



## **ATCO Utilities**

(ATCO Gas, ATCO Pipelines and ATCO Electric)

**2003-2007 Benchmarking and  
ATCO I-Tek Placeholders True-Up  
Compliance Filing to Decision 2010-102**

**June 14, 2010**



**ALBERTA UTILITIES COMMISSION**

**Decision 2010-269:** ATCO Utilities (ATCO Gas, ATCO Pipelines and ATCO Electric)  
2003-2007 Benchmarking and ATCO I-Tek Placeholders True-Up  
Compliance Filing to Decision 2010-102  
Application No. 1606022  
Proceeding ID 564

June 14, 2010

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**ATCO UTILITIES (ATCO GAS, ATCO PIPELINES AND ATCO ELECTRIC)**

**2003-2007 BENCHMARKING AND**

**ATCO I-TEK PLACEHOLDERS TRUE-UP**

**COMPLIANCE FILING TO DECISION 2010-102**

**Decision 2010-269**

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**1 INTRODUCTION**

1. This decision deals with the Compliance Filing application (Compliance Filing) submitted on March 25, 2010 by the ATCO Utilities (ATCO Gas, ATCO Pipelines<sup>1</sup> and ATCO Electric<sup>2</sup>) to the Alberta Utilities Commission (AUC or Commission) pursuant to the Commission's direction set out in Decision 2010-102.<sup>3</sup> The Compliance Filing requested that the Commission finalize amounts in respect of existing revenue requirement placeholders for Customer Care and Billing (CC&B), and Information Technology (IT) costs for each of the ATCO Utilities for the 2003-2007 test years. The Commission's direction set out in Decision 2010-102 states:

225. ATCO is directed to file a compliance filing by March 25, 2010, that confirms that Exhibit 145 contains the correct placeholder adjustments by utility (ATCO Gas, ATCO Electric, and ATCO Pipelines), the interest amount to be applied by ATCO Electric and ATCO Gas, and reconcile any differences, including differences between direct capital and other capital amounts set out on Table 1 and Table 4[of Decision 2010-102], which may exist. In the compliance filing ATCO shall indicate the processes and timing by which each of the ATCO Utilities will implement the necessary collection/credit rate rider applications.<sup>4</sup>

2. On March 31, 2010, the Commission issued a Notice of Application with respect to the Compliance Filing.

3. The Commission received Statements of Intent to Participate (SIP) from the following parties:

- The City of Calgary (Calgary)
- The Office of the Utilities Consumer Advocate (UCA).

4. In its SIP Calgary submitted that ATCO Utilities had used line item level fair market value estimates for the purposes of adjusting placeholders in its Compliance Filing contrary to the Commission's findings in Decision 2010-102. As such, Calgary sought the Commission's

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<sup>1</sup> ATCO Gas and ATCO Pipelines are each operating divisions of ATCO Gas and Pipelines Ltd.

<sup>2</sup> ATCO Electric Ltd.

<sup>3</sup> Decision 2010-102: ATCO Utilities (ATCO Gas, ATCO Pipelines and ATCO Electric Ltd.) 2003-2007 Benchmarking and ATCO I-Tek Placeholders True-Up (Application No. 1562012; Proceeding ID. 32) (Released: March 8, 2010).

<sup>4</sup> Ibid, paragraph 225.

direction and advice as to the status and validity of the Compliance Filing. Calgary submitted that the Commission had two options to address this matter. They are:

1. Direct ATCO Utilities to refile its application providing a proposal to adjust revenue requirement at “the aggregate level, for all MSAs and for both IT and CC&B”, together with a methodology to allocate aggregate level FMVs to all line item services for the purposes of placeholder adjustment; or
2. The Commission review and vary the True-Up Decision on its own motion, to consider the appropriateness of its findings in paragraph 152 of the decision...<sup>5</sup>.

5. Paragraph 152 of Decision 2010-102 reads as follows:

152. It is apparent from the above evidence that employing the line item “fair market value” allocations or the individual benchmarked service tower FMV prices would not be in compliance with the requirements of the Code that the benchmarked services be available in the market at those volumes. Only the results of the Benchmark Report taken at the aggregate level, for all MSAs and for both IT and CC&B, meets both tests of the definition of FMV. It is only at this level that a benchmarked FMV determination has been made of services available in the marketplace. The benchmark was undertaken at the aggregate level and the services at the aggregate level would be available in the market.

6. With respect to Calgary’s submission, the Commission, in a letter dated April 19, 2010, considered that it is the responsibility of ATCO Utilities to demonstrate that its methodology for adjusting the existing placeholders for CC&B, and IT costs for each of the ATCO Utilities for the 2003-2007 test years is reasonable and conforms to any findings and the direction issued by the Commission in Decision 2010-102. Calgary was invited to advance argument in this proceeding as to whether or not ATCO Utilities’ Compliance Filing is consistent with any applicable findings and directions in Decision 2010-102.

7. The Commission established the following process schedule:

Information Requests to ATCO Utilities	April 27, 2010
Information Responses from ATCO Utilities	May 4, 2010
Argument	May 12, 2010
Reply Argument	May 20, 2010

8. Panel members assigned to this proceeding are Willie Grieve (Chair), Bill Lyttle (Commissioner), and Anne Michaud (Commissioner). For the purposes of this Decision, the Commission considers the record to have closed on May 20, 2010.

