<u>\$ 32.9</u>
8 2003 Deferral Account Application, Table 1 and 2004-2005 Deferral Account Application Table 2-2		

Numbers may not add due to rounding

<sup>1</sup> The sum of these two lines items (\$19.0-\$1.9 = \$17.1) equals the 2003 costs recorded in 2004 on the 2004 Income Statement Reconciliation.

Alberta Electric System Operator  
2004-2005 Deferral Account Reconciliation Application

2004 Income Statement Reconciliation to Deferral Balances

**2004 Production Revenue for Deferral Purposes**

(\$million)

1 Transmission Revenue	\$	662.4
2 Transmission Interest Income		-
3 Sub-total	\$	662.4
4 2004 Deferral Balance		70.7
5 2004 Rider C Refunds		28.3
6 2004 Deferral Adjustments		(3.6)
7 <b>2004 Deferral Revenue</b>	<b>\$</b>	<b>757.8</b>

**Notes:**

- 1 Agrees to the 2004 AESO Annual Report - Management Discussion & Analysis page 22, Table Section 4.1
- 2 Agrees to the 2004 AESO Annual Report - Management Discussion & Analysis page 22, Table Section 4.1
- 4 Agrees to the 2004 AESO Annual Report - Management Discussion & Analysis page 23, Table Section 4.1  
This is a required deduction to the reconciliation to reverse the 2004 year end revenue adjustment that was made to deferred revenue for net income to have a zero balance.
- 5 Agrees to the 2004-2005 Deferral Account Application, Appendix N.  
This is a required add back to the reconciliation to reverse the 2004 Rider C refunds that have reduced the 2004 collected revenues: \$(38.5)M relates to 2003 and \$66.8M relates to 2004 (Appendix N).
- 6 Miscellaneous adjustments to create production year revenue from income statement revenue:

Transmission Must Run interest included in 2003 Deferral Account Application	\$	(0.2)
Remove 2003 true-ups of prior year actuals from year end accruals		0.0
Add 2004 true-ups of prior year actuals from year end accruals		0.0
Remove 2001 revenue recorded in 2004		(0.0)
Remove 2002 revenue recorded in 2004		0.2
Remove 2003 revenue recorded in 2004		(0.5)
Include 2004 revenue recorded in 2005		(3.1)
Include 2004 revenue recorded in 2006		(0.0)
Total	<u>\$</u>	<u>(3.6)</u>
- 7 Agrees to the 2004-2005 Deferral Account Reconciliation Application, Table 2-2 and Table 4-3

Numbers may not add due to rounding

Alberta Electric System Operator  
2004-2005 Deferral Account Reconciliation Application

2004 Income Statement Reconciliation to Deferral Balances

**2004 Production Costs for Deferral Purposes**

(\$million)

1	Transmission Expenses		
2	Wires	\$	398.1
3	Ancillary Services		123.0
4	Line Loss		109.1
5	Other Industry Costs		5.0
6	G&A, Depreciation, Interest		27.6
7	Income Taxes		(0.4)
8	Sub-total	\$	662.4
9	2004 Deferral Adjustments		27.4
10	<b>2004 Deferral Expense</b>	<b>\$</b>	<b>689.8</b>

**Notes:**

- 1 Agrees to the 2004 AESO Annual Report - Management Discussion & Analysis page 25, Table Section 5.1
- 2 Agrees to the 2004 AESO Annual Report - Management Discussion & Analysis page 25, Table Section 5.1
- 3 Agrees to the 2004 AESO Annual Report - Management Discussion & Analysis page 25, Table Section 5.1
- 4 Agrees to the 2004 AESO Annual Report - Management Discussion & Analysis page 25, Table Section 5.1
- 5 Agrees to the 2004 AESO Annual Report - Management Discussion & Analysis page 25, Table Section 5.1
- 6 Agrees to the 2004 AESO Annual Report - Management Discussion & Analysis page 27, Table Section 5.2.4
- 7 Agrees to the 2004 AESO Annual Report - Statement of Operations page 33

9	Miscellaneous adjustments to create production year expenses from income statement expenses:		
	Amortization of Rent Free Period (expense not included in deferrals)	\$	(0.9)
	Remove 2003 true-ups of prior year actuals from year end accruals		0.1
	2000 costs recorded in 2004		0.1
	2001 costs recorded in 2004		7.3
	2002 costs recorded in 2004		19.5
	2003 costs recorded in 2004		(17.1)
	2004 costs included in 2005		21.1
	2004 costs included in 2006		(2.9)
	2004 costs included in 2007		0.2
		<b>\$</b>	<b>27.4</b>

- 10 Agrees to the AESO Deferral Account Reconciliation Application, Table 2-2, Table 4-1 and Table 4-4

Numbers may not add due to rounding

Alberta Electric System Operator  
2004-2005 Deferral Account Reconciliation Application

