



September 09, 2008

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

Attention: Ms Giuseppa Bentivegna

RE: Response to Bulletin 2008-16 – Comments on Draft Revised Rule 022

With reference to Bulletin 2008-16 and our letter of May 29, 2008, the ATCO Utilities Business Group is pleased to provide the following comments on the Draft amended Rule 022 –*Rules on Intervener Costs*.

In addition to the title of Rule 022 which remains unchanged as *Rules on Intervener Costs*, while we find the statements in the Other Matters section on page 3 of AUC Bulletin 2008-16 to be encouraging, we find the statement inconsistent and in contrast to the revisions in the Draft Rule 022 dated (July 2008). Bulletin 2008-16 states;

*A regulated utility has no option but to apply to the Commission for relief in rate matters. It cannot change its rates or service levels in the marketplace and it has the legislative burden of demonstrating that the relief it applies for is consistent with the policy of the relevant Act. **Therefore, the Commission will continue to allow the prudent costs of a utility to be recovered through rates.** This is reflected in amended Rule 022 in section 3(3). [emphasis added]*

Notwithstanding the existing Rule 022 *Rules on Intervener Costs* appears to exclude applicant utilities as Corporations in section 3(1)(b), the ATCO Utilities have been directed, through the proceedings and decisions in a number of recent hearings, to pursue cost recovery exclusively through a Cost Claim according to Rule 022, with no further recovery of prudently incurred costs through a forecast and deferral account in a rate application. While we agree with the comments from Bulletin 2008-16 above, we assert the simple amendment to section 3(3) does not provide sufficient clarity with respect to the recovery of prudently incurred costs of a rate application for an applicant utility.

With reference to our letter of May 29, 2008, we respectfully request the Commission clarify, either in the wording of the amended Rule 022 or in response to this letter, the intent of Rule 022



Letter to: Alberta Utilities Commission
September 09, 2008
Page 2 of 2

with respect to the recovery of the prudently incurred costs of an applicant utility in its rate hearing. That is, as it pertains to the applicant utility, whether the intent of Rule 022 is to provide a mechanism for only partial recovery of such prudently incurred costs with the remainder, to be consistent with the wording of AUC Bulletin 2008-16 referenced above, recovered on a forecast basis through a GRA. Or, again to be consistent with the wording in Bulletin 2008-16 referenced above, whether the amended Rule 022 is intended to provide the means for an applicant utility to recover all of its prudently incurred costs of a GRA.

We appreciate the opportunity to provide comments relative to Bulletin 2008-16 and the draft amended Rule 022 and look forward to a clarification on this matter.

Sincerely,

Michael Gillis, P. Eng
Manager, Regulatory
ATCO Utilities Business Group

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