## 2 BACKGROUND

9. In Decision 2010-102, the Commission accepted the benchmarking report (Benchmark Report) dated February 14, 2008 prepared by Compass Management Consulting Limited (Compass) with respect to IT services, and UtiliPoint International Inc. (UtiliPoint) with respect to CC&B services. The Commission accepted the position of the ATCO Utilities that the

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<sup>5</sup> The City of Calgary Statement of Intent to Participate, page 2.

Benchmarking Report results should be considered at the aggregate level for all Master Service Agreements (MSAs) and for both IT and CC&B services. In the circumstances, only the aggregate results for all benchmarked services met the requirement of the ATCO Group Inter-Affiliate Code of Conduct (Code) definition of “fair market value,” namely a price reached in an open and unrestricted market. The Commission also approved (subject to the direction noted earlier in this Decision to submit the Compliance Filing):

- the increased/decreased placeholder amounts for each of ATCO Gas, ATCO Pipelines and ATCO Electric for 2003 to 2007 as set out in True-Up Summary Tables in Exhibit 145;
- the revenue requirement impacts, including the adjustments to Property, Plant & Equipment (PP&E) account balances, using the present value methodology; and
- interest on revenue requirement amounts for ATCO Electric and ATCO Gas in accordance with the Commission’s [Rule 023: Rules Respecting Payment of Interest](#).

10. In a letter to the Commission dated September 26, 2008, regarding ATCO Electric’s proposed schedule to deal with the benchmarking results, ATCO Electric identified an opportunity to combine the impact of the benchmarking results with the estimated 2008 deferral account amounts through a future rider application to help minimize the potential rate swings that were estimated for customers at the time.

11. In Decision [2008-134](#),<sup>6</sup> the Commission accepted ATCO Electric’s proposal and directed ATCO Electric to true-up the amount related to the Benchmarking of ATCO IT and CC&B services (which was estimated to be of a credit \$22.3 million due to customers) as part of the next Rider G application.

12. Accordingly, ATCO Electric sought approval to refund, on an interim refundable basis, \$20,330,000 related to the Benchmarking of ATCO IT and CC&B services. The difference between the amount refunded and the final AUC approved amount would be dispensed with in a future rider application. In Decision [2009-046](#),<sup>7</sup> the Commission approved interim refundable rates and Rider G for ATCO Electric to be applied to all distribution tariff customers effective May 1, 2009 to July 31, 2010.

13. On September 19, 2008, ATCO Gas applied to the Commission for riders relating to CC&B costs for the period 2003-2007 that were applied for in Proceeding ID 32.<sup>8</sup> ATCO Gas submitted that the interim rates should be approved before the Commission approved the costs in Proceeding ID 32 because the amounts had been agreed upon by interveners, the amount owing was attracting interest in excess of \$1.0 million a year and to limit the level of rate shock that would occur related to the recovery of these amounts. In Decision [2008-117](#),<sup>9</sup> the Commission approved interim refundable rates for ATCO Gas to recover a portion of the requested shortfall

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<sup>6</sup> Decision 2008-134: ATCO Electric Ltd. 2009 Interim Distribution Tariff and Transmission Facility Owner’s Tariff (Application No. 1593221, Proceeding ID. 121) (Released: December 19, 2008).

<sup>7</sup> Decision 2009-046: ATCO Electric Ltd. Amended 2009 Interim Distribution Tariff and 2009 Rider G (Application No. 1604885, Proceeding ID. 176) (Released: April 22, 2009).

<sup>8</sup> Application No. 1562012 – ATCO Utilities 2003-2007 Benchmarking and I-Tek Placeholders True Up.

<sup>9</sup> Decision 2008-117: ATCO Gas Interim Rates for 2003-2007 Benchmarking and I-Tek Placeholders True Up (Application No. 1587525, Proceeding ID. 104) (Released: November 19, 2008).

associated with the 2003-2007 Benchmarking and True up Application through two new riders for ATCO Gas North and ATCO Gas South.

### **3 DETAILS OF THE COMPLIANCE FILING**

14. ATCO Utilities requested approval of its Compliance Filing and in support, submitted that:

- Exhibit 145 contained the correct placeholder adjustments by utility and that Table 1 included in Decision 2010-102 correctly summarized the placeholder true-ups between operating and maintenance expense, direct capital and other capital amounts; and
- final amounts to be collected/refunded to customers were in accordance with the attached updated Table 4 from page 31 of Decision 2010-102, which included the updated interest amounts shown in schedule 1 of the Compliance Filing for ATCO Gas and schedule 2 of the Compliance Filing for ATCO Electric, in addition to amounts collected for ATCO Gas and refunded for ATCO Electric through approved interim rates. The interest amounts for ATCO Gas and ATCO Electric were updated to reflect the updated timing of collection/refunds of remaining balances and updated interest rates.

15. ATCO Utilities also explained the proposed process to be used by each of the ATCO Utilities to replace the placeholders and to finalize and collect/refund amounts related to CC&B and IT costs for the 2003-2007 test years.<sup>10</sup>

### **4 ISSUES**

16. No parties expressed any concern with respect to the proposed process to be used by each of the ATCO Utilities to replace the placeholders and to finalize and collect/refund amounts related to CC&B and IT costs for the 2003-2007 test years. Further, no issues were raised with respect to the interest calculation for any of the utilities. However, Calgary submitted that ATCO Utilities Compliance Filing was inconsistent with the Commission's findings from Decision 2010-102. Calgary also stated that the Commission should suspend its consideration of the Compliance Filing pending the outcome of the Review and Variance Application of Decision 2010-102 filed by Calgary on May 7, 2009, Application No. 1606190 (R&V Application).

