AUC
Alberta Utilities Commission

2012 Performance-Based Regulation Second Compliance Filings

AltaGas Utilities Inc., ATCO Electric Ltd., ATCO Gas and Pipelines Ltd., EPCOR Distribution & Transmission Inc. and FortisAlberta Inc.

July 19, 2013

The Alberta Utilities Commission
Decision 2013-270: 2012 Performance-Based Regulation Second Compliance Filings
AltaGas Utilities Inc., ATCO Electric Ltd., ATCO Gas and Pipelines Ltd.,
EPCOR Distribution & Transmission Inc. and FortisAlberta Inc.
Application No. 1609367
Proceeding ID No. 2477

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T2P 3L8

Telephone: 403-592-8845
Fax: 403-592-4406

Website: www.auc.ab.ca

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1 Introduction and background

1. On September 12, 2012, the Alberta Utilities Commission (AUC or Commission) issued Decision 2012-237,[1] approving performance-based regulation (PBR) plans for the distribution utility services of each of AltaGas Utilities Inc. (AltaGas), ATCO Electric Ltd. (ATCO Electric), ATCO Gas and Pipelines Ltd. (ATCO Gas), EPCOR Distribution & Transmission Inc. (EPCOR) and FortisAlberta Inc. (Fortis), jointly referred to as the companies. The PBR plans were approved for a five-year term commencing January 1, 2013. PBR replaces traditional cost-of-service regulation as the annual rate-setting mechanism for distribution utility rates.

2. As set out in Decision 2012-237, the PBR framework provides a formula mechanism for the annual adjustment of rates. In general, the companies' rates are adjusted annually by means of an indexing mechanism that tracks the rate of inflation (I) relevant to the prices of inputs the companies use less an offset (X) to reflect the productivity improvements the companies can be expected to achieve during the PBR plan period. As a result, a utility's revenues are no longer linked to its costs. Companies subject to a PBR regime must manage their businesses and service obligations with the revenues derived under the PBR indexing mechanism and other adjustments provided by the formula. The PBR framework is intended to create efficiency incentives similar to those in competitive markets.

3. Decision 2012-237 directed each of the companies to make a 2012 PBR compliance filing.

4. On March 4, 2013, the Commission issued Decision 2013-072,[2] dealing with the initial 2012 PBR compliance filings of each of the companies. The decision directed the companies to make a second compliance filing by March 18, 2013. The second compliance filings were to include proposed distribution rates to be effective April 1, 2013.

5. In accordance with the directions in Decision 2013-072, on March 18, 2013, the companies submitted their respective 2012 PBR second compliance filing applications, which included proposed distribution rates to be effective April 1, 2013. On March 22, 2013, the

[1] Decision 2012-237: Rate Regulation Initiative Distribution Performance-Based Regulation, Application No. 1606029, Proceeding ID No. 566, September 12, 2012.
[2] Decision 2013-072: 2012 Performance-Based Regulation Compliance Filings AltaGas Utilities Inc., ATCO Electric Ltd., ATCO Gas and Pipelines Ltd., EPCOR Distribution & Transmission Inc. and FortisAlberta Inc., Application No. 1608826, Proceeding ID No. 2130, March 4, 2013.

Commission issued Decision 2013-112,[3] approving the proposed April 1, 2013 rates on an interim basis, subject to a subsequent review in the current proceeding.

6. On March 19, 2013, the Commission issued a notice of proceeding soliciting statements of intent to participate (SIPs) from any party not already registered in the second compliance filing proceeding that wished to intervene or participate. A SIP was filed by ENMAX Power Corporation. Parties that were already registered in Proceeding ID No. 2477 were not required to file a new SIP. Besides the companies, the registered participants in this proceeding included the Consumers' Coalition of Alberta (CCA), the Office of the Utilities Consumer Advocate (UCA), and The City of Calgary (Calgary).

7. The Commission determined that the proceeding to review the 2012 PBR second compliance filing applications would follow the minimum written process described in Bulletin 2010-16,[4] and established the following procedural schedule:[5]

Process step	Deadline Date
Information requests to the companies	April 17, 2013
Information responses from the companies	May 1, 2013
Argument	May 15, 2013
Reply argument	May 29, 2013

8. The Commission considers the record for this proceeding to have closed on May 29, 2013. In reaching the determinations set out within this decision, the Commission has considered all relevant materials comprising the record of this proceeding, as well as findings in Decision 2012-237 and Decision 2013-072. Accordingly, reference 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 all relevant portions of the record with respect to a particular matter.

2 Future true-ups

9. In Decision 2013-072, the Commission observed that the April 1, 2013 PBR second compliance interim rates, which were subsequently approved in Decision 2013-112, would remain interim because they will include 2013 K factor placeholder amounts, as well as other placeholders.[6] Upon the approval of final 2013 PBR rates (reflecting the final approved K factor amount, among other adjustments), there will be a need for a true-up of the interim 2013 rates to final 2013 rates.

10. In its information requests to the companies, the Commission explored how best to deal with future true-ups and adjustments arising from changes to PBR rates in 2013 (the transitional

[3] Decision 2013-112: 2012 Performance-Based Regulation Second Compliance Filings April 1, 2013 Interim Distribution Rates for each of AltaGas Utilities Inc., ATCO Electric Ltd., ATCO Gas and Pipelines Ltd., EPCOR Distribution & Transmission Inc. and FortisAlberta Inc., Application No. 1609367, Proceeding ID No. 2477, March 22, 2013.

[4] Bulletin 2010-16, Performance Standards for Processing Rate-Related Application, April 26, 2010.

[5] Exhibit 18, Commission correspondence of March 19, 2013.

[6] Decision 2013-072, paragraph 19.

year) as well as true-up mechanisms with respect to K, Y and Z factors in subsequent years. In particular, the Commission inquired whether, in the companies' view, any future true-up of 2013 base PBR rates arising from the second compliance filing, the settlement of placeholders and the finalization of the 2013 K factor should be dealt with based on forecast, rather than actual, usage-per-customer and billing determinants. Similarly, with respect to K factors, Z factors and Y factors that do not have a separate collection rider or mechanism, the Commission solicited the companies' views on whether the true-up should be done on the basis of forecast or actual usage-per-customer and billing determinants.

> For example, if the company was approved to collect (refund) $100 from customers in a given year through a K, Y or Z factor and only collected (refunded) $98 due to differences between forecast and actual consumption, should the $2 shortfall (gain) be recovered in the next year, or should the company bear the cost or keep the gain?[7]

11. In their respective responses, AltaGas,[8] ATCO Electric,[9] ATCO Gas[10] and Fortis[11] expressed their view that future true-ups of base PBR rates, as well as K, Y and Z factors that do not have a separate collection rider or mechanism, should be dealt with based on forecast billing determinants rather than actual billing determinants. In other words, these companies were prepared to assume a forecast risk on sales volumes and the collected revenues.

