

UCA Administration Fee

The Office of the Utilities Consumer Advocate (UCA) serves Alberta's small business, farm, and residential utility consumers by providing the information they need to make informed decisions about their utility services, mediating disputes between consumers and their utility providers, and representing the interests of electricity and natural gas consumers at regulatory proceedings to ensure they receive reliable services at reasonable prices.

Since the UCA was established in 2003, it has been funded by consumers:

- 80 per cent of the UCA's funding comes from electricity consumers as a small part of the Balancing Pool Rider
- 20 per cent of the UCA's funding comes from by natural gas consumers as a small part of their distribution charge.

With the enactment of the *Utilities Statutes Amendment Act (Modernizing Alberta's Electricity Grid), 2022*, how the UCA is being funded may change. The Minister of Affordability and Utilities may notify the Alberta Utilities Commission (AUC) of the amount of annual funding the UCA requires. If this occurs, then the AUC will utilize a newly developed methodology allocating how much of the UCA's annual funding each AUC-regulated distribution facility owner will pay. There would be a new line item on customer utility bills identifying their contribution to the UCA's annual funding

These changes should be cost neutral; customers should not pay more or less due to the new funding model. Rather, these legislative changes were made to simplify administration of UCA cost recovery, remove the Balancing Pool from the funding model, and align UCA cost recovery procedures between natural gas and electricity.

The AUC, given its new responsibilities, has created a draft rule, [Rule XX: The Office of the Utilities Consumer Advocate Administration Fee](#). The rule is expected to be issued in 2025 and will come into effect on the date of issue.

Despite this, when the AUC will begin issuing payment orders under Rule XX is unclear. Rule XX is only triggered when the Minister of Affordability and Utilities notifies the AUC of the amount of annual funding the UCA requires. Until this occurs, the Commission understands that the UCA will continue to be funded under its existing funding regime.

The draft rule works as follows.

The Minister determines the annual funding for the UCA, which is required to support small business, farm and residential consumers of electricity and natural gas in Alberta.

The Power and Natural Consumers' Panel is an advisory agency that reports to the Minister of Service Alberta and makes recommendations regarding UCA priorities, budget, and performance, to ensure consumers are receiving value for their investment.

Specifically, it reviews and then recommends a draft budget for the UCA's annual spend to the Minister of Affordability and Utilities. The UCA's 2022-23 budget was \$6 662 000 and its spend for this same period was \$5 968 000.

If the Minister notifies the AUC of the amount of annual funding the UCA requires, then the AUC will utilize the newly developed methodology allocating payment order amounts for each AUC-regulated distribution facility owner using a two-step approach.

The initial step allocates costs to each category of distribution facility owner (being gas or electric) based on the UCA's estimated services provided to that category. Using the newly developed methodology, the AUC then allocates costs to distribution facility owners within each category based on relative active site counts as of December 31 of the prior year.

An order issued to an AUC-regulated distribution facility owner would identify the allocated amount of the UCA's annual funding to that owner for the fiscal year and the owner's active site count as of December 31 of the prior year.

More details on the UCA's funding requirement process are in the attached flowchart.