

### Overview

- Application filed with AUC on March 12, 2009 to reflect 2009 forecast costs and billing volumes
- Application updated rate levels only; no changes were proposed to structure of rates, to methodology for calculating them, or to terms and conditions of service
- New DTS rate is about 19% higher than existing DTS rate; impact on individual customers will vary
- Increase will reduce amounts collected through deferral account riders, and will not result in any overall increase to aggregate collections from customers
- AESO has requested AUC approve the updated rates to be effective July 1, 2009
- Application is expected to be reviewed through a written proceeding in the coming months

### Background

- AESO's current rates are based on costs and billing volumes forecast for 2007
- Costs have increased by about 27% and billing volumes by about 9% since that forecast
- All 2009 costs have already been approved, either by AUC (for TFO tariffs) or by AESO Board after stakeholder budget review process (for ancillary services, losses, and AESO's own administration)

### Purpose of application

- Purpose of rates update application is to reduce the amount of revenue collected through deferral account riders and instead collect it through base rates
- AESO is not-for-profit and deferral accounts ensure no annual profit or loss results from operation
- For comparison, in 2008 about \$120 million (or 11%) of AESO costs were collected through deferral account riders; if rates were not updated, that amount would be expected to increase in 2009
- Cost recovery through deferral account riders is less precise and less timely than through rates

### 2009 forecast costs

*Table 2-1 2009 Forecast and 2007 Approved Cost Components (page 8)*

Cost Component	2009 Forecast	2007 Approved	Increase (Decrease)	
	\$ 000 000	\$ 000 000	\$ 000 000	%
Wires	\$523.7	\$458.5	\$65.2	14.2%
Ancillary Services	282.2	184.5	97.7	53.0%
Losses	238.0	196.0	42.0	21.4%
Administrative	80.0	46.8	33.2	70.9%
Revenue Requirement	\$1,123.9	\$885.8	\$238.1	26.9%

Note: Numbers may not add due to rounding

- Administrative costs include:
  - \$18.6 million of other industry costs paid for regulatory hearings and to WECC and AUC
  - \$52.3 million of AESO costs such as staff, consultants, travel, rent, office expense, telephones, and computers
  - \$4.4 million of general costs such as interest and depreciation of assets

### DTS rate changes

- Increases to bulk system, local system, and point of delivery charges reflect increases in wires costs and administrative costs
- Changes to operating reserve, voltage control, and other system support services charges reflect changes in ancillary services costs

*Table 3-4 Increase (Decrease) to 2009 DTS Rate Components (page 21)*

DTS Rate Charge		Unit	Proposed (1 Jul 2009)	Current (1 Aug 2008)	Increase (Decrease)
Bulk System	• Coincident Demand	\$/MW	\$2,229.00	\$1,946.00	14.5%
	• Energy	\$/MWh	\$0.78	\$0.66	18.2%
Local System	• Billing Capacity	\$/MW billing	\$653.00	\$577.00	13.2%
	• Energy	\$/MWh	\$0.32	\$0.28	14.3%
Point of Delivery	• First (7.5 × SF) MW BC	\$/MW	\$3,955.00	\$3,291.00	20.2%
	• Next (9.5 × SF) MW BC	\$/MW	\$1,368.00	\$1,138.00	20.2%
	• Next (23 × SF) MW BC	\$/MW	\$802.00	\$667.00	20.2%
	• Remaining MW BC	\$/MW	\$425.00	\$353.00	20.4%
	• Customer × SF	\$/month	\$7,030.00	\$5,849.00	20.2%
Operating Reserve		% of Pool Price	4.82%	3.33%	44.7%
Voltage Control		\$/MWh	\$0.65	\$0.93	(30.1%)
Other System Support Services		\$/MW	\$62.00	\$77.00	(19.5%)
<b>Net Change</b>					<b>19.3%</b>

### STS rate changes

- Decrease to Regulated Generating Unit (RGU) Connection Costs is per previous approvals

*Table 3-5 Increase (Decrease) to 2009 STS Rate Components (page 21)*

STS Rate Charge		Unit	Proposed (1 Jul 2009)	Current (1 Aug 2008)	Increase (Decrease)
Losses		% of Pool Price	4.66%	4.76%	(2.1%)
RGU Connection Costs		\$/MW	\$259.00	\$304.00	(14.8%)
<b>Net Change</b>					<b>(3.1%)</b>

- Loss factors provided above are system average only; actual loss factors are location-specific

### Other rate changes

- \$/MWh components of Demand Opportunity Service (DOS) rates increased as follows:
  - for DOS 7 Minutes, to \$5.28/MWh from \$3.23/MWh;
  - for DOS 1 Hour, to \$7.78/MWh from \$5.36/MWh; and
  - for DOS Term, to \$26.59/MWh from \$21.40/MWh
- \$/MWh components of Export Opportunity Service (XOS) rates increased as follows:
  - for XOS 1 Hour, to \$2.52/MWh from \$2.03/MWh; and
  - for XOS 1 Month (not yet available), to \$2.94/MWh from \$2.40/MWh
- Primary Service Credit (PSC) levels increased in proportion to DTS POD charge increases
- No changes to UFLS Credits or Import Opportunity Service (IOS) rates

### For more information

- [www.aeso.ca](http://www.aeso.ca) ► Tariff ► Current Applications ► 2009 Rates Update
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