



Submitted Via Email DDS

December 7, 2009

Alberta Utilities Commission
#400, 425-1st 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
Reply Argument**

Further to the Commission's Schedule regarding the referenced Application, please find enclosed the Reply 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
REPLY ARGUMENT

ATCO Electric submits that the 2010 Interim Tariff Application is straightforward as evidenced by the fact the registered interveners did not oppose ATCO Electric's proposal to establish interim rates effective January 1, 2010.

The only Argument received regarding this Application was from the CCA. In its submission, the CCA suggests that ATCO Electric should have provided additional detail with respect to the timing and quantum of possible rate changes that will impact the final charges to customers in 2010, even if the rate changes will be subject to further refinement at a later time.

As set out in the Application, ATCO Electric's approach to establish rates for 2010, whether interim or final, is to determine them based on the best available information known at the time. Since there are a number of matters that are outstanding that will impact final 2010 rates, ATCO Electric has proposed to implement interim rates effective January 1, 2010, based on the cost of service and rate design set out in the 2010 Phase II Negotiated Settlement Agreement (NSA). This NSA was approved by the AUC in Decision 2009-231, dated December 3, 2009.

With respect to CCA's assertion that ATCO Electric has not provided further details regarding the quantum of the rate increases that customers might experience in the final tariff application, ATCO Electric submits that it did not ignore CCA's request for additional information. The simple fact is there are still a number of important matters that are before the Commission that may swing the level of final rates up or down. ATCO Electric is of the view that speculation on quantum would be meaningless as it would be hypothetical in nature. For instance, assessing the impact of the how the 2009 AESO rates update may affect the final charges to customer rate classes at this

point would not be meaningful considering the pool price forecast will have changed by the time the final 2010 tariff application is developed. In addition to the 2009 AESO rates update, there are other key deferrals, as outlined in response to AUC-AE-1, that will be incorporated into the next Rider G Application. As already noted in this Application, ATCO Electric will address these matters in detail in the 2010 final tariff application expected in the 1st quarter of 2010 and the 2010 Rider G Application.

As the CCA and the AESO do not oppose ATCO Electric's proposal for interim rates and the proposed amendment to Rider B – Balancing Pool Adjustment Rider, no further comment is required.

ALL OF WHICH IS RESPECTFULLY SUBMITTED this 7th day of December, 2009.