17. In reaching the determinations set out in this Decision, the Commission has considered the record of this proceeding, including the Argument and Reply provided by each party. Accordingly, references in this Decision to specific parts of the record are intended to assist the reader in understanding the Commission's reasoning relating to a particular matter and should not be taken as an indication that the Commission did not consider other relevant portions of the record with respect to that matter.

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<sup>10</sup> Exhibit 5, ATCO Utilities Application, pages 2-3.



#### 4.1 Views of the Parties

18. The UCA indicated that it had reviewed the Compliance Filing and ATCO Utilities Information Responses and advised the Commission that it did not intend to submit Argument.<sup>11</sup>

19. Calgary argued that ATCO Utilities' response to CAL-AU-2 (a), as provided below, confirmed that Exhibit 145 and the Compliance Filing were inconsistent with the ruling in paragraph 152 of Decision 2010-102:

It is important to remember the process followed throughout the entire Benchmarking exercise and reflected in Decision 2010-102. First, Benchmarking was done at the Service or Tower level. Second, FMV (and Inter-Affiliate Code Compliance) was assessed at the overall contract level. Third, **the FMV amounts were allocated or translated down to the individual line items** for the purposes of determining placeholder adjustments and ultimately revenue requirements. By looking at this overall process, it is clear that Exhibit 145 is consistent with the Commission's ruling in paragraph 152. [emphasis added by Calgary]

There is simply no inconsistency between determining FMV at the aggregate contract level and then translating these amounts to the True Up sheets for revenue requirements purposes. In fact, this is exactly what occurred in the Benchmarking process.

20. Calgary submitted in argument that ATCO Utilities' response confirmed and reinforced Calgary's submission and concerns expressed in its SIP. Calgary noted that in paragraph 152 of Decision 2010-102 the Commission specifically rejected the use of fair market value determinations on a line item basis because that approach would not be in compliance with the requirements of the Code. Yet, Calgary argued that "a line item basis was the very manner by which ATCO Utilities has confirmed it 'allocated or translated' --- in other words 'employed' --- the aggregate fair market value for the purpose of the Compliance Filing."<sup>12</sup>

21. Calgary submitted that the Commission and parties were aware that Calgary had filed the R&V Application and that on April 6, 2010 Calgary had filed an application with the Court of Appeal of Alberta that sought leave to appeal Decision 2010-102. In light of these filings, Calgary submitted that the Commission should:

... suspend the Compliance filing process until it holds a proceeding and makes a determination with respect to the R&V application, or in the alternative the Commission must reject the ATCO Compliance filing outright until the Commission specifically deals with the manner by which the aggregate FMV can be allocated or translated, for each year 2003-2007, for each ATCO regulated entity and for each of operating and capital, all in compliance with the ATCO Code of Conduct.<sup>13</sup>

22. ATCO Utilities submitted that it complied with the Commission's directions from Decision 2010-102. Specifically, ATCO Utilities argued that:

- the Compliance Filing confirmed that Exhibit 145 contained the correct placeholder adjustments by utility and Table 1, included in Decision 2010-102, correctly summarized the placeholder true-ups between O&M, direct capital, and other capital amounts;

<sup>11</sup> Exhibit 16.01, UCA Argument, page 1.

<sup>12</sup> Exhibit 18.01, Calgary Argument, page 3.

<sup>13</sup> Exhibit 18.01, Calgary Argument, page 3.

- ATCO provided updated, final amounts to be collected from/refunded to customers that reflected updated interest amounts and amounts collected through interim rates;
- ATCO also described the process to be used by each of the ATCO Utilities to implement the necessary collection/credit rate rider applications;
- the Compliance Filing is a straightforward and mechanical exercise;
- ATCO answered all Information Requests it received;
- the updated information did not alter in any way the original approval requested by the ATCO Utilities.<sup>14</sup>

23. ATCO Utilities argued that the application for leave to appeal by Calgary of Decision 2010-102 and the R&V Application had no bearing on whether ATCO Utilities had complied with Decision 2010-102.<sup>15</sup> Further, contrary to Calgary's suggestion, the Commission is not required to suspend or reject the Compliance Filing as a result of the leave to appeal application or the R&V of Decision 2010-102.

24. ATCO Utilities submitted that Calgary essentially restated its SIP and re-argued issues dealt with in Decision 2010-102, and which are not relevant to the determinations required by the Commission with respect to this Compliance Filing. Further, ATCO Utilities argued that the Commission should determine if the Compliance Filing properly implements Decision 2010-102.

#### **4.2 Commission Findings**

25. The Commission does not agree with Calgary that it should suspend the Compliance Filing process because of Calgary's application for leave to appeal Decision 2010-102 or suspend the proceeding pending the Commission's decision in the R&V Application.

26. Section 10(3) of the *Alberta Utilities Commission Act* S.A. c. A-37.2 provides that the Commission, upon receiving a review and variance application "may suspend the decision or order on the terms and conditions that Commission prescribes." The Commission is not required to do so. Further, section 29(6) of the *Alberta Utilities Commission Act* states that a decision "is not suspended by the commencement or conduct of any appeal to the Court of Appeal." The Commission may suspend a decision under subsection 29(7) however, if it considers it proper to do so. The Commission has not been persuaded by Calgary's submissions that it should suspend the Compliance Filing process and denies the requested suspension.

