



**Alberta Electric System Operator
Rider E Calibration Factor Calculation
For Third Quarter 2006**

$$\text{Third Quarter Calibration Factor \%} = \frac{[\text{Cost of Losses} - (\text{Loss Revenues} + \text{Rider E Revenues})]_{\text{Jan-Dec, 2006}}}{[\text{Hourly Loss Factor Asset Volumes} \times \text{Hourly Pool Price}]_{\text{Jul-Dec, 2006}}}$$

The following table provides a summary of the AESO's projected year-end losses account balance for Rider E.

Period	Data Source	Calibration Factor Calculation Inputs					Other Information		
		Numerator Values			Denominator Value		Average Monthly Pool Price	Monthly Loss Factor Asset Volumes	Loss Volumes
		Cost of Losses	Revenues Collected	Cost Less Revenues	Monthly Loss Factor	Asset Volumes			
		Loss Factors	Rider E	Variance	× Pool Price				
		\$ millions	\$ millions	\$ millions	\$ millions	\$ millions	\$/MWh	millions MWh	millions MWh
Carry Forward 2005		0.0	0.0	0.0	0.0	NA	NA	NA	NA
January 2006	Actual	19.7	20.9	0.0	(1.2)	NA	72.12	5.11	0.27
February 2006	Actual	13.7	14.3	0.0	(0.6)	NA	54.07	4.61	0.25
March 2006	Actual	11.2	12.7	0.0	(1.5)	NA	44.08	5.03	0.25
April 2006	Actual	8.6	10.7	0.1	(2.0)	NA	42.87	4.53	0.20
May 2006	Actual	14.2	14.9	0.2	(0.6)	NA	56.26	4.66	0.24
June 2006	Forecast	8.8	9.4	0.1	(0.5)	NA	38.46	4.51	0.23
July 2006	Forecast	11.1	12.0	0.0	(0.9)	222.34	44.09	5.02	0.25
August 2006	Forecast	12.7	14.0	0.0	(1.3)	264.37	51.29	5.12	0.25
September 2006	Forecast	13.3	14.9	0.0	(1.6)	283.92	59.07	4.81	0.23
October 2006	Forecast	12.6	13.7	0.0	(1.1)	268.55	54.38	4.90	0.23
November 2006	Forecast	10.8	11.5	0.0	(0.7)	224.11	43.37	5.09	0.25
December 2006	Forecast	15.9	16.1	0.0	(0.2)	301.02	58.19	5.04	0.27
Annual 2006		152.6	165.2	0.4	(12.2)	1,564.3	51.56	58.42	2.92
Total Balance		152.6	165.2	0.4	(12.2)	1,564.3			
Calibration Factor Calculation Output: Rider E Calibration Factor Q3 2006						(0.78%)	(Refund)/Charge		

Notes:

- The Rider E Calibration Factor will apply to all customers receiving service under Rates STS, DOS, EOS, and IOS as provided on the Rider E rate sheet.
- If the Rider E Calibration Factor for Q3 remained in place during Q4, it would collect the variance between cost of losses and revenues by the end of 2006, as currently forecast.
- Forecasted costs reflect the AESO's best estimates at the time of the preparation and forecast revenues are assumed to recover forecasted costs on an annual basis consistent with the AESO tariff applications. The values represent forecasts and estimates only and final values will differ. The AESO has used the Volume 6, Issue 22 (2006) EDC Associates pool price forecast.
- Actual amounts in the above table are subject to revision in future periods due to interim and final settlement and to other adjustments.
- The calibration factor calculation itself is based on summing hourly costs, revenues, and loss factor asset volumes x pool price, and the same result will not be obtained by using the monthly values presented.
- Numbers may not add due to rounding.
- "NA" means "not applicable".
- PricewaterhouseCoopers LLP was engaged by the AESO to perform certain specified procedures to assist the AESO is assessing the accuracy of the Rider E Calibration Factor calculation.

Posted: June 28, 2006