12. In particular, AltaGas noted that, under its PBR plan, the company assumes forecast risk on sales volumes. Accordingly, AltaGas argued "it would be inappropriate to use actual or normalized actual usage-per-customer in any adjustment of interim rates to reflect final rates."[12] Fortis noted that taking volume-related risk on recovery of its K, Y, and Z factors would maintain a recovery risk comparable to that which existed for such amounts under the cost of service regulatory framework.[13]

13. Additionally, Fortis pointed out that, in Decision 2012-237, the Commission approved the requirement for a billing determinant forecast to be filed in each annual PBR rates adjustment filing. Given that the billing determinants are reforecast annually in accordance with a pre-approved method, Fortis expressed its view that "there should be minimal forecasting inaccuracy, resulting in a reasonable tracking of actuals and forecast values, and regardless, this forecast risk should be relatively small given that it is only with respect to the true-up amount."[14]

14. Fortis also indicated that "if base rate true-ups were calculated using forecast volumes, regulatory and administrative burden may be reduced given that using actual volumes requires that past billing volumes need to be finalized before the true-up can be calculated, and there are always prior period billing adjustments that are ongoing."[15] As a result, Fortis considered that the

7 See the Commission information requests in Exhibit 22.01, AUC-AUI-3(c); Exhibit 23.01, AUC-AG-4(c), Exhibit 24.01, AUC-AE-1(c); Exhibit 25.01, AUC-EDTI-1(c); Exhibit 26.01, AUC-FAI-2(c).
8 Exhibit 45.01, AUC-AUI-3(b) and (c).
9 Exhibit 37.01, AUC-AE-1(b) and (c).
10 Exhibit 43.01, AUC-AG-4(b) and (c).
11 Exhibit 35.02, AUC-FAI-2(b) and (c).
12 Exhibit 53, AltaGas argument, paragraph 17.
13 Exhibit 35.02, AUC-FAI-2(c).
14 Exhibit 35.02, AUC-FAI-2(b).
15 Exhibit 35.02, AUC-FAI-2(b).

use of approved forecast numbers for purposes of calculating any true-ups would promote an element of regulatory and administrative efficiency.

15. ATCO Electric and ATCO Gas explained that K factor, Y factor and Z factor amounts that do not have a separate collection rider or mechanism are combined with the base PBR revenues for each rate class to determine the total revenue. Rates are then designed to recover the total revenue. By collecting the total revenue through one charge, it will be difficult to individually track actual recovery amounts for each component. Without clear identification of actual recovery amounts, a true-up based on actuals would be administratively onerous.[16] A similar argument was put forward by Fortis.[17]

16. EPCOR expressed its view that any future true-up of 2013 base PBR rates as well as K, Y and Z factors that do not have a separate collection rider or mechanism should be dealt with based on actual billing determinants. In EPCOR's view, the use of actual billing determinants will leave the risk of a change in energy volumes with the company.[18]

17. The UCA recommended that the issue of the basis for future true-ups be dealt with in respective 2014 K factor, Y factor or Z factor proceedings. The UCA recommended that the companies be directed to include, in any future K, Y, or Z factor applications, their respective proposed treatment of billing determinants for true-ups.[19] However, should the Commission decide to resolve this issue in this proceeding, the UCA supported the position of AltaGas and Fortis that maintaining forecast risk with the utility was an appropriate approach and that true-ups should be based on forecast billing determinants.[20]

Commission findings

18. The Commission allowed all parties to comment on the issue of how best to deal with future true-ups under PBR and, as such, the Commission considers that a decision on this issue can be rendered in this proceeding. As EPCOR commented, "it is appropriate for the Commission to address this matter at this time for the sake of efficiency, as a determination of this issue will ensure that the approach to be used is established, well in advance of filing [the 2013 annual rate adjustment filing]."[21]

19. The Commission agrees with the views of ATCO Electric, ATCO Gas, AltaGas and Fortis, also supported by the UCA, that any future true-up of base PBR rates and any K, Y and Z factors that do not have a separate collection rider or mechanism should be dealt with on the basis of forecast rather than actual usage-per-customer and billing determinants.[22]

20. First, as Fortis pointed out, given that the billing determinants are reforecast annually in accordance with a pre-approved method, forecasting inaccuracy is expected to be minimal. Second, the regulatory and administrative burden may be reduced when using forecast billing

16 Exhibit 37.01, AUC-AE-1(c) and Exhibit 43.01, AUC-AG-4(c).
17 Exhibit 35.02, AUC-FAI-2(c).
18 Exhibit 38.01, AUC-EDTI-1(b) and (c).
19 Exhibit 47.02, UCA reply argument, paragraphs 8-13.
20 Exhibit 59.02, UCA reply argument, paragraph 9.
21 Exhibit 57, EPCOR reply argument, paragraph 3.
22 Exhibit 45.01, AUC-AUI-3(b) and (c), Exhibit 37.01, AUC-AE-1(b) and (c), Exhibit 43.01, AUC-AG-4(b) and (c), Exhibit 35.02, AUC-FAI-2(b) and (c), Exhibit 59.02, UCA reply argument, paragraph 9.

determinants because there is no need to finalize the prior period billing adjustments before applying for a true-up. Finally, the ATCO companies and Fortis explained that using actual billing determinants for truing up K, Y and Z factor amounts would require individual tracking of actual recovery amounts for each component. If forecast billing determinants are used, there is no such requirement.

21. For the above reasons, the Commission considers that using forecast billing determinants for the purposes of calculating any true-up amounts will result in regulatory efficiencies. This approach will simplify regulatory filings and processes without introducing any material changes in risk. Consequently, the Commission directs the companies, in future applications dealing with a true-up of annual base PBR rates and any K, Y and Z factors that do not have a separate collection rider or mechanism, to use forecast rather than actual usage-per-customer and billing determinants.

22. In Decision 2012-237, the companies were directed to "utilize consistent billing determinant forecasting methodologies during the PBR term unless the Commission orders otherwise."[23] In Decision 2013-072, the Commission approved the companies' 2013 billing determinants forecasts, based on their respective proposed forecasting methodologies. Consistent with the findings in those decisions, the companies are directed to explain clearly in their annual PBR rate adjustment filings any departures from the existing forecasting methodology used for deriving their approved 2013 billing determinants forecasts.

3 Issues pertaining to individual PBR second compliance filing applications

3.1 AltaGas

23. In its PBR second compliance filing, AltaGas increased the default supply provider (DSP) administration fee by the same percentage as the corresponding distribution delivery rates.

24. In AUC-AUI-1, the Commission inquired whether the DSP administration fee should be increased by I-X only.[24] In response, AltaGas explained that its approach to escalating the DSP administration fee was a reflection of the fact that the DSP administration fee was not separated from the rate class revenue requirement, based on the most recent approved cost of service study.[25] AltaGas therefore applied, in addition to I-X, the same customer growth rates and changes in billing determinants to the DSP administration fee that it applied to the corresponding distribution rates.