27. The Compliance Filing was made at the direction of the Commission in furtherance of the findings made by the Commission in Decision 2010-102. The Commission considers that the Compliance Filing should be evaluated on its merits and should not be suspended while other processes which address the underlying decision are pursued. Should Decision 2010-102 ultimately be varied as a result of the R&V Application or should leave to appeal be granted and the full appeal thereafter be successful, this decision on the compliance filing would have to be reviewed at that time and adjusted if necessary.

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<sup>14</sup> Exhibit 17.01, ATCO Utilities Argument, page 1.

<sup>15</sup> Exhibit 19.01, ATCO Reply Argument, paragraph 3, page 1.

28. In rendering this Decision on the Compliance Filing, the Commission has considered only the record before it in this proceeding and in the underlying proceeding leading to Decision 2010-102. The Commission has not considered the submissions made by parties in respect of the R&V Application for the purposes of this Decision. Accordingly, this Decision does not represent a predetermination of the matters raised in the R&V Application. The submissions of parties to the R&V Application will be accorded full consideration within that process.

29. With respect to Calgary's assertion that ATCO Utilities was in non-compliance with Decision 2010-102 due to its allocation of fair market on a line item basis, the Commission disagrees. Fair market value was determined at the aggregate service level, but allocated down to line item level to accommodate inputs for revenue requirement purposes. At paragraph 157 of Decision 2010-102 the Commission stated:

157. Therefore, the Commission is satisfied that the Benchmark Report meets the Terms of Reference as previously approved by the Board and that it has determined a FMV for IT and CC&B services at a level that is available in the market. The Commission considers that the FMV reductions to the Master Service Agreements as proposed by ATCO to be applied to IT and CC&B pricing are reasonable and consistent with the Code.

30. In Decision 2010-102 the Commission accepted ATCO Utilities' methodology for allocating the aggregate fair market value determinations down to the line item level (or as referenced above to be applied to IT and CC&B pricing) for purposes of determining the revenue requirement amounts reflected in Exhibit 145. This allocation methodology was the same allocation methodology employed by the benchmarkers to allocate the aggregate fair market value. The methodology employed by ATCO Utilities in the Compliance Filing is the same methodology approved by the Commission in Decision 2010-102 and is hereby approved.

31. There were no objections to the interest calculations for ATCO Gas and ATCO Electric or the proposed process to be used by each of the ATCO Utilities to finalize and collect/refund amounts related to CC&B and IT costs for the 2003-2007 test years, the Commission approves these matters as filed.

32. Based on the above analysis, the Commission finds that ATCO Utilities is in compliance with the directions from Decision 2010-102 because ATCO Utilities:

- confirmed that Exhibit 145 contained the correct placeholder adjustments by utility and Table 1 included in Decision 2010-102 correctly summarized the placeholder true-ups between O&M, direct capital, and other capital amounts;
- provided the updated final amounts to be collected from/refunded to customers that reflected updated interest amounts and amounts collected through interim rates as reflected in [Appendix 2](#); and
- provided the process to be used by each of the ATCO Utilities to implement the necessary collection/credit rate rider applications.

The Commission therefore approves ATCO Utilities Compliance Filing as submitted.

**5 ORDER**

33. IT IS HEREBY ORDERED THAT:

- (1) ATCO Utilities (ATCO Gas, ATCO Pipelines and ATCO Electric) Compliance Filing is approved as submitted.

Dated on June 14, 2010.

**ALBERTA UTILITIES COMMISSION**

*(original signed by)*

Willie Grieve  
Chair

*(original signed by)*

Bill Lyttle  
Commissioner

*(original signed by)*

Anne Michaud  
Commissioner

## APPENDIX 1 – PROCEEDING PARTICIPANTS

Name of Organization (Abbreviation) Counsel or Representative
ATCO Utilities (ATCO Gas, ATCO Pipelines and ATCO Electric) W. Wright N. MacLean
The City of Calgary (Calgary) D. Evanchuk
The Office of the Utilities Consumer Advocate (UCA) C. R. McCreary R. L. Bruggeman S. Mattuli

Alberta Utilities Commission
Commission Panel W. Grieve, Chair B. Lyttle, Commissioner A. Michaud, Commissioner
Commission Staff B. McNulty (Commission Counsel) M. McJannet R. Armstrong, P.Eng.

## **APPENDIX 2 – THE UPDATED FINAL AMOUNTS TO BE COLLECTED FROM/REFUNDED TO CUSTOMERS**

[\(return to text\)](#)



Appendix 2 -  
Updated Final Amoun

(consists of 3 pages)

Table 1

**ATCO Utilities**  
**Benchmarking of IT and Customer Care & Billing Services from ATCO I-Tek**  
**Amounts Owed/(Owing) at December 31, 2009**

