



April 15, 2008

Alberta Utilities Commission
Fifth Avenue Place
425 – 1st Street SW
Calgary, AB T2P 3L8

RE: Response to Bulletin 2008-01 – Comments on Review of Rule 022

With reference to Bulletin 2008-01, the ATCO Utilities Business Group is pleased to provide the following comments on the AUC initiated review of Rule 022 – *Rules on Intervener Costs*, relative to the issues list outlined in the Bulletin.

1. Role of the Utilities Consumer Advocate (UCA)

Our concern with the UCA is not in its role specifically, but in the governance structure adopted with representation from the shareowners and industry groups representing municipal and co-op utilities and, the potential issues with regard to funding and business interests being forwarded through the intervention role which could result.

2. Business Interest Rule

Under the Business Interest Rule, where a utility is obligated to represent themselves at hearings which may have an impact on the existing or future regulatory environment in which they are required to operate, the utility should be eligible to recover its prudently incurred costs in full. While other associations or interveners have a choice on whether to participate or not, a regulated utility has no option. The changing face of regulation alone, independent of Commission directives, oblige a utility's participation. As such, issues may affect a utility's ability to discharge its statutorily assigned roles, relationships and responsibilities. The Legislature has stipulated that all prudently incurred costs are recoverable.

3. Budgets

The ATCO Utilities Business Group supports the continuation of the submission of budgets to the extent it applies to all hearing participants including the Utilities Consumer Advocate. We believe this process accomplishes the original intent of encouraging cost discipline to the hearing process.



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4. Scale of Costs

Not limited strictly to the Scale of Costs, we have a number of concerns and comments regarding the overall cost recovery process. As noted above, the Legislature has provided the utilities with the right to recovery of prudently incurred costs incurred in discharging the statutorily assigned roles, relationships and responsibilities. In the recent AltaGas decision, the Board directed that the prudence of the Applicant's costs incurred in the hearing process should be reviewed in the Cost Claim process.

The Board notes that all actual hearing costs, which may be in excess of the forecast amounts, are subject to Directive 31B, and expects AUI to demonstrate to the Board's satisfaction in the cost claim process that its costs have been prudently incurred.

Page 22, AEUB Decision 2007-094, AltaGas Utilities Inc. , 2007 GRA Phase I

The ATCO Utilities, therefore, will advance their claim for recovery of all prudently incurred hearing costs in the Cost Claim forum. While other expenses incurred in the provision of utility service are normally forecast and approved in revenue requirement in a GRA process, the ATCO Utilities have taken the Board's direction to utilities as set forth most recently in this Decision 2007-094. In that regard, the ATCO Utilities will file evidence demonstrating the prudence of related expenses it will have incurred in connection with each of the utility applications. Whether or not that prudence demonstration leads to an increase in the Board's Scale of Costs, the ATCO Utilities assert that as a matter of law they are entitled to recovery of their prudently incurred hearing costs.

We believe an adjustment to the Scale of Costs is in order to reflect current market rates for all cost categories outlined in the Scale. We are seeking clarity on the overall manner of cost recovery for applicants and interveners to ensure full transparency. The process needs to provide an opportunity for the identification of prudently incurred costs for applicants. It also must determine what portion of intervenor costs are eligible for recovery. Further, a detailed review of the UCA's costs and fee structure also should be conducted at this stage and the manner of recovery of those costs determined.

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5. Costs of Negotiated Settlements

For the NSP process, we support the recovery of costs specific to the negotiated process in the NSP and if not then as outlined above.

6. Proceedings without Cost Recovery

Where a utility is obligated to initiate or participate in a proceeding as a fundamental part of the regulatory process in which it operates, it should also be eligible to recover all prudently incurred costs.

7. Costs Officer

Regarding the usefulness of the Cost Officer, it depends on the role of the Officer relative to the overall manner and process of applications, budget submissions and cost recovery. To the extent the Cost Officer is proactively involved in a leadership role to focus interveners on the areas the Commission would find truly helpful, we fully support the role of the Cost Officer as being very useful and in fact mandatory to a cost effective application and hearing process.

We appreciate the opportunity to provide comments on this review and look forward to further discussion on these matters.

Sincerely,

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ATCO Utilities Business Group