



Submitted Via Email DDS

December 3, 2009

Alberta Utilities Commission  
#400, 425-1<sup>st</sup> Street S.W.  
Calgary, Alberta  
T2P 3L8

Attention: Cameron Taylor  
Application Officer

Dear Sir:

**RE: ATCO Electric Ltd.  
2010 Interim Tariff Application  
Application No. 1605601, Proceeding ID. 370  
Final Argument**

---

Further to the Commission's Schedule regarding the referenced Application, please find enclosed the Final Argument of ATCO Electric.

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

JG/by  
Att.

**ALBERTA UTILITIES COMMISSION**  
**ATCO ELECTRIC LTD.**  
**2010 INTERIM TARIFF APPLICATION**  
**APPLICATION NO. 1605601, ID 370**  
**FINAL ARGUMENT**

By Application dated November 3, 2009 ATCO Electric Ltd. (“ATCO Electric”) requested approval of its proposed 2010 Interim Distribution and Transmission Facility Owner Tariffs pursuant to Section 102 of the *Electric Utilities Act (EUA)*.

In accordance with the schedule established by the Alberta Utilities Commission (“AUC” or “Commission”) for the consideration of the Interim Tariff Application, the AESO and Consumers’ Coalition of Alberta (CCA) registered Statements of Intent to Participate (SIPs) in this proceeding. While the CCA sought clarification regarding the level of outstanding matters that may be contemplated for the design of final charges in 2010, the AESO and the CCA do not appear to challenge ATCO Electric’s request for interim rates.

In this Application, ATCO Electric has applied for interim tariffs effective January 1, 2010. This interim step was necessary as ATCO Electric has not yet received Commission Decisions on its 2009-2010 GTA Compliance Filing or its 2010 DTA Negotiated Settlement Agreement (“NSA”). Since the objective of interim rates is to put in place rates that more closely reflect the circumstances that are forecasted to exist in the test year, and given the timeframe surrounding upcoming key Decisions, ATCO Electric proposed interim rates that will require the least adjustment after the final application is heard. As a result, ATCO Electric proposed that the 2010 interim distribution tariff be based on the rates set out in ATCO Electric’s 2010 Phase II DTA (NSA) that was submitted for Commission approval on August 19, 2009. The 2010 interim Transmission Facility Owner (TFO) tariff is based on a monthly charge derived from the amount proposed in ATCO Electric’s 2009-2010 General Tariff Application

(GTA) Compliance Filing (updated in a response to AUC-AE-9 as part of that proceeding).

Consistent with previous interim tariff applications, ATCO Electric proposed to treat the charges set out in the Interim Tariff Application as placeholders until such time as a review of the impacts resulting from the above noted Commission Decisions can be conducted for the purpose of filing a 2010 final tariff application. In addition, ATCO Electric will continue with its long standing approach regarding the extent that interim rates collect a proposed 2010 revenue requirement different than the final 2010 approved revenue requirement (from the 2009-2010 GTA compliance filing). The difference between the forecast revenues collected on the approved interim and final rates will be dispensed via a future Rider G application approved by the Commission.

The only Information Request received by ATCO Electric in this proceeding was from the AUC seeking additional clarification regarding the nature of outstanding matters that may affect the final charges to customers. While ATCO Electric submits that it will be in a better position to address these matters in its 2010 Final Tariff Application, as noted in response to AUC-AE-1, there are a number of upcoming key Decisions that will be incorporated in either the design of the 2010 final rates or the next 2010 Rider G application.

ATCO Electric has taken into consideration that the transition to final 2010 rates should be as smooth as possible so that customers do not experience significant rate swings from year to year. Based on the information currently available, ATCO Electric believes the changes between 2010 interim and final rates will be mitigated as much as possible since the interim rates closely reflect the circumstances that are forecasted to exist in the test year, while the final rates will be updated to reflect a small adjustment due to the anticipated change in the final approved 2010 revenue requirement (from the 2009-2010 GTA Compliance Filing) and to reflect the timely recovery of cost increases from the AESO from its 2009 Rates Update Decision 2009-141. However, as noted in ATCO Electric's letter to the Commission dated November 23, 2009, the impact due to the AESO 2009 rate change will not be determined until ATCO Electric incorporates the

latest pool price forecast in the transmission access payment forecast during the preparation of the final tariff application.

As noted in response to AUC-AE-1, due to the timing of the Decisions relating to the remaining outstanding matters such as the ATCO Electric Utilities Pension Common Matters, and the AUC Generic Cost of Capital Decision, ATCO Electric submits that it would be more appropriate to deal with these matters in the context of the next 2010 Rider G application.

The final component of this Application is a request to approve ATCO Electric's Rider B – Balancing Pool Adjustment Rider. ATCO Electric is seeking to adjust Rider B from a refund of \$6.50/MW.h to \$4.00/MW.h. This rate will be applied against a percentage loss of sales by rate class as set out in ATCO Electric's 2010 distribution tariff application. This method to apply the effects of distribution losses by rate class is consistent with previous Rider B applications. The purpose of requesting an amendment to this rider is to reflect the AESO's proposal of its 2010 Rider F from January 1, 2010 to December 31, 2010. The Commission approved the AESO's request for an update to Balancing Pool Refund Rider F in Decision 2009-239 on December 1, 2009. In order to properly flow-through this refund to customers in ATCO Electric's service area, it is important that the proposed Riders are aligned. Implementing ATCO Electric's Rider B effective January 1, 2010 will reduce the amount that may arise from the accumulation of a deferral. ATCO Electric provided sample bill estimates and bill impacts in its letter to the Commission dated November 23, 2009.

For the reasons detailed above, ATCO Electric submits that its request to implement interim rates as specified in this Application based on the approach outlined herein on an interim refundable basis, effective January 1, 2010, is reasonable and appropriate. ATCO Electric requests that the AUC approve its Interim Tariff Application as filed.

ALL OF WHICH IS RESPECTFULLY SUBMITTED this 3<sup>rd</sup> day of December, 2009.