	Revenue Requirement				PV of Future PP&E Reductions			Interest Note 2	Amounts Owed/(Owing)	Interim Rates Note 3	Net Outstanding	
	O&M	AP <sup>(1)</sup> (2005-2007) Note 1	Direct Capital	Other Capital	Total	Direct Capital	Other Capital					Total
<b>ATCO Gas</b>												
North	12.2		(1.5)	0.1	10.8	(2.7)	(0.6)	(3.3)	2.4	9.9	5.8	4.1
South	11.1		(0.8)	0.1	10.4	(2.9)	(0.5)	(3.4)	2.3	9.3	5.2	4.1
<b>Total AG</b>	<b>23.3</b>	<b>N/A</b>	<b>(2.3)</b>	<b>0.2</b>	<b>21.2</b>	<b>(5.6)</b>	<b>(1.1)</b>	<b>(6.7)</b>	<b>4.7</b>	<b>19.2</b>	<b>11.0</b>	<b>8.2</b>
<b>ATCO Electric</b>												
Transmission	(0.8)		-	-	(0.8)	-	(1.0)	(1.0)	(0.1)	(1.9)	-	(1.9)
Distribution	(13.6)		(0.5)	(0.1)	(14.2)	(0.8)	(1.4)	(2.2)	(2.6)	(19.0)	(20.3)	1.3
<b>Total AE</b>	<b>(14.4)</b>	<b>-</b>	<b>(0.5)</b>	<b>(0.1)</b>	<b>(15.0)</b>	<b>(0.8)</b>	<b>(2.4)</b>	<b>(3.2)</b>	<b>(2.7)</b>	<b>(20.9)</b>	<b>(20.3)</b>	<b>(0.6)</b>
<b>ATCO Pipelines</b>												
North	(0.2)	(0.2)	-	0.1	(0.3)	(0.3)	(0.6)	(0.9)		(1.2)		(1.2)
South	(0.1)	(0.1)	-	0.1	(0.1)	(0.3)	(0.4)	(0.7)		(0.8)		(0.8)
<b>Total AP</b>	<b>(0.3)</b>	<b>(0.3)</b>	<b>-</b>	<b>0.2</b>	<b>(0.4)</b>	<b>(0.7)</b>	<b>(1.0)</b>	<b>(1.7)</b>	<b>-</b>	<b>(2.1)</b>	<b>-</b>	<b>(2.1)</b>
<b>ATCO Utilities</b>	<b>8.6</b>	<b>(0.3)</b>	<b>(2.8)</b>	<b>0.3</b>	<b>5.8</b>	<b>(7.1)</b>	<b>(4.4)</b>	<b>(11.6)</b>	<b>2.0</b>	<b>(3.8)</b>	<b>(9.3)</b>	<b>5.5</b>

Notes:

Note 1 - ATCO Pipelines Revenue Requirement Impact of 2004 O&M True-Up.

Note 2 - Please refer to the updated interest calculations, Schedule 1 - ATCO Gas and Schedule 2 - ATCO Electric, which have been updated to reflect the estimated timing of collection / refund amounts and updated interest rates according to AUC Rule 023.

Note 3 - The ATCO Gas interim rates were approved in Decision 2008-117. ATCO Electric included the estimated refund of IT and CC&B benchmarking in its 2009 rider G application, which was approved by the Commisison in Decision 2009-046.

**ATCO Gas**  
**Calculation of Interest per AUC Rule 23**  
 (\$000s)

Schedule 1

	Revenue Requirement - Amounts Owed to ATCO Gas						O&M - IT			O&M - ITBS			Total		
	Direct Capital			Other Capital			N	S	T	N	S	T	N	S	T
	N	S	T	N	S	T									
2003	(551)	(60)	(612)	0	0	0	351	177	528	1,716	1,716	3,432	1,516	1,833	3,348
2004	(533)	(504)	(1,036)	0	0	0	833	(102)	731	3,155	3,155	6,310	3,455	2,549	6,005
2005	(51)	25	(27)	34	29	64	1,339	1,367	2,701	1,385	1,601	2,984	2,924	3,009	5,925
2006	(155)	(83)	(238)	40	33	73	555	563	1,118	1,802	1,781	3,583	2,242	2,294	4,536
2007	(240)	(172)	(412)	47	37	83	(330)	(334)	(664)	1,195	1,181	2,376	672	712	1,383
	(1,530)	(794)	(2,325)	121	99	220	2,748	1,666	4,414	9,470	9,418	18,888	10,809	10,389	21,197