2005 Income Statement Reconciliation to Deferral Balances

**2005 Production Revenue for Deferral Purposes**

(\$million)

1 Transmission Revenue	\$	845.6
2 Transmission Interest Income		0.8
3 Sub-total	\$	846.4
4 2005 Deferral Balance		(18.8)
5 2005 Rider C Refunds		(2.8)
6 2005 Deferral Adjustments		7.0
7 <b>2005 Deferral Revenue</b>	<b>\$</b>	<b>831.8</b>

**Notes:**

- 1 Agrees to the 2005 AESO Annual Report - Management Discussion & Analysis page 35
- 2 Agrees to the 2005 AESO Annual Report - Management Discussion & Analysis page 35
- 4 Agrees to the 2005 AESO Annual Report - Management Discussion & Analysis page 36
  - \* This is a required deduction to the reconciliation to reverse the 2005 year end revenue adjustment that was made to deferred revenue for net income to have a zero balance.
- 5 Agrees to Appendix N - Rider C Reconciliation
  - \* This is a required add back to the reconciliation to reverse the 2005 Rider C refunds that have reduced the 2005 collected revenues: \$5.3 million relates to 2004 and (\$8.1) million relates to 2005 (Appendix N).
- 6 Miscellaneous adjustments to create production year revenue from income statement revenue:
 

Remove 2004 true-ups of prior year actuals from year end accruals	\$	0.0
Add 2005 true-ups of prior year actuals from year end accruals		0.0
Remove 2001 revenue recorded in 2005		0.1
Remove 2002 revenue recorded in 2005		0.5
Remove 2003 revenue recorded in 2005		3.6
Remove 2004 revenue recorded in 2005		3.1
Include 2005 revenue recorded in 2006		(0.3)
Include 2005 revenue recorded in 2007		(0.1)
<b>Total</b>	<b>\$</b>	<b>7.0</b>
- 7 Agrees to the 2004-2005 Deferral Account Reconciliation Application, Table 2-2, Table 3-2 and Table 3-3

*Numbers may not add due to rounding*

Alberta Electric System Operator  
2004-2005 Deferral Account Reconciliation Application

2005 Income Statement Reconciliation to Deferral Balances

**2005 Production Costs for Deferral Purposes**

(\$million)

Transmission Expenses			
1	Wires	\$	420.0
2	Ancillary Services		189.7
3	Line Loss		200.8
4	Other Industry Costs		5.3
5	G&A, Depreciation, Interest		30.5
6	Sub-total	\$	846.4
7	2005 Deferral Adjustments		10.8
8	<b>2005 Deferral Expense</b>	<b>\$</b>	<b>857.2</b>

**Notes:**

- 1 Agrees to the 2005 AESO Annual Report - Management Discussion & Analysis page 39
- 2 Agrees to the 2005 AESO Annual Report - Management Discussion & Analysis page 39
- 3 Agrees to the 2005 AESO Annual Report - Management Discussion & Analysis page 39
- 4 Agrees to the 2005 AESO Annual Report - Management Discussion & Analysis page 39
- 5 Agrees to the 2005 AESO Annual Report - Management Discussion & Analysis page 42

7	Miscellaneous adjustments to create production year expenses from financial expenses:		
	Amortization of Rent Free Period (expense not included in deferrals)	\$	(0.2)
	Remove 2004 true-ups of prior year actuals from year end accruals		0.0
	Add 2005 true-ups of prior year actuals from year end accruals		1.5
	2001 costs recorded in 2005		0.1
	2002 costs recorded in 2005		12.3
	2003 costs recorded in 2005		10.0
	2004 costs recorded in 2005		(21.1)
	2005 costs included in 2006		7.6
	2005 costs included in 2007		0.6
		\$	10.8
8	Agrees to the 2004-2005 Deferral Account Reconciliation Application, Table 2-2 and Table 3-1		

Numbers may not add due to rounding

Alberta Electric System Operator  
2004-2005 Deferral Account Reconciliation Application

2006 Income Statement Reconciliation to Deferral Balances

**2006 Production Revenue for Deferral Purposes**

(\$million)

1	Transmission Revenue	\$	946.3
2	Transmission Interest Income		0.8
3	Sub-total	\$	947.1
4	2006 Deferral Balance		(7.0)
5	2006 Rider C Refunds		10.2
6	2006 Deferral Adjustments		0.5
7	<b>2006 Deferral Revenue</b>	<b>\$</b>	<b>950.7</b>

**Notes:**

- 1 Agrees to the 2006 AESO Annual Report - Management Discussion & Analysis page 37
- 2 Agrees to the 2006 AESO Annual Report - Management Discussion & Analysis page 37
- 4 Agrees to the 2006 AESO Annual Report - Note 7 AESO Deferral Accounts Payable page 58  
 \* This is a required deduction to the reconciliation to reverse the 2006 year end revenue adjustment that was made to deferred revenue for net income to have a zero balance.
- 5 Agrees to Appendix N - Rider C Reconciliation  
 \* This is a required add back to the reconciliation to reverse the 2005 Rider C refunds that have reduced the 2006 collected revenues: (\$10.6) million relates to 2005 and \$20.7 million relates to 2006 (Appendix N).
- 6 Miscellaneous adjustments to create production year revenue from income statement revenue:
 

