



2012 Performance-Based Regulation – Capital Tracker Filings

Advance Funding

February 19, 2013



The Alberta Utilities Commission

Decision 2013-049: 2012 Performance-Based Regulation – Capital Tracker Filings

Advance Funding

Application No. 1609274

Proceeding ID No. 2407

February 19, 2013

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1 Introduction

1. The Alberta Utilities Commission (AUC or Commission) issued Decision [2012-237](#),¹ Rate Regulation Initiative Distribution Performance-Based Regulation, on September 12, 2012 for five of the electric and gas distribution companies, AltaGas Utilities Inc. (AltaGas), ATCO Electric Ltd. (AE), ATCO Gas, a division of ATCO Gas and Pipelines Ltd. (AG), EPCOR Distribution & Transmission Inc. (EPCOR) and FortisAlberta Inc. (Fortis) (companies). The decision invited the companies to file capital tracker applications before November 2, 2012. The deadline date was later extended December 14, 2012.²

2. On November 5, 2012, the Commission issued notice of application³ for the 2012 Performance-Based Regulation Capital Tracker proceeding, Proceeding ID No. 2131. In the process schedule set out in the notice of application, statements of intent to participate (SIPs) for interveners who were not part of the proceeding resulting in Decision 2012-237, were invited to submit a SIP by November 19, 2012.

3. On February 5, 2013, the Commission received a request from the Consumers' Coalition of Alberta (CCA) for approval of advance funding pursuant to Section 7 of AUC [Rule 022](#): *Rules on Intervener Costs in Utility Rate Proceedings* (Rule 022) for the retention of Pacific Economics Group Research LLC (PEG). The CCA indicated it is unable to retain PEG without advance funding. The CCA also requested approval of rates to be charged by experts retained by the CCA. The CCA advised that it is eligible for cost recovery under Rule 022.

4. In support of its request for advance funding, the CCA submitted a proposed budget for PEG's consulting costs totaling \$142,230, noting that the costs may be subject to change. The CCA also provided a general description detailing the scope of work to be undertaken by PEG in preparing evidence on behalf of the CCA. The budgeted work assumed a full procedural process including an oral hearing. The CCA noted that billable rates and exchange rate impacts may result in costs which slightly exceed the AUC Rule 022 *Scale of Costs* and that hotel accommodations may exceed the \$140 per day maximum.

5. The CCA proposed that the advanced funding be paid by the respective utilities equally; with each utility providing one-fifth of the cost.

¹ Decision 2012-237: Rate Regulation Initiative, Distribution Performance-Based Regulation, Application No. 1606029, Proceeding ID No. 566, September 12, 2012.

² Exhibit 32.01, November 21, 2012 AUC.

³ Exhibit 24.01.

2 Advance funding requests

6. In assessing a cost claim pursuant to Section 21 of the *Alberta Utilities Commission Act*, SA 2007, c. A-37.2, the Commission applies AUC Rule 022.

7. Sections 3 and 7 of AUC Rule 022 specifically address advanced funding and read:

3.1 The Commission may award costs to an intervener who has, or represents a group of utility customers that have, a substantial interest in the subject matter of a hearing or other proceeding and who does not have the means to raise sufficient financial resources to enable the intervener to present its interest adequately in the hearing or other proceeding.

3.2 An intervener may request an advance ruling on its eligibility for costs.

3.3 An applicant is eligible to claim costs.

....

7.1 An eligible intervener in a hearing or other proceeding may, at any time before or during the hearing or other proceeding, make a request to the Commission for an advance of funds.

7.2 An application for advance funding must include a budget in accordance with Section 6 and include information substantiating the need for the advance of funds.

7.3 If the Commission awards an advance of funds to an eligible intervener under this section, the Commission may issue an order directing the applicant to advance funds to the eligible intervener and set out the terms for repayment of the advance to the applicant by the eligible intervener if the Commission varies or denies costs on the claim for costs filed by the eligible intervener at the close of the hearing or other proceeding.

3 Commission findings

8. The Commission has considered the CCA's request for advance funding and has determined that some amount of advanced funding is warranted given the nature of the capital tracker proceeding, the proposed work plan and budget provided by PEG and the CCA's representation that advance funding is required in order to permit the CCA to file expert evidence. In light of past Commission practice with respect to advance funding requests and noting that the Commission has not yet established a full procedural schedule for the capital trackers proceeding, the Commission grants advance funding in the amount of \$94,820.00 exclusive of GST, which is two-thirds of the proposed budget submitted by the CCA for the retention of PEG.