**Calculation of Interest Owed to ATCO Gas**

Month	Revenue Requirement			Interim Rates		Remainder of Amts Owed		North		South		Interest \$		Interest \$		Interest \$	
	North	South	Total	Recovered by AG North	Recovered by AG South	Recovered by AG North	Recovered by AG South	Cumulative	Cumulative	Bank Rate	Plus 1.5%	North	South	Total	North	South	Total
	Jan-03	126	153	279					126	153	3.00	4.50	0	1	1		
Feb-03	126	153	279					252	306	3.00	4.50	1	1	2			
Mar-03	126	153	279					378	459	3.25	4.75	1	2	3			
Apr-03	126	153	279					504	612	3.50	5.00	2	3	5			
May-03	126	153	279					630	765	3.50	5.00	3	3	6			
Jun-03	126	153	279					756	918	3.50	5.00	3	4	7			
Jul-03	126	153	279					882	1,071	3.25	4.75	3	4	7			
Aug-03	126	153	279					1,008	1,224	3.25	4.75	4	5	9			
Sep-03	126	153	279					1,134	1,377	3.00	4.50	4	5	9			
Oct-03	126	153	279					1,260	1,530	3.00	4.50	5	6	11			
Nov-03	126	153	279					1,386	1,683	3.00	4.50	5	6	11			
Dec-03	129	148	277					1,515	1,831	3.00	4.50	6	7	13			
Jan-04	288	212	500					1,803	2,043	2.75	4.25	6	7	13			
Feb-04	288	212	500					2,091	2,255	2.75	4.25	7	8	15			
Mar-04	288	212	500					2,379	2,467	2.50	4.00	8	8	16			
Apr-04	288	212	500					2,667	2,679	2.25	3.75	8	8	16			
May-04	288	212	500					2,955	2,891	2.25	3.75	9	9	18			
Jun-04	288	212	500					3,243	3,103	2.25	3.75	10	10	20			
Jul-04	288	212	500					3,531	3,315	2.25	3.75	11	10	21			
Aug-04	288	212	500					3,819	3,527	2.25	3.75	12	11	23			
Sep-04	288	212	500					4,107	3,739	2.50	4.00	14	12	26			
Oct-04	288	212	500					4,395	3,951	2.75	4.25	16	14	30			
Nov-04	288	212	500					4,683	4,163	2.75	4.25	17	15	32			
Dec-04	288	212	494					4,965	4,375	2.75	4.25	18	15	33			
Jan-05	244	250	494					5,209	4,625	2.75	4.25	18	16	34			
Feb-05	244	250	494					5,453	4,875	2.75	4.25	19	17	36			
Mar-05	244	250	494					5,697	5,125	2.75	4.25	20	18	38			
Apr-05	244	250	494					5,941	5,375	2.75	4.25	21	19	40			
May-05	244	250	494					6,185	5,625	2.75	4.25	22	20	42			
Jun-05	244	250	494					6,429	5,875	2.75	4.25	23	21	44			
Jul-05	244	250	494					6,673	6,125	2.75	4.25	24	22	46			
Aug-05	244	250	494					6,917	6,375	2.75	4.25	24	23	47			
Sep-05	244	250	494					7,161	6,625	3.00	4.50	27	25	52			
Oct-05	244	250	494					7,405	6,875	3.25	4.75	29	27	56			
Nov-05	244	250	494					7,649	7,125	3.25	4.75	30	28	58			
Dec-05	240	245	485					7,893	7,370	3.50	5.00	33	31	64			
Jan-06	187	191	378					8,076	7,561	3.75	5.25	35	33	68			
Feb-06	187	191	378					8,263	7,752	3.75	5.25	36	34	70			
Mar-06	187	191	378					8,450	7,943	4.00	5.50	39	36	75			
Apr-06	187	191	378					8,637	8,134	4.25	5.75	41	39	80			
May-06	187	191	378					8,824	8,325	4.50	6.00	44	42	86			
Jun-06	187	191	378					9,011	8,516	4.50	6.00	45	43	88			
Jul-06	187	191	378					9,198	8,707	4.50	6.00	46	44	90			
Aug-06	187	191	378					9,385	8,898	4.50	6.00	47	44	91			
Sep-06	187	191	378					9,572	9,089	4.50	6.00	48	45	93			
Oct-06	187	191	378					9,759	9,280	4.50	6.00	49	46	95			
Nov-06	187	191	378					9,946	9,471	4.50	6.00	50	47	97			
Dec-06	183	189	372					10,129	9,660	4.50	6.00	51	48	99			
Jan-07	56	59	115					10,185	9,719	4.50	6.00	51	49	100			
Feb-07	56	59	115					10,241	9,778	4.50	6.00	51	49	100			
Mar-07	56	59	115					10,297	9,837	4.50	6.00	51	49	100			
Apr-07	56	59	115					10,353	9,896	4.50	6.00	52	49	101			
May-07	56	59	115					10,409	9,955	4.50	6.00	52	50	102			
Jun-07	56	59	115					10,465	10,014	4.50	6.00	52	50	102			
Jul-07	56	59	115					10,521	10,073	4.75	6.25	55	52	107			
Aug-07	56	59	115					10,577	10,132	4.75	6.25	55	53	108			
Sep-07	56	59	115					10,633	10,191	4.75	6.25	55	53	108			
Oct-07	56	59	115					10,689	10,250	4.75	6.25	56	53	109			
Nov-07	56	59	115					10,745	10,309	4.75	6.25	56	54	110			
Dec-07	64	80	144					10,809	10,389	4.50	6.00	54	52	106			
Jan-08								10,809	10,389	4.42	5.92	53	51	104			
Feb-08								10,809	10,389	4.25	5.75	52	50	102			
Mar-08								10,809	10,389	3.80	5.30	48	46	94			
Apr-08								10,809	10,389	3.60	5.10	46	44	90			
May-08								10,809	10,389	3.25	4.75	43	41	84			
Jun-08								10,809	10,389	3.25	4.75	43	41	84			
Jul-08								10,809	10,389	3.25	4.75	43	41	84			
Aug-08								10,809	10,389	3.25	4.75	43	41	84			
Sep-08								10,809	10,389	3.25	4.75	43	41	84			
Oct-08								10,809	10,389	2.77	4.27	38	37	75			
Nov-08								10,809	10,389	2.50	4.00	36	35	71			
Dec-08								10,157	9,831	1.94	3.44	29	28	57			
Jan-09				(652)	(558)			9,475	9,254	1.56	3.06	24	24	48			
Feb-09				(577)	(502)			8,898	8,752	1.25	2.75	20					



ATCO Electric  
 Calculation of Interest per AUC Rule 23  
 (\$000s)

Schedule 2

	Revenue Requirement - Amounts Owed to ATCO Electric Customers															
	Direct Capital			Other Capital			O&M - IT			O&M - ITBS			Total			
	Trans	Dist	Total	Trans	Dist	Total	Trans	Dist	Total	Trans	Dist	Total	Trans	Dist	Total	
2003	(0)	(1)	(1)	(4)	(7)	(11)	346		736	1,082	0	(2,990)	(2,990)	341	(2,262)	(1,921)
2004	1	17	18	29	45	74	86		189	275	0	(2,297)	(2,297)	116	(2,046)	(1,930)
2005	(24)	(109)	(134)	(3)	(8)	(10)	(259)		(634)	(893)	0	(1,886)	(1,886)	(286)	(2,637)	(2,923)
2006	(7)	(129)	(136)	(12)	(21)	(33)	(502)		(1,184)	(1,686)	0	(1,991)	(1,991)	(521)	(3,325)	(3,846)
2007	(2)	(105)	(107)	48	59	107	(441)		(1,081)	(1,522)	0	(2,441)	(2,441)	(395)	(3,568)	(3,963)
2008	(10)	(142)	(152)	(109)	(156)	(265)	0		0	0	0	0	0	(119)	(298)	(417)
	(42)	(470)	(512)	(52)	(87)	(139)	(770)		(1,974)	(2,744)	0	(11,605)	(11,605)	(863)	(14,136)	(15,000)