25. In particular, to arrive at the proposed 2013 DSP administration fee, AltaGas first escalated the 2012 interim DSP administration fee by a factor of 10.955 per cent in order to bring it up to the level of the final 2012 revenue requirement approved in Decision 2012-311[26] and

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23 Decision 2012-237, paragraph 995.
24 Exhibit 45.01, AUC-AUI-1(a) and (b).
25 Proceeding ID No. 651, Application No. 1606230, AltaGas Utilities Inc. 2008-2009 General Rate Application – Phase II Negotiated Settlement.
26 Decision 2012-311 (Errata): AltaGas Utilities Inc. 2010-2012 GRA – Phase I Compliance Filing Pursuant to Decision 2012-091, Application No. 1608512, Proceeding ID 1921, December 5, 2012.

corresponding going-in rates.[27] The resulting "going-in" DSP administration fee was further adjusted by the factors that apply to the corresponding distribution rates: the 2013 I-X index, the change in customer growth and billing determinants for each customer class, as well as the 2013 Y factor.[28]

26. Although the AltaGas adjustment methodology is consistent with how the DSP administration fee is currently treated under the existing rate design, AltaGas considers treating the DSP administration fee as a separate fee category to be theoretically more accurate. AltaGas indicated that it expects to treat the DSP administration fee as a separate fee category in its 2013-2017 cost of service study and rate design application.

27. No party expressed concern with this or any other aspect of AltaGas' PBR second compliance application.

Commission findings

28. The Commission accepts AltaGas' explanation and reasons for the inclusion of the 10.955 per cent interim to final 2012 rates adjustment, the 2013 I-X index, the change in customer growth and billing determinants for each customer class, as well as the 2013 Y factor in the calculation of its 2013 DSP administration fee. With respect to the methodology used by AltaGas in the calculation of the 2013 DSP administration fee, the Commission agrees that using the existing approved rate design is consistent with the company's historical practices and with past general rate application approvals. The Commission is not making any determination in this decision on potential future changes to the treatment of the DSP administration fee.

29. Any changes to the treatment of the DSP administration fee and potential resulting adjustments to PBR base rates proposed by AltaGas in its 2013-2017 cost of service study and rate design application (Proceeding ID No. 2687[29]) will be addressed in that Phase II proceeding, with any adjustments made prospectively.

30. The Commission has reviewed AltaGas' 2012 PBR second compliance filing and finds that the company has complied with the directions and findings of the Commission in Decision 2012-237 and Decision 2013-072. Accordingly, the Commission finds that additional changes are not required to AltaGas' April 1, 2013 rates and the accompanying terms and conditions of service approved on an interim basis in Decision 2013-112. AltaGas is directed to continue to use existing rates on an interim basis until all remaining 2013 placeholders have been determined. When these placeholders are resolved, the 2013 rates will be finalized and any required true-up adjustments will be directed by the Commission.

31. Subject to any further direction from the Commission, AltaGas is directed to use the rates approved effective April 1, 2013 as the basis for the 2014 PBR rates calculation in its September 10, 2013 annual PBR rate adjustment filing.

27 AltaGas' final approved 2012 revenue requirement of $57,548,719 represents an approximately 10 per cent increase over the 2012 interim revenue requirement of $52,796,219 approved in Decision 2012-013: AltaGas Utilities Inc., 2012 Interim Rates, Application No. 1607602, Proceeding ID No. 1403, January 12, 2012.

28 As shown in Schedule 1 of Exhibit 45.02, AUC-AUI-1 attachment, the 2013 Y factor represents an adjustment of -1.472 per cent to customer rates for all rate classes. This method of allocating Y factors to customer classes was approved in Section 3.3 of Decision 2013-072.

29 Proceeding ID No. 2687, Application No. 1609722, AltaGas Utilities Inc. 2013-2017 PBR Phase II application.

3.2 ATCO Electric

32. The CCA in its argument submitted that, due to ATCO Electric's use of rounding, increases in ATCO Electric's Schedule F Supplementary Service Charges exceeded the approved 2013 I-X index of 1.0171. The CCA objected to any fee increase above the approved I-X index. The CCA also observed that ATCO Electric elected not to increase the set-up fee and the retailer re-enrollment fee. The CCA agreed with not increasing these fees.[30]

33. In reply, ATCO Electric stated that rounding is widely used and has been accepted by the Commission with respect to its prior rate and rider schedules. ATCO Electric also pointed out that, because rounding results in some charges increasing slightly more than the 1.0171 index and some charges increasing slightly less than the 1.0171 index, there is no bias to the detriment of customers. ATCO Electric argued that the rate impacts to customers are immaterial in any case.[31]

34. No party expressed concern with any other aspect of ATCO Electric's 2012 PBR second compliance filing.

Commission findings

35. The following table sets out the changes proposed by ATCO Electric to its Schedule F – Supplementary Service Charges:

Table 1. Proposed changes to ATCO Electric's Schedule F fees[32]

Supplementary service charge	2012 fee	2012 fee indexed by I-X	Proposed 2013 fee	Difference
	A	B	C	D=C-B
Reconnection and disconnection of service	$120.00	$122.05	$122.00	($0.05)
Request for interval meter	$70.00	$71.20	$71.00	($0.20)
Supplementary meter reads (non-AMR)	$120.00	$122.05	$122.00	($0.05)
Billing & meter disputes				
Self contained	$160.00	$162.74	$163.00	$0.26
Instrument transformer	$350.00	$355.99	$356.00	$0.02
Customer usage information requests	$109.00	$110.86	$111.00	$0.14
Generating customer application fees:				
Synchronous	$2,250.00	$2,288.48	$2,288.00	($0.47)
Induction < 250 kW	$750.00	$762.83	$763.00	$0.18
Induction > 250 kW	$1,500.00	$1,525.65	$1,526.00	$0.35
Load following < 250 kW	$450.00	$457.70	$458.00	$0.31
Load following > 250 kW	$900.00	$915.39	$915.00	($0.39)

30 Exhibit 50, CCA argument, paragraph 9.
31 Exhibit 56, ATCO Electric reply argument, page 1.
32 Based in the information provided in Exhibit 37.01, AUC-AE-2(a) Attachment 1, PDF pages 91-93.

36. The Commission observes that rounding Schedule F fees to the nearest dollar is consistent with ATCO Electric's past practices with respect to these charges. As ATCO Electric explained, because rounding results in some charges increasing slightly more than the 1.0171 index and, in other cases, rounding results in some charges increasing slightly less than the 1.0171 index, there is no bias to the detriment of customers. Further, the Commission agrees with ATCO Electric's view that the total impact of rounding would be minimal. For these reasons, the Commission approves ATCO Electric's proposed Schedule F fees as filed.

37. Given the Commission's acceptance of rounding, the Commission expects, for consistency purposes, that in future annual rate adjustment filings, the I-X index will be applied to the previous year's approved rounded Schedule F amounts.

38. The Commission has reviewed ATCO Electric's 2012 PBR second compliance filing and finds that the company has complied with the directions and findings of the Commission in Decision 2012-237 and Decision 2013-072. Accordingly, the Commission finds that additional changes are not required to ATCO Electric's April 1, 2013 rates and the accompanying terms and conditions of service approved on an interim basis in Decision 2013-112. ATCO Electric is directed to continue to use existing rates on an interim basis until all remaining 2013 placeholders have been determined. When these placeholders are resolved, the 2013 rates will be finalized and any required true-up adjustments will be directed by the Commission.

39. Subject to any further direction from the Commission, ATCO Electric is directed to use the rates approved effective April 1, 2013 as the basis for the 2014 PBR rates calculation in its September 10, 2013 annual PBR rate adjustment filing.

