



November 27, 2008

Alberta Utilities Commission
5th Floor, 640 - 5th Avenue S.W.
Calgary, Alberta
T2P 3G4

Attention: Mr. Wade Vienneau
Executive Director
Utilities Branch

Dear Sir:

RE: ATCO Electric Ltd. 2009 Interim Tariff Application No. 1593221, ID 121

Attached please find ATCO Electric's information responses to the Alberta Utilities Commission (AUC).

Should you have any questions, please contact me at (780) 420-7492.

Sincerely,

Original Signed by James Grattan

James Grattan, C.A.
Manager, Electric Pricing

SP/by
Att.

ATCO ELECTRIC
2009 Interim Tariff Application
Application No. 1593221, Proceeding ID 121

Information Response No. 1 To:
Alberta Utilities Commission
Received: November 20, 2008

AUC-AE-1

Reference: Decision 2008-117, ATCO Gas (AG) Interim Rate 2003-2007 Benchmarking and I-Tek Placeholders True Up, issued November 19, 2008

Issue/Sub-Issue: Impact of ATCO IT and CC&B Benchmarking settlement agreement on proposed AE 2009 Interim Tariffs

Preamble: The AUC allowed AG to collect only 50% of the funds requested by AG that arose from ATCO's view¹ of a settlement agreement² dated April 9, 2008 regarding the Benchmarking of ATCO IT and CC&B services provided from 2003-2007. Under the same settlement ATCO's view is that AE is due to refund \$22,335,000 to AE customers. In AG's interim rate proceeding referenced above it submitted that the requested amounts should be collected sooner given that the amounts have been outstanding for a considerable period of time.

Request:

- (a) Please explain why AE has not taken a position similar to AG and reflected the refunds due customers in this interim rate application.
- (b) Please explain the changes to the interim application that would be required, if the AUC were to determine that the full amount of the refund should offset the interim increase requested by AE.

¹ Exhibit 0024.03.ATCO GAS-32, ATCO Utilities 2003-2007 Benchmarking and I-Tek Placeholders True Up, filed October 3, 2008

² Exhibit 0006.00.ATCO GAS-32, AG Correspondence RE: True Up Application, filed April 9, 2008

Response:

- (a) ATCO Electric has elected to remain consistent in its position regarding the benchmarking process. In its 2006 Rider Application (No. 1460317), ATCO Electric noted that values subject to the IT Benchmarking process will be trued-up and become part of a future rider application. This proposed approach was noted as well in the 2007 Rider G Application (No. 1511368) and 2008 Rider G Application (No. 1571803).

Further to the above, ATCO Electric submitted a letter to the AUC dated September 26, 2008, regarding ATCO Electric's Proposed Schedule to Dispense of Benchmarking Results³. Based on the review conducted by ATCO Electric in preparation of the September 26 letter, ATCO Electric identified an opportunity to combine the impact of the benchmarking results with the estimated 2008 deferral account amounts through a future rider application rather than a mechanism in an interim rate application. ATCO Electric is of the view that this long standing methodology of dispensing deferral account balances and true-up previously approved riders via its Rider G tariff will minimize potential rate swings and provide a smooth transition in customer rates from 2009 into 2010.

It is expected that combining the benchmarking results with the estimated deferral account balances for 2008 will reduce the net Rider G to either a very small collection or refund.

- (b) In order to be consistent with the method of collecting or refunding deferral balances, the outstanding amount attributed to the benchmarking process would have to be identified and handled separately rather than combining the amount with the proposed increase in revenue requirement to create one lump sum amount. As a result, the changes to the interim application would involve the recalculation of Price Schedule Rider G Temporary Adjustment to dispense of the benchmarking results.

The Rider G calculation would require an agreed upon allocator(s) to refund the amount to the appropriate rate classes. A rate would be created by applying the 2009 load forecast to these allocated amounts. This is the same process that will be made in the ATCO Electric 2009 Rider G Application. As noted in part (a) above and in ATCO Electric's letter to the AUC dated September 26, 2008, ATCO Electric is of the view that in order to minimize the potential rate swings

³ Exhibit 0022.01.ATCO GAS-32, 2008-09-26 AE Benchmarking Dispensation Proposal, filed September 26, 2008



that may occur for rates leading up to January 1, 2010, it would be more reasonable to use this refund to offset the higher than forecast TAP cost in the 2009 Rider Application.