Remove 2005 true-ups of prior year actuals from year end accruals	\$	0.0
Add 2006 true-ups of prior year actuals from year end accruals		0.0
Remove 2001 revenue recorded in 2006		0.0
Remove 2002 revenue recorded in 2006		0.1
Remove 2003 revenue recorded in 2006		0.6
Remove 2004 revenue recorded in 2006		0.0
Remove 2005 revenue recorded in 2006		0.3
Remove 2005 revenue recorded in 2007		(0.5)
	<b>\$</b>	<b>0.5</b>

Numbers may not add due to rounding

Alberta Electric System Operator  
2004-2005 Deferral Account Reconciliation Application

2006 Income Statement Reconciliation to Deferral Balances

**2006 Production Costs for Deferral Purposes**

(\$million)

	Transmission Expenses		
1	Wires	\$	444.9
2	Ancillary Services		235.2
3	Line Loss		231.9
4	Other Industry Costs		3.6
5	G&A, Depreciation, Interest		31.5
6	Sub-total	\$	947.1
7	2006 Deferral Adjustments		(8.9)
8	<b>2006 Deferral Expense</b>	<b>\$</b>	<b>938.2</b>

**Notes:**

1	Agrees to the 2006 AESO Annual Report - Management Discussion & Analysis page 41		
2	Agrees to the 2006 AESO Annual Report - Management Discussion & Analysis page 41		
3	Agrees to the 2006 AESO Annual Report - Management Discussion & Analysis page 41		
4	Agrees to the 2006 AESO Annual Report - Management Discussion & Analysis page 41		
5	Agrees to the 2006 AESO Annual Report - Management Discussion & Analysis page 45		
7	Miscellaneous adjustments to create production year expenses from income statement expenses:		
	Amortization of Rent Free Period (expense not included in deferrals)	\$	(0.0)
	Remove 2005 true-ups of prior year actuals from year end accruals		(1.5)
	Add 2006 true-ups of prior year actuals from year end accruals		0.0
	Remove 2000 costs recorded in 2006		0.0
	Remove 2001 costs recorded in 2006		0.0
	Remove 2002 costs recorded in 2006		0.0
	Remove 2003 costs recorded in 2006		0.0
	Remove 2004 costs recorded in 2006		2.9
	Remove 2005 costs recorded in 2006		(7.6)
	Remove 2005 costs recorded in 2007		(2.6)
	Total 2006 Deferral Adjustments	\$	(8.9)

Numbers may not add due to rounding

Alberta Electric System Operator  
2004-2005 Deferral Account Reconciliation Application

2007 Income Statement Reconciliation to Deferral Balances

**2007 Production Revenue for Deferral Purposes**

(\$million)

1	Transmission Revenue	\$	571.0
2	Transmission Interest Income		0.0
3	Sub-total	\$	571.0
4	2007 Deferral Balance		(28.0)
5	2007 Rider C Refunds		(15.0)
6	2007 Deferral Adjustments		0.6
7	<b>2007 Deferral Revenue</b>	<b>\$</b>	<b>528.6</b>

**Notes:**

6	Miscellaneous adjustments to create production year revenue from income statement revenue:		
	Remove 2005 revenue recorded in 2007	\$	0.1
	Remove 2006 revenue recorded in 2007		0.5
		\$	0.6

*Numbers may not add due to rounding*

Alberta Electric System Operator  
2004-2005 Deferral Account Reconciliation Application

2007 Income Statement Reconciliation to Deferral Balances

**2007 Production Costs for Deferral Purposes**

(\$million)

	Transmission Expenses		
1	Wires	\$	270.5
2	Ancillary Services		158.8
3	Line Loss		114.8
4	Other Industry Costs		3.1
5	G&A, Depreciation, Interest		23.9
6	Sub-total	\$	<u>571.0</u>
7	2007 Deferral Adjustments		<u>(3.9)</u>
8	<b>2007 Deferral Expense</b>	<b>\$</b>	<b><u>567.1</u></b>

**Notes:**

7	Miscellaneous adjustments to create production year expenses from income statement expenses:		
	Amortization of Rent Free Period (expense not included in deferrals)	\$	(0.0)
	Add 2007 true-ups of July actuals from August month end accruals		(5.8)
	Remove 2004 costs recorded in 2007		(0.2)
	Remove 2005 costs recorded in 2007		(0.6)
	Remove 2006 costs recorded in 2007		2.6
	Total 2007 Deferral Adjustments	\$	<u>(3.9)</u>

*Numbers may not add due to rounding*