3.3 ATCO Gas

3.3.1 2013 usage-per-customer and throughput forecasts

40. In its initial PBR compliance filing (Proceeding ID No. 2130), ATCO Gas provided its 2013 usage-per-customer and throughput forecasts, which included the impact of rate switches occurring near the end of 2012. In Decision 2013-072, the Commission observed that ATCO Gas's proposed adjustment for customer switches deviated from the forecasting methodology approved in Decision 2012-237. The Commission directed ATCO Gas, in determining its 2013 PBR rates, to use the 2013 usage-per-customer forecast obtained by using the Commission-approved method.[33]

41. In the current proceeding, ATCO Gas indicated that it was important to include the adjustment for the impact of rate switches in order to derive the best usage-per-customer and throughput forecast for 2013 for each rate class. In response to AUC-AG-1,[34] ATCO Gas provided a revised 2013 usage-per-customer forecast (and the resulting throughput forecast) based on the actual 2012 usage-per-customer, including switches, in determining a three-year average annual percentage change using the methodology directed by the Commission in Decision 2012-037. To account for the effect of customer switches, ATCO Gas adjusted the

[33] Decision 2013-072, paragraphs 190-196.
[34] Exhibit 43.01, AUC-AG-1, attachments 1 and 2.

2012 usage-per-customer data to incorporate the full year effect of the actual rate switches which occurred near the end of 2012.[35]

42. No party commented on ATCO Gas's revised methodology to calculate its 2013 usage-per-customer and throughput forecasts.

Commission findings

43. As discussed in Section 3.4.1 below, the Commission is generally of the view that a compliance filing is not the place to provide updated forecasts. However, considering that the April 1, 2013 rates were approved on an interim basis, and being mindful of the fact that 2013 is a transition year as the companies move from cost of service regulation to PBR, the Commission considers that parties would benefit from a more refined forecast of ATCO Gas's 2013 usage-per-customer and throughput forecasts.

44. The Commission has reviewed the calculations and the revised methodology used by ATCO Gas to develop is 2013 usage-per-customer forecast (and the resulting throughput forecast) and is satisfied that the revised methodology generally complies with the forecasting methodology approved in Decision 2012-237. The refined ATCO Gas's forecast uses the most current information available and captures the full year impact of actual customer rate switches in 2012. The Commission approves ATCO Gas's 2013 usage-per-customer and throughput forecasts provided in AUC-AG-1 Attachments 1 and 2 (Schedule 9) in the calculation of its 2013 PBR rates.

45. ATCO Gas's 2013 PBR rates, including the impact of the revised 2013 usage-per-customer and throughput forecasts, are discussed in Section 3.3.4 below.

3.3.2 Corrections to amounts resulting from Decision 2013-057

46. In Decision 2013-057,[36] the Commission granted, in part, a request of ATCO Gas to review and vary the Commission's decision respecting its 2011-2012 general rate application. As a result of Decision 2013-057, a number of changes to the company's 2011 and 2012 approved revenue requirement were required. In Table 8 of Decision 2013-072, the Commission summarized the potential impact of these changes and directed ATCO Gas to update its 2013 PBR revenue to include the amounts awarded in Decision 2013-057.[37]

[35] Exhibit 52, ATCO Gas argument, paragraph 8.
[36] Decision 2013-057: ATCO Gas (A Division of ATCO Gas and Pipelines Ltd.) Phase II Review and Variance Decision on Decision 2011-450, 2011-2012 General Rate Application Phase I, Application No. 1608121, Proceeding ID No. 1698, February 22, 2013.
[37] Decision 2013-072, paragraph 175 and Table 8, page 36.

47. In its PBR second compliance filing, ATCO Gas identified a number of inconsistencies between Table 8 and the actual amounts resulting from Decision 2013-057. The revised totals were identified by ATCO Gas as follows:[38]

Table 2. Corrected adjustments to ATCO Gas's PBR revenue arising from Decision 2013-057 ($000)

	2011 revenue requirement	2012 revenue requirement	One-time adjustment (2013 Y factor)	2012 going-in revenue adjustment
Customer information system enhancements	24	64	88	64
National Energy Board hearing costs	128	172	300	172
Late payment penalty plus carrying charge	--	--	2,035	372
Office lease	21	59	80	59
Total			**2,503**	**667**
Total per Table 8 of Decision 2013-072			3,123	1,670
Difference			**(620)**	**(1,003)**

48. ATCO Gas noted that the net effect of the corrections on customer rates was negligible. However, ATCO Gas submitted that these corrections were necessary because they establish the base for 2013 PBR revenues and the subsequent revenues throughout the entire PBR term.[39]

Commission findings

49. The Commission has reviewed the revised amounts arising from Decision 2013-057 and accepts the corrections proposed by ATCO Gas. The treatment of these revisions is discussed in Section 3.3.4 below dealing with ATCO Gas's 2013 PBR rates.

3.3.3 Schedule C charges

50. The CCA, in its argument, submitted that, due to ATCO Gas's use of rounding to the nearest dollar, increases in ATCO Gas's Schedule C charges exceeded the approved 2013 I-X index of 1.0171. The CCA considered that ATCO Gas's Schedule C charges should include dollar and cent amounts and that there was no reason to include rounding. The CCA submitted that ATCO Gas should only be allowed to increase Schedule C charges by the approved 2013 I-X index of 1.0171.[40]

51. ATCO Gas responded that rounding Schedule C charges to the nearest dollar was consistent with historical practices and was most recently approved in Decision 2013-035.[41] ATCO Gas noted that rounding these charges to the nearest dollar results in an equal chance that the charges are above or below the I-X index. The total effects of having some charges rounded up and others rounded down tend to offset each other. ATCO Gas also pointed out that the maximum monetary benefit to either the company or a customer is 50 cents per payment. As such, the total impact of rounding would be minimal.[42]

38 Exhibit 17.01, page 6.
39 Exhibit 52, ATCO Gas argument, paragraph 11.
40 Exhibit 50, CCA argument, paragraph 7.
41 Decision 2013-035: ATCO Gas (A Division of ATCO Gas and Pipelines Ltd.) 2011-2012 General Rate Application Phase II, Application No. 1608495, Proceeding ID No. 1912, February 14, 2013.
42 Exhibit 58, ATCO Gas reply argument, paragraphs 3-6.

Commission findings

52. In Section 3.2 of this decision, the Commission did not share the CCA's concern with the use of rounding in calculating ATCO Electric's Schedule F fees. Having reviewed ATCO Gas's calculations of its Schedule C charges, provided in CCA-AG-4,[43] the Commission considers that the same reasoning applies in the case of ATCO Gas's Schedule C charges.

53. In particular, the Commission observes that rounding its Schedule C charges to the nearest dollar is consistent with ATCO Gas's past practices with respect to these charges. Further, ATCO Gas explained that, because rounding results in some charges increasing slightly more than the I-X index and other charges increasing slightly less than the I-X index, there is no bias to the detriment of customers. Finally, the Commission agrees with ATCO Gas's view that the total impact of rounding would be minimal. For these reasons, the Commission approves ATCO Gas's proposed Schedule C charges as filed.

54. Given the Commission's acceptance of rounding, the Commission expects, for consistency purposes, that in future annual rate adjustment filings, the I-X index will be applied to the previous year's approved rounded Schedule C amounts.

