

December 14, 2011

Mr. J. Gordon Seymour  
Secretary, Public Company Accounting Oversight Board  
1666 K Street, N.W.  
Washington, D.C. 20006-2803

Re: PCAOB Rulemaking Docket Matter No. 37

Dear Mr. Seymour,

TransAlta Corporation is pleased to provide comments on the concept release on auditor independence and audit firm rotation.

TransAlta understands the need for auditor independence, objectivity and professional skepticism for the performance of quality audits and fully supports activities to increase auditor independence, objectivity and professional skepticism.

As it relates to the topic of mandatory firm rotations, TransAlta does not believe that mandatory firm rotations will result in higher levels of auditor independence, objectivity and professional skepticism. TransAlta believes that with an appropriately functioning, independent audit committee in place, auditors are being held to levels of accountability that includes ensuring that they are applying appropriate independence, objectivity and professional skepticism. To impose audit firm rotation will over ride an important judgment of audit committees and in addition to the disadvantages noted below, may result in reduced authority of the audit committee and lower levels of engagement between the auditor and the audit committee.

TransAlta believes that the disadvantages of mandatory firm rotations would outweigh any potential benefits. TransAlta is of the opinion that there are significant disadvantages to mandatory audit firm rotation, which would include:

- The loss of knowledge that has accumulated over time within an audit firm. Our auditors will have built up knowledge of our business. This understanding permits auditors to identify the appropriate risks and issues that must be considered as part of an audit. Mandatory rotation would result in the loss of that knowledge as a new audit firm would have to develop that knowledge of our business.

- The loss of knowledge of the control environment. Auditors will have to be educated on the controls every time that there is a rotation and would impact the efficiency and effectiveness of the audit.
- Loss of continuity on ongoing issues or large transactions such as commercial disputes or a business combination that could occur as rotations are required.
- Potential loss of auditors with expertise in our specific industry. With certain complexities in our industry, it is beneficial to have auditors who understand the industry or have knowledge within their firm about our particular industry. Losing a firm with that type of knowledge because of a mandatory rotation would be detrimental to the audit process.

In TransAlta's opinion, these disadvantages have the potential to result in lower quality audits when mandatory rotation occurs.

From a cost perspective, the disadvantages of rotation of auditors will increase costs as more time will have to be spent with new auditors educating them on our company, the industry we operate in and company specific issues. The disadvantages would also carry over to the audit firms performing the audits and will result in higher audit fees.

Thank you for the opportunity to provide comments. We would be pleased to discuss our comments.

Sincerely,



Brett Gellner  
Chief Financial Officer



William D. Anderson  
Chairman of the Audit and Risk Committee