ATCO

November 12, 2024

Alberta Utilities Commission
Eau Claire Tower
1400, 600 Third Avenue S.W.
Calgary, Alberta T2P 0G5

Attention: Nicole Fitz-Simon

Re: AUC Bulletin 2024-21 – Draft Rule to Facilitate Funding to the Utilities Consumer Advocate (UCA)

In accordance with the Alberta Utilities Commission (Commission) Bulletin 2024-21 dated October 8, 2024, please find enclosed ATCO Electric Ltd. (ATCO Electric Transmission and Distribution), ATCO Gas and ATCO Pipelines Ltd. (ATCO Gas and ATCO Pipelines) (collectively "ATCO") written feedback regarding the draft rule.

Should you have any questions, please do not hesitate to contact the undersigned.

Yours truly,

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On October 8, 2024, the Alberta Utilities Commission (Commission) issued Bulletin 2024-21, inviting stakeholder feedback on the draft rule to facilitate funding to the Utilities Consumer Advocate (UCA). Consistent with the *Electricity Statutes (Modernizing Alberta's Electricity Grid) Amendment Act, 2022*, the draft rule places a UCA administration fee on distribution utilities regulated by the Commission and sets out its determination and calculation. ATCO Electric Ltd. (ATCO Electric Transmission and Distribution) and ATCO Gas and Pipelines Ltd (ATCO Gas and ATCO Pipelines) (collectively "ATCO") appreciate the opportunity to provide comments on the draft rule.

ATCO understands that this rule is expected to be issued in 2025 and will come into effect on the date of issue. Further, it is unclear to the Commission as to when it will begin issuing payment orders, as the rule will only be triggered when the Minister of Affordability and Utilities notifies the Commission of the amount of annual funding the UCA requires. Until this occurs, the UCA continues to be funded under its existing funding regime.

ATCO acknowledges that the legislative changes were made to simplify the administration of UCA cost recovery, remove the Balancing Pool from the funding model, align UCA cost recovery procedures between natural gas and electricity and that the changes should be cost neutral to customers.[1] ATCO is also cognizant of the Commission's strategic objective of efficiency and limiting regulatory burden through the red tape reduction-related process improvements.[2] As such, ATCO's feedback provided below is reflective in achieving these goals.

COMMENTS ON THE DRAFT RULE

ATCO takes no issue with the draft rule as it provides clarity and transparency with respect to the process, and it is expected to reduce the likelihood of any delays in processing UCA costs.

[1] Customers should not pay more or less due to the changes to the UCA Funding model.
[2] Alberta Utilities Commission Announcement, dated July 30, 2024.

COLLECTING COSTS FROM CUSTOMERS

ATCO recommends the current process used by the gas distribution utilities, including ATCO Gas, for collecting UCA costs from customers be adopted for the electric distribution utilities, including ATCO Electric. This process is well established and will maintain administrative ease and minimize regulatory burden. In Decision 2013-072, the Commission approved a deferral account for UCA assessment fees under PBR for ATCO Gas. As such, these costs are recovered as a flow-through Y factor, which is reconciled annually in ATCO Gas' Annual PBR Rate Adjustment Applications. The extension of this recovery mechanism to the electric distribution utilities, including ATCO Electric, would simply require the approval of a deferral account for UCA costs and the recovery as a flow-through Y factor.

ATCO observes that in the backgrounder (which appears to have been completed prior to the enactment of the regulation), that a new line item on customer utility bills identifying their contribution to the UCA's annual funding (i.e., a new Rider) is also being contemplated. For the following reasons ATCO believes that a new Rider will result in additional costs, increase administrative burden and cause customer confusion:

- **Costs to Add a New Rider in ATCO's Billing Systems** - A new Rider will necessitate ATCO to modify its billing systems. Extensive development and testing will be required, as well as coordination and implementation with retailers. Additionally, should a separate Rider be decided on, and pending the specifics of such a Rider, ATCO will need to perform further investigation on both the cost and timelines for implementation.

- **Inconsistent with Other Similar Costs** – The use of a separate Rider for UCA costs would be inconsistent to the recovery mechanism for similar type costs, AUC and other intervener costs, which are recovered as a flow-through Y factor in annual PBR rate adjustment applications.

- **Additional Regulatory Burden** – A new Rider would require initial Commission approval on rate design, such as determining if the Rider is to be recovered through a fixed or variable rate. Additionally, the Rider would require annual applications by each utility. ATCO also is concerned that a new Rider may result in immaterial impacts on a customer bill, and this result may not support the additional burden. Assuming a variable Rider, an average ATCO Gas and ATCO Electric residential customer would expect to see an annual Rider amount of $0.51[3] and $0.81,[4] respectively.

- **Customer Confusion** – A new line item on customer utility bills to identify their contribution to the UCA's annual funding may cause confusion and result in higher call volumes at both retailer and utility customer contact centers. This may be magnified by the small amounts being collected and displayed on the customer bill.

CONCLUSION

ATCO appreciates the opportunity to provide feedback and ATCO takes no issue with the draft rule. ATCO recommends that the current well-established process to recover UCA costs should continue for the gas utilities, including ATCO Gas, and be extended to the electric utilities, including ATCO Electric. This approach maintains a low level of regulatory burden with no incremental costs or potential customer confusion, as compared to the new line on customer utility bills, as proposed in the background document.

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[3] UCA Costs are funded 20% by gas utilities, of which ATCO Gas is 94%. Using 2025 forecast throughput from the applied-for 2025 PBR Rate Adjustment Application (Proceeding ID 29299, Schedule 5.2), a typical low use residential customer would be charged $0.51 per year under a variable Rider to recover UCA costs.
(($6.95M (UCA costs from Ministerial Order 095/2024) x 20% x 94%) ÷ 275,763,789 GJ) (Total 2024 Throughput) x 105 GJ (typical annual Low Use residential consumption) = $0.51 (Total Annual Cost)

[4] UCA Costs are funded 80% by electric utilities through the Balancing Pool, of which ATCO Electric is 20%. Using the 2025 forecast consumption from the applied-for 2025 PBR Rate Adjustment Application (Proceeding 29298), a typical Residential customer would be charged $0.81 per year under a variable Rider to recover UCA costs.
(($6.95M x 80% x 20%) ÷ 9,174,447,000 kWh) x 6,704 kWh = $0.81 (Total Annual Cost)