3.3.4 ATCO Gas's 2013 PBR rates

55. In sections 3.3.1 to 3.3.3 above, the Commission approved ATCO Gas's revised 2013 usage-per-customer and throughput forecasts, accepted the corrections proposed by ATCO Gas to its revenue requirement arising from Decision 2013-057, and dealt with the CCA's concern with respect to ATCO Gas's Schedule C charges.

56. No party expressed concern with any other aspects of ATCO Gas's PBR second compliance filing.

Commission findings

57. The Commission has reviewed ATCO Gas's 2012 PBR second compliance filing and finds that the company has complied with the directions and findings of the Commission in Decision 2012-237 and Decision 2013-072. In AUC-AG-2,[44] ATCO Gas provided updated PBR second compliance filing schedules reflecting the revised 2013 usage-per-customer and throughput forecasts, as well as the corrected amounts resulting from Decision 2013-057 approved in sections 3.3.2 and 3.3.3 above.

58. The Commission approves the revenue-per-customer amounts and the calculation of the rates that result, as provided in Schedule 7.2.2 (for ATCO Gas North) and Schedule 7.3.2 (for ATCO Gas South) of AUC-AG-2.[45] However, given the negligible impact of these adjustments on customer rates[46] and in order to prevent volatility in customer rates, the Commission does not consider that another change to customer rates is warranted at this time.

59. Accordingly, the Commission directs ATCO Gas to continue to use existing April 1, 2013 rates and the accompanying terms and conditions of service approved on an interim basis in

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43 Exhibit 41.02, CCA-AG-4 attachment.
44 Exhibit 43.04.
45 Exhibit 43.04.
46 Exhibit 17.01, page 7.

Decision 2013-112. The difference between the approved rates developed in AUC-AG-2[47] and the April 1, 2013 rates may be trued up in ATCO Gas's September 10, 2013 annual rates adjustment filing for collection (refund) in 2014. Consistent with the findings in Section 2 of this decision, this true-up should be dealt with on the basis of the 2013 approved forecast, rather than actual, usage-per-customer and billing determinants.

60. ATCO Gas's 2013 PBR rates are based on a 60 per cent K factor placeholder as well as some other placeholders included in its going-in rates.[48] When these placeholders are resolved, the 2013 rates will be finalized and any required true-up adjustments will be directed by the Commission.

61. Finally, subject to any further direction from the Commission, ATCO Gas is directed to use the rates and revenue-per-customer amounts developed in AUC-AG-2 as the basis for the 2014 PBR rates calculation in its September 10, 2013 annual PBR rate adjustment filing.

3.4 EPCOR

3.4.1 2013 billing determinants forecast

62. In Decision 2013-072, dealing with the companies' PBR compliance filings, the Commission approved EPCOR's forecast of billing determinants for 2013. EPCOR indicated that the short-run billing determinant forecast methodology submitted in its PBR compliance filing relied on historical data from September 2011 to August 2012. However, once actual data from January to December 2012 became available, EPCOR updated its 2013 billing determinants forecast and used the updated forecast in its 2010-2011 distribution access service (DAS) revenue true-up riders application, which was filed on February 15, 2013.[49] In order to ensure consistency across its filings, EPCOR proposed to use the updated billing determinants forecast to allocate K factors and Y factors in this PBR second compliance filing. EPCOR provided updated 2013 billing determinants and supporting calculations in Appendix B[50] of the application.

63. When asked to fully explain the need for updating its billing determinants forecast, EPCOR responded that "using the most up to date information to input into the forecast results in a more accurate forecast and, in this case, yields consistency across [EPCOR's] filings."[51]

64. The UCA took issue with EPCOR's proposal to update its billing determinants forecast. The UCA observed that EPCOR's original 2013 billing determinants forecast was approved in Decision 2013-072. The UCA also noted that, in previous decisions, the Commission had ruled that a compliance filing is not the place to provide updated forecasts. Accordingly, the UCA proposed that EPCOR be directed to use the 2013 billing determinants approved in Decision 2013-072.[52]

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47 Exhibit 43.04.
48 Exhibit 43.01, AUC-AG-4(a).
49 Proceeding ID No. 2443, Application No. 1609308.
50 Exhibit 7.02, Appendix B – PBR Billing Determinants.
51 Exhibit 39.01, UCA-EDTI-2.
52 Exhibit 47.02, UCA argument, paragraphs 6-7.

Commission findings

65. As described in its PBR compliance filing, the short-run billing determinants forecast methodology used by EPCOR utilizes recent historical data to forecast billing determinants. Accordingly, using the most up-to-date information as inputs to EPCOR's short-run billing determinants forecast model may result in a more accurate forecast.

66. The Commission generally agrees with the UCA's submission that a compliance filing is not the place to provide updated forecasts. However, considering that the April 1, 2013 rates were approved on an interim basis, and being mindful of the fact that 2013 is a transition year as the companies move from cost of service regulation to PBR, the Commission considers that parties would benefit from a more refined forecast of EPCOR's 2013 billing determinants. The Commission therefore accepts EPCOR's proposal to update its 2013 billing determinants forecast. Allowing the updated forecast in a transition year is consistent with the Commission's determinations in Section 3.3.1 above dealing with the updated usage-per-customer and throughput forecasts provided by ATCO Gas.

67. The Commission approves the 2013 billing determinants forecast as filed by EPCOR in Appendix B of its PBR second compliance filing.

3.4.2 Miscellaneous services fees

68. In its PBR second compliance filing, EPCOR provided a schedule[53] of its proposed 2013 interim DAS tariffs to be effective April 1, 2013. EPCOR's schedule of miscellaneous services was submitted as part of its proposed 2013 interim DAS tariffs.

69. The CCA had concerns with EPCOR's schedule of miscellaneous services and submitted that certain fees in EPCOR's proposed 2013 schedule of miscellaneous fees had increased by more than the approved 2013 I-X index when compared to current 2012 rates.[54] Moreover, the CCA contended that EPCOR provided no explanation for the proposed changes in its application. Accordingly, the CCA submitted that the fees for EPCOR's miscellaneous services should not increase more than the approved 2013 I-X index of 1.0171.

70. EPCOR submitted that the CCA had mistakenly applied the 2013 I-X index to an incorrect version of EPCOR's schedule of miscellaneous fees. EPCOR went on to explain that, on November 2, 2012, EPCOR filed its interim 2013 PBR rates as part of its 2012 PBR compliance filing (Proceeding ID No. 2130). Subsequently, on December 11, 2012, in Proceeding ID No. 2130, EPCOR filed a revised schedule of miscellaneous fees explaining that the previously filed miscellaneous fees schedule was an incorrect version. It is the revised schedule of miscellaneous fees that EPCOR had used for the present PBR second compliance filing. Accordingly, EPCOR submitted that the schedule of miscellaneous fees included in this compliance filing should be approved.[55]

[53] Exhibit 7.01, EPCOR 2012 PBR second compliance filing, Schedule DAS rates, (PDF page 111).
[54] Exhibit 50, CCA argument, paragraph 11.
[55] Exhibit 57, EPCOR reply argument, paragraphs 6-8.