Calculation of Interest Owed by ATCO Electric

Month	Revenue Requirement			Interim Rates		Recovered by AE	Recovered by AE	Trans.	Dist.	Bank	Interest \$	Interest \$	Interest \$ Total	
	Trans.	Dist.	Total	Recovered by AE	Recovered by AE									Cumulative
Jan-03	28	(189)	(160)					28	(189)	3.00	4.50	0	(1)	(1)
Feb-03	28	(189)	(160)					57	(377)	3.00	4.50	0	(1)	(1)
Mar-03	28	(189)	(160)					85	(566)	3.25	4.75	0	(2)	(2)
Apr-03	28	(189)	(160)					114	(754)	3.50	5.00	0	(3)	(3)
May-03	28	(189)	(160)					142	(943)	3.50	5.00	1	(4)	(4)
Jun-03	28	(189)	(160)					171	(1,131)	3.50	5.00	1	(5)	(4)
Jul-03	28	(189)	(160)					199	(1,320)	3.25	4.75	1	(5)	(4)
Aug-03	28	(189)	(160)					228	(1,508)	3.25	4.75	1	(6)	(5)
Sep-03	28	(189)	(160)					256	(1,697)	3.00	4.50	1	(6)	(5)
Oct-03	28	(189)	(160)					285	(1,885)	3.00	4.50	1	(7)	(6)
Nov-03	28	(189)	(160)					313	(2,074)	3.00	4.50	1	(8)	(7)
Dec-03	28	(189)	(160)					341	(2,262)	3.00	4.50	1	(8)	(7)
Jan-04	10	(170)	(161)					351	(2,433)	2.75	4.25	1	(9)	(8)
Feb-04	10	(170)	(161)					361	(2,603)	2.75	4.25	1	(9)	(8)
Mar-04	10	(170)	(161)					370	(2,774)	2.50	4.00	1	(9)	(8)
Apr-04	10	(170)	(161)					380	(2,944)	2.25	3.75	1	(9)	(8)
May-04	10	(170)	(161)					390	(3,114)	2.25	3.75	1	(10)	(9)
Jun-04	10	(170)	(161)					399	(3,285)	2.25	3.75	1	(10)	(9)
Jul-04	10	(170)	(161)					409	(3,455)	2.25	3.75	1	(11)	(10)
Aug-04	10	(170)	(161)					419	(3,626)	2.25	3.75	1	(11)	(10)
Sep-04	10	(170)	(161)					428	(3,796)	2.50	4.00	1	(13)	(12)
Oct-04	10	(170)	(161)					438	(3,967)	2.75	4.25	2	(14)	(12)
Nov-04	10	(170)	(161)					448	(4,137)	2.75	4.25	2	(15)	(13)
Dec-04	10	(170)	(161)					457	(4,308)	2.75	4.25	2	(15)	(13)
Jan-05	(24)	(220)	(244)					434	(4,527)	2.75	4.25	2	(16)	(14)
Feb-05	(24)	(220)	(244)					410	(4,747)	2.75	4.25	1	(17)	(16)
Mar-05	(24)	(220)	(244)					386	(4,967)	2.75	4.25	1	(18)	(17)
Apr-05	(24)	(220)	(244)					362	(5,187)	2.75	4.25	1	(18)	(17)
May-05	(24)	(220)	(244)					338	(5,406)	2.75	4.25	1	(19)	(18)
Jun-05	(24)	(220)	(244)					314	(5,626)	2.75	4.25	1	(20)	(19)
Jul-05	(24)	(220)	(244)					291	(5,846)	2.75	4.25	1	(21)	(20)
Aug-05	(24)	(220)	(244)					267	(6,066)	2.75	4.25	1	(21)	(20)
Sep-05	(24)	(220)	(244)					243	(6,285)	3.00	4.50	1	(24)	(23)
Oct-05	(24)	(220)	(244)					219	(6,505)	3.25	4.75	1	(26)	(25)
Nov-05	(24)	(220)	(244)					195	(6,725)	3.25	4.75	1	(27)	(26)
Dec-05	(24)	(220)	(244)					171	(6,945)	3.50	5.00	1	(29)	(28)
Jan-06	(43)	(277)	(321)					128	(7,222)	3.75	5.25	1	(32)	(31)
Feb-06	(43)	(277)	(321)					84	(7,499)	3.75	5.25	0	(33)	(33)
Mar-06	(43)	(277)	(321)					41	(7,776)	4.00	5.50	0	(36)	(36)
Apr-06	(43)	(277)	(321)					(2)	(8,053)	4.25	5.75	0	(39)	(39)
May-06	(43)	(277)	(321)					(46)	(8,330)	4.50	6.00	0	(42)	(42)
Jun-06	(43)	(277)	(321)					(89)	(8,607)	4.50	6.00	0	(43)	(43)
Jul-06	(43)	(277)	(321)					(133)	(8,884)	4.50	6.00	(1)	(44)	(45)
Aug-06	(43)	(277)	(321)					(176)	(9,161)	4.50	6.00	(1)	(44)	(47)
Sep-06	(43)	(277)	(321)					(220)	(9,438)	4.50	6.00	(1)	(47)	(48)
