



May 19, 2006

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

Attention: Mr. Chris Burt, Application Officer

Dear Sir:

RE: ATCO Electric's 2006 Rider Application – Application No. 1460317

On May 9, 2006 ATCO Electric filed an application requesting approval for a new Rider G and a new Rider Q. In that application (Rider Q), ATCO Electric asked that the amounts be held as placeholders until the Board released its decision with respect to ATCO Electric's 2003 and 2004 Non-Energy costs. On May 17, 2006, the Board released Decision 2006-047 which approved the collection amounts requested by ATCO Electric. Further, the Decision accepted ATCO Electric's proposal to collect, in the next Rider Q application, those hearing costs as they related to the 2003/2004 RRO Non-Energy Cost application.

To date, a final cost order has not been released and as such, ATCO Electric will not be including those costs in this Rider Q application. Hearing costs with respect to ATCO Electric's 2003 and 2004 Non-Energy Costs will become part of a future process.

In Decision 2006-047, the Board approved carrying costs of \$405,000 with respect to 2003 RRO Non-Energy costs and \$137,000 for 2004 RRO Non-Energy costs on an interim basis. Within that application the implied collection period for those costs was from January, 2006 to June, 2006 inclusive. Since the filed Rider G and Rider Q applications seek a recovery period from August 2006 to December 2006 inclusive and with the recent changes in interest rates, ATCO Electric proposes that the approved amounts remain as filed and carrying costs be updated once the benchmarking process is completed and all amounts are finalized.

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Further, upon examination of Appendix A, Schedule A.13 it was noted that the carrying costs, for the year 2004, reflect the amount from the October 18, 2005 filing for amendment (Application No. 1282255) and not the amount included in the filing for further amendment of October 31, 2005 (Application No. 1282255) which was approved by the Board (a reduction of \$7,000 in carrying costs). This change is reflected in updated Appendix A, Schedules A.13 and A.14 (dated May 19, 2006) and are attached with this correspondence. Also updated is Appendix D, Price Schedule Rider Q.

Rate impact sheets are not being updated as the impact of this change for a residential customer consuming 600 kW.h is in the order of one cent.

Should you have any questions, please contact the undersigned at (780) 420-5501 or Nick Palladino at (780) 420-7613.

Sincerely,

Original Signed by Satar Parhar

Satar Parhar, P. Eng.
Manager, Electric Pricing

SP/jm
Att.

ATCO Electric
Compare RROT Revenues to Costs
(\$000)

	Customer			Variable			Total			Carrying Costs	Refund/ (Collection)
	Revenue	Costs	Difference	Revenue	Costs	Difference	Revenue	Costs	Difference		
2003											
By RRO Rate Class											
Residential	2,539.7	5,051.0	(2,511.3)	970.5	521.4	449.1	3,510.1	5,572.4	(2,062.3)	(362.1)	(2,424.4)
General Service	384.9	730.4	(345.5)	550.2	297.0	253.2	935.1	1,027.4	(92.3)	(16.2)	(108.5)
Industrial	17.0	33.2	(16.1)	189.3	102.9	86.3	206.3	136.1	70.2	12.3	82.5
Oilfields	21.9	31.0	(9.1)	56.6	30.0	26.6	78.5	61.0	17.5	3.1	20.6
Farm	205.0	543.1	(338.0)	486.8	261.7	225.1	691.8	804.7	(112.9)	(19.8)	(132.8)
Lights	35.1	166.8	(131.7)	7.4	4.0	3.4	42.5	170.8	(128.3)	(22.5)	(150.8)
Irrigation	0.4	0.5	(0.1)	3.3	1.8	1.5	3.7	2.3	1.4	0.2	1.6
Total	3,204.0	6,555.9	(3,351.9)	2,264.0	1,218.8	1,045.2	5,468.0	7,774.7	(2,306.7)	(405.0)	(2,711.7)
2004											
By RRO Rate Class											
Residential	959.3	2,690.3	(1,731.0)	391.2	120.2	271.0	1,350.5	2,810.4	(1,460.0)	(98.6)	(1,558.6)
General Service	137.4	358.8	(221.5)	198.0	60.9	137.1	335.4	419.8	(84.3)	(5.7)	(90.0)
Industrial	6.6	17.8	(11.2)	72.1	22.5	49.6	78.7	40.3	38.4	2.6	41.0
Oilfields	7.3	13.8	(6.5)	17.9	5.6	12.3	25.2	19.4	5.8	0.4	6.2
Farm	81.8	681.1	(599.2)	209.7	64.8	144.9	291.5	745.8	(454.3)	(30.7)	(485.0)
Lights	14.2	90.2	(76.0)	3.3	1.0	2.3	17.4	91.2	(73.8)	(5.0)	(78.7)
Irrigation	-	0.2	(0.2)	0.3	0.1	0.2	0.3	0.3	0.0	0.0	0.0
Total	1,206.5	3,852.2	(2,645.7)	892.5	275.0	617.5	2,099.0	4,127.2	(2,028.2)	(137.0)	(2,165.2)

Notes:

1) Farm billing went from quarterly billing in 2003 to monthly billing in 2004; hence, actual costs allocated to farm customers increased from 2003 relative to 2004.

**ATCO Electric
2006 Rider Application
Schedule B.6: RRO Deferrals**

	A	B	C	D=A thru C (via A)	J	K=J/I*100
Rate Class	2003 Non-Energy RRT Matters (\$ 000's)	2004 Non-Energy RRT Matters (\$ 000's)	Total 2005 Rider Q Residual (\$ 000's)	Total (\$'000)	Forecast of 5 months of 2006 Energy (MW.h)	Rider Component (¢/kW.h)
Residential	2,424.4	1,558.6	0.4	3,983.4	335,216	1.188
General Service	108.5	90.0	-7.9	190.7	192,604	0.099
Industrial	-82.5	-41.0	-75.9	-199.4	68,202	-0.292
Oilfields	-20.6	-6.2	-226.6	-253.4	23,368	-1.084
Farm	132.8	485.0	131.3	749.1	177,106	0.423
Lights	150.8	78.7	-7.0	222.5	2,833	7.857
Irrigation	-1.6	0.0	21.4	19.8	1,303	1.519
Total	2,711.7	2,165.2	-164.2	4,712.7	800,631	

Availability

- Rider Q is designed to true-up 2001 to 2004 RROT deferral account balances.
- The Company's applicable charges under the following Price Schedules will be adjusted by the amounts noted below:

Price

This Rider will apply on energy consumption effective January 1, 2006.

Regulated Rate	Applicable Distribution Tariff Price Schedule	Charge (¢/kW.h)
		“+” = Charge “-” = Refund
E1	D11 Residential	1.188
E2	D21, D22 Small General Service	0.099
E3	D31, T31, D32 Large General Service/Industrial & Generator Interconnection	-0.292
E4	D41 Small Oilfield and Pumping Power	-1.084
E51	D51, D52 REA Farm Service	0.423
E56	D56 Farm Service	0.423
E6	D61, D63 Lighting Service	7.857
E7	D25, D26 Irrigation Pumping Service	1.519

Note: Rider Q does not apply to Rider A-1, Rider E, Rider J and Rider G.