Commission findings

71. In the first compliance filing proceeding (Proceeding ID No. 2130) EPCOR filed a letter dated December 11, 2012, explaining that it was filing a corrected version of its schedule of miscellaneous services because the originally filed schedule contained errors.[56] The Commission verified that, in the corrected schedule, the fees for EPCOR's miscellaneous services for 2013 were calculated using the approved I-X index of 1.0171. Accordingly, the Commission approves EPCOR's schedule of miscellaneous fees as filed.

3.4.3 EPCOR's 2013 PBR rates

72. In sections 3.4.1 and 3.4.2 above, the Commission addressed the interveners' concerns with respect to EPCOR's 2013 billing determinants forecast and schedule of miscellaneous fees. No party expressed concern with any other aspects of EPCOR's PBR second compliance filing.

73. EPCOR pointed out that it does not yet have 2012 distribution rates approved on a final basis. As such, for purposes of preparing its PBR second compliance filing, EPCOR used its 2012 distribution function revenue requirement and DAS rates as set out in its 2012 refiling application in response to Decision 2012-272. EPCOR noted that, once its 2012 revenue requirement and DAS rates are approved on a final basis, the company will, to the extent necessary, revise its 2013 PBR rates set out in this second compliance application to reflect any further changes to its 2012 revenue requirement and DAS rates. EPCOR also noted that the timing of any such revisions, and the process that the company will propose for dealing with them, will depend largely on the timing of the Commission's final approval of its 2012 distribution tariff.[57]

Commission findings

74. The Commission has reviewed EPCOR's 2012 PBR second compliance filing and finds that the company has complied with the directions and findings of the Commission in Decision 2012-237 and Decision 2013-072. Accordingly, the Commission finds that additional changes are not required at this time to EPCOR's April 1, 2013 rates and the accompanying terms and conditions of service approved on an interim basis in Decision 2013-112. EPCOR is directed to continue to use existing rates on an interim basis until 2012 distribution rates are approved on a final basis and all remaining 2013 placeholders have been determined. When these amounts are resolved, the 2013 rates will be finalized and any required true-up adjustments will be directed by the Commission.

75. At the same time, the Commission recognizes that EPCOR's April 1, 2013 PBR rates were developed based on the 2011 final rates, resulting in an implied 2012 revenue of $137.6 million.[58] In Decision 2013-137,[59] the Commission approved a final 2012 revenue requirement of $143.62 million for EPCOR and directed the company to submit a second compliance filing recalculating the 2012 DAS rates and related fees reflecting this final approved

56 Proceeding ID No. 2130, Exhibit 87.
57 Exhibit 7.01, EPCOR 2012 PBR second compliance filing, paragraph 3.
58 Exhibit 7.03, Appendix C, Schedule 2.0, Column D.
59 Decision 2013-137: EPCOR Distribution & Transmission Inc. 2012 Phase I and II Distribution Tariff and Transmission Facility Owner Tariff Refiling, Application No. 1609002, Proceeding ID No. 2231, April 11, 2013.

revenue requirement.[60] EPCOR's final 2012 rates are subject to determinations to be made in the currently ongoing Proceeding ID No. 2603.[61]

76. The Commission expects that a decision in Proceeding ID No. 2603 will be rendered by the end of August 2013. Accordingly, subject to any further direction from the Commission, EPCOR is directed to use the finalized 2012 rates approved in that proceeding and the resulting 2013 revised PBR rates as the basis for the 2014 PBR rates calculation in its September 10, 2013 annual PBR rate adjustment filing. For clarity, EPCOR's September 10, 2013 annual PBR rate adjustment filing will have the following components:

(1) Calculation of the revised 2013 PBR rates based on the final 2012 rates approved in Proceeding ID No. 2603. In calculating the revised 2013 PBR rates, EPCOR should rely on the model, assumptions and amounts (including, for example, the 60 per cent K factor placeholder, Y factor amounts, specific adjustments to going-in rates and billing determinants forecast) approved in this decision and Decision 2013-072.
(2) True-up of the difference between the revised 2013 PBR rates based on final approved 2012 rates (as set out in point (1) above) and the April 1, 2013 rates for collection (refund) in 2014. Consistent with the finding in Section 2 of this decision, this true-up should be calculated on the basis of 2013 approved forecast, rather than actual, billing determinants.
(3) Calculation of the 2014 PBR rates based on the 2013 revised PBR rates developed in point (1) above.

3.5 Fortis

3.5.1 Billing of K, Y and Z factors and the distribution adjustment rider

77. At paragraph 76 of Decision 2013-072, the Commission determined that, to the extent possible, any approved K, Y and Z factor amounts shall be included in the PBR rates for the upcoming year rather than being recovered by way of a separate rider. The Commission recognized that this approach simplifies the end bill to customers and retailers without affecting the ongoing tracking of these costs in the PBR annual rate adjustment filings.

78. In its PBR second compliance filing, Fortis noted that, unlike other companies, Fortis' billing system is currently not able to track a breakout of amounts by individual PBR factor component in its base rates, and Fortis would require time to determine the feasibility and costs to implement the necessary system changes. As such, for purposes of its second compliance filing, Fortis proposed to continue recovering all other PBR factor and rider amounts for 2013 through a single distribution adjustment rider (DAR), expressed as a percentage of base distribution rate revenue, by rate class.[62]

79. In AUC-FAI-1, the Commission requested additional information about Fortis' ability to track a breakout of amounts by PBR factor component in its base rates and also to include the K, Y and Z factors in a single "total PBR rate" rather than in its DAR. Fortis responded that a breakout (and the recovery of K, Y and Z factor amounts through a DAR) would be required

60 Decision 2013-137, paragraph 43, points (1) and (2).
61 Proceeding ID. No 2603, EPCOR Distribution & Transmission Inc. 2012 Phase I and II Distribution Tariff and Transmission Facility Owner Tariff Second Compliance Filing.
62 Exhibit 9.01, paragraphs 23 and 24, page 5.

only if true-ups were to be done, on a dollar-for-dollar basis, using actual consumption rather than forecast consumption.

> If the K, Y and Z Factors are to be flowed through dollar-for dollar, on both the cost and <u>revenue</u> sides, then separate accounts are required to reliably track and recognize the actual dollar amounts collected with respect to K, Y and Z Factors. This would ensure that the appropriate controls are in place to account and report these dollars for purposes of deferring revenue for future true-ups of such amounts in the subsequent Annual PBR or Capital Tracker Filings.
>
> If FortisAlberta is required to take forecast volume risk on all rate components, including K, Y and Z Factors, then such a breakout is likely not required, as there is no specific need to track or defer revenue components separately if there is no regulatory requirement for subsequent revenue true-ups of any of the components. That is, FortisAlberta would simply track <u>total</u> billed distribution revenue, including any approved K, Y and Z Factor amounts as included in the total PBR rates.[63] [original emphasis]

80. For 2013, Fortis proposed to collect the K factor and Y factor amounts in a single DAR expressed as a percentage of the base distribution revenue. There is no Z factor amount for 2013. Fortis indicated that it was open to including the K, Y and Z factor amounts in future PBR rates rather than in a DAR, provided that true-ups for these factors will be done based on forecast consumption rather than on a dollar-for-dollar basis using actual consumption.