Oct-06	(43)	(277)	(321)					(263)	(9,715)	4.50	6.00	(1)	(49)	(50)
Nov-06	(43)	(277)	(321)					(306)	(9,992)	4.50	6.00	(2)	(50)	(52)
Dec-06	(43)	(277)	(321)					(350)	(10,269)	4.50	6.00	(2)	(51)	(53)
Jan-07	(33)	(297)	(330)					(383)	(10,567)	4.50	6.00	(2)	(53)	(55)
Feb-07	(33)	(297)	(330)					(416)	(10,864)	4.50	6.00	(2)	(54)	(56)
Mar-07	(33)	(297)	(330)					(449)	(11,162)	4.50	6.00	(2)	(56)	(58)
Apr-07	(33)	(297)	(330)					(481)	(11,459)	4.50	6.00	(2)	(57)	(59)
May-07	(33)	(297)	(330)					(514)	(11,756)	4.50	6.00	(3)	(59)	(62)
Jun-07	(33)	(297)	(330)					(547)	(12,054)	4.50	6.00	(3)	(60)	(63)
Jul-07	(33)	(297)	(330)					(580)	(12,351)	4.75	6.25	(3)	(64)	(67)
Aug-07	(33)	(297)	(330)					(613)	(12,648)	4.75	6.25	(3)	(66)	(69)
Sep-07	(33)	(297)	(330)					(646)	(12,946)	4.75	6.25	(3)	(67)	(70)
Oct-07	(33)	(297)	(330)					(679)	(13,243)	4.75	6.25	(4)	(69)	(73)
Nov-07	(33)	(297)	(330)					(712)	(13,541)	4.75	6.25	(4)	(71)	(75)
Dec-07	(33)	(297)	(330)					(745)	(13,838)	4.50	6.00	(4)	(69)	(73)
Jan-08	(10)	(25)	(35)					(754)	(13,863)	4.42	5.92	(4)	(68)	(72)
Feb-08	(10)	(25)	(35)					(764)	(13,888)	4.25	5.75	(4)	(67)	(71)
Mar-08	(10)	(25)	(35)					(774)	(13,913)	3.80	5.30	(3)	(61)	(64)
Apr-08	(10)	(25)	(35)					(784)	(13,937)	3.60	5.10	(3)	(59)	(62)
May-08	(10)	(25)	(35)					(794)	(13,962)	3.25	4.75	(3)	(55)	(58)
Jun-08	(10)	(25)	(35)					(804)	(13,987)	3.25	4.75	(3)	(55)	(58)
Jul-08	(10)	(25)	(35)					(814)	(14,012)	3.25	4.75	(3)	(55)	(58)
Aug-08	(10)	(25)	(35)					(824)	(14,037)	3.25	4.75	(3)	(56)	(59)
Sep-08	(10)	(25)	(35)					(834)	(14,062)	3.25	4.75	(3)	(56)	(59)
Oct-08	(10)	(25)	(35)					(844)	(14,087)	2.77	4.27	(3)	(50)	(53)
Nov-08	(10)	(25)	(35)					(853)	(14,111)	2.50	4.00	(3)	(47)	(50)
Dec-08	(10)	(25)	(35)					(863)	(14,136)	1.94	3.44	(2)	(41)	(43)
Jan-09								(863)	(14,136)	1.56	3.06	(2)	(36)	(38)
Feb-09								(863)	(14,136)	1.25	2.75	(2)	(32)	(34)
Mar-09								(863)	(14,136)	0.78	2.28	(2)	(27)	(29)
Apr-09								(863)	(14,136)	0.67	2.17	(2)	(26)	(28)
May-09				905				(863)	(13,194)	0.50	2.00	(1)	(22)	(23)
Jun-09				905		37		(863)	(12,251)	0.50	2.00	(1)	(20)	(21)
Jul-09				905		37		(863)	(11,309)	0.50	2.00	(1)	(19)	(20)
Aug-09				905		37		(863)	(10,367)	0.50	2.00	(1)	(17)	(18)
Sep-09				905		37		(863)	(9,424)	0.50	2.00	(1)	(16)	(17)
Oct-09				905		37		(863)	(8,482)	0.50	2.00	(1)	(14)	(15)
Nov-09				905		37		(863)	(7,539)	0.50	2.00	(1)	(13)	(14)
Dec-09				905		37		(863)	(6,597)	0.50	2.00	(1)	(11)	(12)
Jan-10				905		37		(863)	(5,654)	0.50	2.00	(1)	(9)	(10)
Feb-10				905		37		(863)	(4,712)	0.50	2.00	(1)	(8)	(9)
Mar-10				905		37		(863)	(3,770)	0.50	2.00	(1)	(6)	(7)
Apr-10				905		37		(863)	(2,827)	0.50	2.00	(1)	(5)	(6)
May-10				905		37		(863)	(1,885)	0.50	2.00	(1)	(3)	(4)
Jun-10				905	770	905	93	(0)	(942)	0.50	2.00	0	(2)	(2)
Jul-10				905		905		(0)	(0)	0.50	2.00	0	0	0

Total Interest Owed to ATCO Electric Customers

(64) (2,660) (2,724)