9. In approving a portion of the CCA's advanced funding request, the Commission makes no finding with respect to the value of PEG's proposed evidence or with respect to the cost award that the Commission may ultimately make for the CCA at the close of the capital tracker proceeding. This advance funding approval is subject to the Commission's review of the justification and accounting of the CCA's final cost claim. If the CCA accepts the advance funding pursuant to this decision and the final cost award relating to this proceeding is less than

the amount of the advance funding directed in this decision, the CCA will be required to repay the difference.

10. The Commission denies the CCA's request for approval at this time of specific expert rates and declines to provide approval at this time of fees or disbursements in excess of the *Scale of Costs*.

11. As ratepayers ultimately pay approved costs, the Commission considers that all parties submitting a cost claim have an obligation to actively manage the costs to be claimed, irrespective of an award for advance funding. In assessing cost claims filed following the close of the proceeding, the Commission will consider the effectiveness of the participation by each interested party, and whether the costs of the participation were necessary, reasonable and directly and necessarily related to the proceeding.

12. In keeping with past practice, the Commission directs that the advanced funding granted by this decision be allocated among each of the companies in the same manner as advance funding amounts have been allocated in the Rate Regulation Initiative, PBR Principles Advanced Funding Decision, Decision [2011-365](#)⁴ and in the Generic Cost of Capital proceedings⁵ as follows:

- 75% of the advanced funding costs for consulting services provided by PEG will be allocated on a proportional basis based on each company's 2011 revenue requirement; and
- 25% of the advanced funding costs for the consulting services provided by PEG will be allocated equally among the companies.

13. The Commission emphasizes that the advance funding and allocation methodology approved in this decision are subject to adjustment when final cost awards are determined following completion of this proceeding. The cost allocation among the companies may be subsequently changed in the final cost order to reflect the nature of PEG's evidence and its general applicability to each of the companies.

4 Order

14. It is hereby ordered that:

- (1) Advance funding in the amount of \$94,820.00 exclusive of GST is to be paid to counsel for the Consumers' Coalition of Alberta for the purposes of retaining and engaging the consulting services of Pacific Economics Group Research LLC in the 2012 Performance-Based Regulation Capital Tracker proceeding, Proceeding ID No. 2131.

⁴ Decision 2011-365: Rate Regulation Initiative – PBR Principles Advanced Funding, Application 1606029, Proceeding ID No. 566, September 6, 2011.

⁵ See for example: Utility Cost Order [2010-017](#): 2009 Generic Cost of Capital – Cost Awards, Application No. 1578571, Cost Application No. 1605527, March 11, 2010.

- (2) The advanced funding awarded to the Consumers' Coalition of Alberta will be allocated as follows among the companies:
 - 75% of the advanced funding costs will be allocated on a proportional basis based on each company's 2011 revenue requirement, as set out in Appendix A; and
 - 25% of the advanced funding costs will be allocated equally among the companies, as set out in Appendix A.
- (3) AltaGas Utilities Inc. shall pay intervener advance funding costs in the amount of \$6,540.21, as set out in column (a) of Appendix A.
- (4) ATCO Electric Ltd. shall pay intervener advance funding costs in the amount of \$22,804.21, as set out in column (b) of Appendix A.
- (5) ATCO Gas and Pipelines Ltd. (ATCO Gas) shall pay intervener advance funding costs in the amount of \$33,201.22, as set out in column (c) of Appendix A.
- (6) FortisAlberta Inc. shall pay intervener advance funding costs in the amount of \$18,146.18, as set out in column (d) of Appendix A.
- (7) EPCOR Distribution & Transmission Inc. shall pay intervener advance funding costs in the amount of \$14,128.18, as set out in column (e) of Appendix A.

Dated on February 19, 2013.

The Alberta Utilities Commission

(original signed by)

Mark Kolesar
Vice-Chair

(original signed by)

Neil Jamieson
Commission Member

(original signed by)

Henry van Egteren
Commission Member

Costs Allocation
 Proceeding ID No. 2407

Costs Awards

	AltaGas Utilities Inc. (a)	ATCO Electric Ltd. (b)	ATCO Gas (c)	FortisAlberta Inc. (d)	EPCOR Distribution & Transmission Inc. (e)	Total
2011 Revenue Requirement	\$46,375,000.00	\$466,200,000.00	\$734,435,000.00	\$345,933,000.00	\$242,400,000.00	\$1,835,343,000.00
% of Revenue Requirement	2.53%	25.40%	40.02%	18.85%	13.20%	100%
Consumers' Coalition of Alberta 75% Costs Allocation	\$1,799.21	\$18,063.21	\$28,460.22	\$13,405.18	\$9,387.18	\$71,115.00
Consumers' Coalition of Alberta 25% Costs Allocation	\$4,741.00	\$4,741.00	\$4,741.00	\$4,741.00	\$4,741.00	\$23,705.00
TOTAL	\$6,540.21	\$22,804.21	\$33,201.22	\$18,146.18	\$14,128.18	\$94,820.00