81. Fortis pointed out that there may still be a continued requirement for the percentage DAR to accommodate true-ups that are not associated with K, Y and Z factors, such as the collection of the revenue shortfall that occurred in the first quarter of 2013, or more generally, when revenue adjustments need to be made to reconcile final and interim rate revenues.[64]

82. No party objected to Fortis' proposed approach.

Commission findings

83. For purposes of establishing the 2013 PBR rates, the Commission approves Fortis' proposed approach of recovering the K and Y factor amounts in a DAR expressed as a percentage of the base distribution revenue. In making this determination, the Commission is mindful of the fact that the use of DAR for this purpose is consistent with the Fortis' historical practices and that 2013 is a transition year as the companies move from cost of service regulation to PBR.

84. In Section 2 of this decision, the Commission determined that any future true-up of base PBR rates and any K, Y and Z factors that do not have a separate collection rider or mechanism should be dealt with on the basis of forecast, rather than actual, usage-per-customer and billing determinants. Fortis indicated that, under this approach, there will be no impediments to recovering the K, Y and Z factor amounts through a total PBR rate.[65]

[63] Exhibit 35.02, AUC-FAI-1(a).
[64] Exhibit 35.02, AUC-FAI-1(c).
[65] Exhibit 35.02, AUC-FAI-1(a).

85. Accordingly, consistent with the Commission's determinations at paragraph 76 of Decision 2013-072, in developing its PBR rates for 2014 and subsequent years, Fortis is directed to include any approved K factor amounts, Z factor amounts and Y factor amounts that do not have a separate collection rider or mechanism in the PBR rates, rather than recover these amounts through a DAR.

86. Fortis indicated that there may still be a continued requirement for the percentage DAR to accommodate true-ups that are not associated with K, Y and Z factors, when revenue adjustments need to be made to reconcile final and interim rate revenues. As indicated at paragraph 78 of Decision 2013-072, the Commission will review the continuing need for all the riders set out in Appendix 4 of that decision (including Fortis' DAR) at the time of the September 10, 2013 annual rate adjustment filings.

3.5.2 Appendix "A" fees

87. In argument, the CCA submitted that, due to Fortis' use of rounding to the nearest dollar, increases in Fortis' Appendix "A" fees exceeded the approved 2013 I-X index of 1.0171. The CCA submitted that the increases to Fortis' Appendix "A" fees should be restricted to the approved 2013 I-X index of 1.0171.[66]

88. In reply, Fortis noted that its rounding approach resulted in some fees being maintained with no increase and that the benefits of rounding, for purposes of customer communication, outweighed the benefits of applying the escalation factor to the penny.[67]

Commission findings

89. The Commission observes that rounding its Appendix "A" fees to the nearest dollar is consistent with Fortis' past practices with respect to these charges. Further, because rounding results in some charges increasing slightly more than the I-X index and other charges increasing slightly less than the I-X index, there is no bias to the detriment of customers. Finally, the Commission considers that the overall impact of rounding would be minimal. For these reasons, the Commission approves Fortis' proposed Appendix "A" fees as filed.

90. Given the Commission's acceptance of rounding, the Commission expects, for consistency purposes, that in future annual rate adjustment filings, the I-X index will be applied to the previous year's approved rounded Appendix "A" amounts.

3.5.3 Fortis' 2013 PBR rates

91. In sections 3.5.1 and 3.5.2 above, the Commission addressed the issue of billing for K, Y and Z factors and dealt with the CCA's concern with respect to Fortis' Appendix "A" fees. No party expressed concern with any other aspects of Fortis' PBR second compliance filing.

92. With respect to establishing final 2013 rates, Fortis observed that its 2012-2014 Phase II distribution tariff application (Proceeding ID No. 2363) was still ongoing. Fortis indicated that,

[66] Exhibit 50, CCA argument, paragraph 10.
[67] Exhibit 55, Fortis reply argument.

while it had not proposed any Phase II adjustments to its 2013 PBR rates by rate class, some parties may potentially propose adjustments in that proceeding.[68]

Commission findings

93. The Commission has reviewed Fortis' 2012 PBR second compliance filing and finds that the company has complied with the directions and findings of the Commission in Decision 2012-237 and Decision 2013-072. Accordingly, the Commission finds that additional changes to Fortis' April 1, 2013 rates are not required. Nor are changes required to the accompanying terms and conditions of service approved on an interim basis in Decision 2013-112. Fortis is directed to continue to use its existing rates on an interim basis until all remaining 2013 placeholders (including any potential adjustments to 2013 rates resulting from Fortis' Phase II application in Proceeding ID No. 2363) have been determined. When these placeholders are resolved, the 2013 rates will be finalized and any required true-up adjustments will be directed by the Commission.

94. Subject to any further direction from the Commission, Fortis is directed to use the rates approved effective April 1, 2013 as the basis for the 2014 PBR rates calculation in its September 10, 2013 annual PBR rate adjustment filing.

4 Order

95. It is hereby ordered that:

(1) AltaGas Utilities Inc. is directed to continue to use the April 1, 2013 rates and the accompanying terms and conditions of service approved on an interim basis in Decision 2013-112 until otherwise directed by the Commission.

(2) ATCO Electric Ltd. is directed to continue to use the April 1, 2013 rates and the accompanying terms and conditions of service approved on an interim basis in Decision 2013-112 until otherwise directed by the Commission.

(3) ATCO Gas and Pipelines Ltd. is directed to continue to use the April 1, 2013 rates and the accompanying terms and conditions of service approved on an interim basis in Decision 2013-112 until otherwise directed by the Commission.

(4) EPCOR Distribution & Transmission Inc. is directed to continue to use the April 1, 2013 rates and the accompanying terms and conditions of service approved on an interim basis in Decision 2013-112 until otherwise directed by the Commission.

[68] Exhibit 35.02, AUC-FAI-2(a).

(5) FortisAlberta Inc. is directed to continue to use the April 1, 2013 rates and the accompanying terms and conditions of service approved on an interim basis in Decision 2013-112 until otherwise directed by the Commission.

Dated on July 19, 2013.

The Alberta Utilities Commission

(original signed by)

Mark Kolesar
Vice-Chair

(original signed by)

Bill Lyttle
Commission Member

(original signed by)

Henry van Egteren
Commission Member

Appendix 1 – Proceeding participants

Name of organization (abbreviation) counsel or representative
ATCO Electric Ltd. (ATCO Electric) S. Parhar T. Martino C. Kwan B. Yee L. Kerckhof
AltaLink Management Ltd. T. Kanasoot
ATCO Gas and Pipelines Ltd. (ATCO Gas) A. Green
AltaGas Utilities Inc. (AltaGas) N. J. McKenzie C. Martin
Consumers' Coalition of Alberta (CCA) J. A. Wachowich J. A. Jodoin
The City of Calgary (Calgary) D. Evanchuk M. Rowe G. Matwichuk
EPCOR Distribution & Transmission Inc. (EPCOR) G. Zurek J. Baraniecki N. Lamers
ENMAX Power Corporation K. Hildebrandt J. Schlauch T. Carle
FortisAlberta Inc. (Fortis) J. Croteau
Office of the Utilities Consumer Advocate (UCA) C. R. McCreary

The Alberta Utilities Commission

Commission Panel
M. Kolesar, Vice-Chair
B. Lyttle, Commission Member
H. van Egteren, Commission Member

Commission Staff
B. McNulty (Commission counsel)
A. Sabo (Commission counsel)
O. Vasetsky
B. Whyte
B. Clarke
S. Allen
P. Howard
D. Ward

Appendix 2 – Summary of Commission directions

This section is provided for the convenience of readers. In the event of any difference between the directions in this section and those in the main body of the decision, the wording in the main body of the decision shall prevail.

