

approve an 2011 interim revenue requirement from which rates can be derived depending on the in effect rate methodology.

19. To determine the appropriate interim revenue requirement for a test year, it is reasonable to use a base year revenue requirement against which the proposed increases are tested. The Commission views the increases for the 2011 interim revenue requirement are captured within the Revenue Deficiency, so what remains is to determine a base year revenue requirement.

20. The Commission considers that the base year revenue requirement should be based on previous Commission decisions. In Decision 2010-535 AUI submitted AUI's 2010 interim rates would result in revenue of \$46,710,551 for 2010. AUI submitted that this revenue would allow AUI to recover approximately 49 percent of the 2010 forecast deficiency. The Commission finds this amount a reasonable proxy as a 2010 base year revenue requirement for the purposes of this application.

21. To this the Revenue Deficiency (\$3,739,503) is added to arrive at a 2011 interim revenue requirement of \$50,450,054. AUI submitted that the 2011 forecast revenue at existing rates is \$47,574,109. As such an additional \$2,875,945 must be recovered through 2011 interim rates. This results in an increase of 6.045 percent on current interim rates.

4 ORDER

22. IT IS HEREBY ORDERED THAT:

- (1) The 2011 Interim Revenue Requirement for AUI is \$50,450,054.
- (2) Effective January 1, 2011 AUI is authorized to increase all rate classes approved in Decision 2010-535 by 6.045 percent.
- (3) If the Commission approves the rate methodology set out in AUI's 2009 negotiated settlement agreement, and subject to confirmation in such decision, AUI shall continue to collect the 2011 Interim Revenue Requirement, pursuant to the methodology set out in AUI's 2009 negotiated settlement agreement, on the first day of the month following the Commission's approval of the methodology.

Dated on December 24, 2010.

ALBERTA UTILITIES COMMISSION

(original signed by)

Bill Lyttle
Commissioner