

November 12, 2024

Submitted via email: engage@auc.ab.ca

Alberta Utilities Commission
Eau Claire Tower
1400, 600 Third Avenue SW
Calgary, Alberta T2P 0G5

Re: AUC Consultation – AUC Rule 0XX: *The Office of the Utilities Consumer Advocate Administration Fee*

On October 8, 2024, the Alberta Utilities Commission (AUC or Commission) issued Bulletin 2024-21 in which it introduced a draft Rule 0XX (the Draft Rule) to facilitate funding to the Utilities Consumer Advocate (UCA) and invited interested parties to provide feedback on the Draft Rule.¹ FortisAlberta Inc. (FortisAlberta or the Company) appreciates the opportunity to comment and provides its feedback below.

New Line Item on Customer Utility Bills

The UCA Administration Fee Backgrounder (Backgrounder Document),² states that there will be a new line item on customer utility bills identifying their contribution to the UCA’s annual funding. The addition of a new line item on utility bills will require electric distribution facility owners (DFOs) and electricity retailers to implement system changes that will drive additional cost and administrative burden. To avoid this, the Company recommends that the UCA Administration Fee be flowed through to electric utility customers as a Y factor in each DFO’s annual rates application. This is consistent with the current treatment of UCA administrative fees by the gas distribution utilities and is a simple and cost-effective way to collect the UCA Administration Fee from electric utility customers. While the electric DFOs will require Commission approval for the customer allocation methodology of the Y factor attributable to the UCA Administration Fee, it is likely that the Y factor can be allocated similar to the fees administered by gas distribution utilities. Overall, this approach will be less burdensome to all parties than an adjustment to customer bills by the inclusion of a new line item.

FortisAlberta understands from the Backgrounder Document that the timing and cadence of the determination of the UCA Administration Fee is currently unknown. Applying Y factor treatment to the recovery of these fees facilitates the inclusion of either forecast or actual costs in regular and predictable annual rates proceedings. As such, electric DFOs will be able to include the UCA Administration fees in customer rates pursuant to any Ministerial direction in a timely and effective manner through a Y factor.

Further, treatment as a Y factor reduces potential customer confusion that may arise from the inclusion of a new item on a customer’s utility bill. FortisAlberta expects that, despite the fact that customers currently fund the UCA, a new line item on customer bills will lead to the mistaken belief that a new fee has been

¹ [Bulletin-2024-21.pdf](#)

² [UCAAdminFeeBackgrounder.pdf](#)

levied because customers are generally unaware that the UCA's funding is already collected as part of the Balancing Pool Consumer Allocation Rider. Introduction of a new item on the customer's bill would need to be accompanied by customer education by the UCA to explain what the fee represents and that this is not a new cost. If customer education by the UCA is not possible, the Company expects it would receive a higher volume of customer calls to its customer support team that would ultimately need to be redirected to the UCA for further handling.

In light of the above factors, FortisAlberta views Y factor treatment of the UCA Administration Fee as the least burdensome approach to collect these costs.

Allocation of UCA Administration Fee

FortisAlberta notes that the consultation documents, including the UCA Funding Flowchart (Flowchart),³ the Background Document, and the Draft Rule contain different information regarding how the UCA costs will be allocated between electricity and natural gas DFOs. The Flowchart states that the AUC will allocate 80% of the UCA's actual expenditures to electricity DFOs and 20% of the expenditures to natural gas DFOs. This 80/20 allocation of costs is not reflected in the Background Document or the Draft Rule. Rather, the Background Document states that costs will be allocated "to each category of distribution facility owner (being gas or electric) based on the UCA's estimated services provided to that category". The Draft Rule similarly states that the Commission will allocate the UCA administration fee "based on the relative amount of services that the UCA provides to customers of the [gas and electric distribution] utilities"⁴ It is unclear whether this allocation method will result in the 80/20 split contemplated in the Flowchart.

If the Commission's intent is to maintain the 80/20 allocation between electric and gas DFOs, FortisAlberta recommends that section 3(1)(b) of the Draft Rule be revised as follows "allocating 20% of the UCA administration fee to Category 1 – Gas distribution and allocating 80% of the UCA administration fee to Category 2 – Electric distribution".

If the intent of the Draft Rule is to no longer use the 80/20 allocation, it is unclear to FortisAlberta how the allocation currently contemplated in subsection 3(1)(b) will be calculated. The Company, and all stakeholders, would benefit from further clarification regarding how the UCA's costs will be allocated amongst electric and gas DFOs. In particular, FortisAlberta requests further details regarding how the UCA will determine the services that are provided to electric and gas DFOs and whether that estimate will be reassessed on a regular basis.

Typographical Error

FortisAlberta notes that there is a minor typographical error in the Draft Rule. Subsection 5(1)(d) of the Draft Rule should be 5(2) and the remainder of the subsections in section 5 should be renumbered accordingly.

³ [UCAFundingFlowchart.pdf](#)

⁴ Draft Rule, s. 3(1)(b).



Please contact me at (403) 514-4941 or Regulatory Affairs via regdept@fortisalberta.com if you have any questions with respect to this submission.

Sincerely,

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