Directions common to the companies:

1. For the above reasons, the Commission considers that using forecast billing determinants for the purposes of calculating any true-up amounts will result in regulatory efficiencies. This approach will simplify regulatory filings and processes without introducing any material changes in risk. Consequently, the Commission directs the companies, in future applications dealing with a true-up of annual base PBR rates and any K, Y and Z factors that do not have a separate collection rider or mechanism, to use forecast rather than actual usage-per-customer and billing determinants. .... Paragraph 21

2. In Decision 2012-237, the companies were directed to "utilize consistent billing determinant forecasting methodologies during the PBR term unless the Commission orders otherwise." In Decision 2013-072, the Commission approved the companies' 2013 billing determinants forecasts, based on their respective proposed forecasting methodologies. Consistent with the findings in those decisions, the companies are directed to explain clearly in their annual PBR rate adjustment filings any departures from the existing forecasting methodology used for deriving their approved 2013 billing determinants forecasts. .... Paragraph 22

Directions that pertain to individual companies:

AltaGas

3. The Commission has reviewed AltaGas' 2012 PBR second compliance filing and finds that the company has complied with the directions and findings of the Commission in Decision 2012-237 and Decision 2013-072. Accordingly, the Commission finds that additional changes are not required to AltaGas' April 1, 2013 rates and the accompanying terms and conditions of service approved on an interim basis in Decision 2013-112. AltaGas is directed to continue to use existing rates on an interim basis until all remaining 2013 placeholders have been determined. When these placeholders are resolved, the 2013 rates will be finalized and any required true-up adjustments will be directed by the Commission. .... Paragraph 30

4. Subject to any further direction from the Commission, AltaGas is directed to use the rates approved effective April 1, 2013 as the basis for the 2014 PBR rates calculation in its September 10, 2013 annual PBR rate adjustment filing. .... Paragraph 31

ATCO Electric

5. The Commission has reviewed ATCO Electric's 2012 PBR second compliance filing and finds that the company has complied with the directions and findings of the Commission in Decision 2012-237 and Decision 2013-072. Accordingly, the Commission finds that additional changes are not required to ATCO Electric's April 1, 2013 rates and the accompanying terms and conditions of service approved on an interim basis in Decision 2013-112. ATCO Electric is directed to continue to use existing rates on an interim basis until all remaining 2013 placeholders have been determined. When these placeholders are resolved, the 2013 rates will be finalized and any required true-up adjustments will be directed by the Commission. .... Paragraph 38

6. Subject to any further direction from the Commission, ATCO Electric is directed to use the rates approved effective April 1, 2013 as the basis for the 2014 PBR rates calculation in its September 10, 2013 annual PBR rate adjustment filing. .... Paragraph 39

ATCO Gas

7. Accordingly, the Commission directs ATCO Gas to continue to use existing April 1, 2013 rates and the accompanying terms and conditions of service approved on an interim basis in Decision 2013-112. The difference between the approved rates developed in AUC-AG-2 and the April 1, 2013 rates may be trued up in ATCO Gas's September 10, 2013 annual rates adjustment filing for collection (refund) in 2014. Consistent with the findings in Section 2 of this decision, this true-up should be dealt with on the basis of the 2013 approved forecast, rather than actual, usage-per-customer and billing determinants. .... Paragraph 59

8. Finally, subject to any further direction from the Commission, ATCO Gas is directed to use the rates and revenue-per-customer amounts developed in AUC-AG-2 as the basis for the 2014 PBR rates calculation in its September 10, 2013 annual PBR rate adjustment filing. .... Paragraph 61

EPCOR

9. The Commission has reviewed EPCOR's 2012 PBR second compliance filing and finds that the company has complied with the directions and findings of the Commission in Decision 2012-237 and Decision 2013-072. Accordingly, the Commission finds that additional changes are not required at this time to EPCOR's April 1, 2013 rates and the accompanying terms and conditions of service approved on an interim basis in Decision 2013-112. EPCOR is directed to continue to use existing rates on an interim basis until 2012 distribution rates are approved on a final basis and all remaining 2013 placeholders have been determined. When these amounts are resolved, the 2013 rates will be finalized and any required true-up adjustments will be directed by the Commission. .. Paragraph 74

10. The Commission expects that a decision in Proceeding ID No. 2603 will be rendered by the end of August 2013. Accordingly, subject to any further direction from the Commission, EPCOR is directed to use the finalized 2012 rates approved in that proceeding and the resulting 2013 revised PBR rates as the basis for the 2014 PBR rates

calculation in its September 10, 2013 annual PBR rate adjustment filing. For clarity, EPCOR's September 10, 2013 annual PBR rate adjustment filing will have the following components:

(1) Calculation of the revised 2013 PBR rates based on the final 2012 rates approved in Proceeding ID No. 2603. In calculating the revised 2013 PBR rates, EPCOR should rely on the model, assumptions and amounts (including, for example, the 60 per cent K factor placeholder, Y factor amounts, specific adjustments to going-in rates and billing determinants forecast) approved in this decision and Decision 2013-072.

(2) True-up of the difference between the revised 2013 PBR rates based on final approved 2012 rates (as set out in point (1) above) and the April 1, 2013 rates for collection (refund) in 2014. Consistent with the finding in Section 2 of this decision, this true-up should be calculated on the basis of 2013 approved forecast, rather than actual, billing determinants.

(3) Calculation of the 2014 PBR rates based on the 2013 revised PBR rates developed in point (1) above. .... Paragraph 76

Fortis

11. Accordingly, consistent with the Commission's determinations at paragraph 76 of Decision 2013-072, in developing its PBR rates for 2014 and subsequent years, Fortis is directed to include any approved K factor amounts, Z factor amounts and Y factor amounts that do not have a separate collection rider or mechanism in the PBR rates, rather than recover these amounts through a DAR. .... Paragraph 85

12. The Commission has reviewed Fortis' 2012 PBR second compliance filing and finds that the company has complied with the directions and findings of the Commission in Decision 2012 237 and Decision 2013-072. Accordingly, the Commission finds that additional changes to Fortis' April 1, 2013 rates are not required. Nor are changes required to the accompanying terms and conditions of service approved on an interim basis in Decision 2013 112. Fortis is directed to continue to use its existing rates on an interim basis until all remaining 2013 placeholders (including any potential adjustments to 2013 rates resulting from Fortis' Phase II application in Proceeding ID No. 2363) have been determined. When these placeholders are resolved, the 2013 rates will be finalized and any required true-up adjustments will be directed by the Commission. .. Paragraph 93

13. Subject to any further direction from the Commission, Fortis is directed to use the rates approved effective April 1, 2013 as the basis for the 2014 PBR rates calculation in its September 10, 2013 annual PBR rate adjustment filing. .... Paragraph 94