

Memo



To: AESO Board
From: Vice-President, Finance
Date: November 7, 2016
Subject: **AESO 2017 Business Plan and Budget Proposal**

Enclosed is the AESO 2017 Business Plan and Budget Proposal (Business Plan). This document was prepared by AESO Management in consultation with stakeholders and outlines:

- The process employed to develop the Business Plan;
- The AESO's proposed 2017 business initiatives (continued from 2016);
- The proposed 2017 budgets/forecasts for:
 - wires costs;
 - transmission line losses costs;
 - ancillary services costs;
 - other industry costs;
- The proposed own costs budgets (i.e., general and administrative, interest costs, amortization and capital) for the six-month period from January 1 to June 30, 2017.

At the December AESO Board meeting, AESO Management will be requesting that the Board approve, or amend and approve, as appropriate, the items outlined in Section 1 of this document.

Should you have any questions or additional information requirements please let me know.

Yours truly,

A handwritten signature in black ink, appearing to read "Todd Fior". The signature is fluid and cursive, with a large initial "T" and a stylized "F".

Todd Fior
Vice-President, Finance

cc: David Erickson, President and Chief Executive Officer
Greg Spence, Director, Business Planning
Carol Moline, Director, Accounting and Treasury
Interested Stakeholders

Public

AESO Board is requested to:

1. Endorse the 2017 business initiatives as outlined in the Business Plan.
2. Approve the following proposed 2017 budget and forecast amounts as outlined in the Business Plan and summarized as follows:

Budget/Forecast Category	Revenue Source (\$ million)					
	Transmission	Energy Market	Renewables	Load Settlement	2017 Budget	
General and Administrative ¹	34.4	12.8	1.9	0.6	49.7	#
Interest ¹	(0.1)	0.3	0.0	0.0	0.2	#
Amortization ¹	7.9	4.2	0.0	0.1	12.2	#
Other Industry ²	15.6	7.7	-	-	23.2	
Wires ³	1,729.3	-	-	-	1,729.3	
Transmission Line Losses ⁴	74.1	-	-	-	74.1	
Ancillary Services ⁴	118.9	-	-	-	118.9	
Total Operating Costs	1,980.1	25.0	1.9	0.7	2,007.6	
Capital ⁵	15.4					#
Total Budget	1,980.1	25.0	1.9	0.7	2,023.0	

Differences are due to rounding

Details provided on the following Pages in the Proposal (Section II: ¹Page 19, ²Page 17, ³Page 14, ⁴Page 15, ⁵Page 20).

Indicates a six-month budget amount