

Rule 011: Rate Application Process for Water Utilities

Stakeholder consultation feedback

November 2025

New Rule 011: Rate Application Process for Water Utilities	
Page/section (if required)	Stakeholder feedback/comments
Rule 011- Page 2, Section 1	<p>Stakeholder Comments:</p> <p>EPCOR (Trang Nguyen): Paragraph 1 of the Rule states: "This rule does not apply to water utilities owned or operated by a municipality." EPCOR recommends that this wording be revised to: "This rule does not apply to water utilities owned and operated by a municipality." To illustrate the importance of revising the wording from "owned or operated" to "owned and operated", consider the case of EPCOR Harmony Inc. ("EPCOR Harmony"). EPCOR Harmony is owned by EPCOR, which in turn, is wholly owned by the City of Edmonton. However, EPCOR Harmony is not operated by the municipality itself. It is operated by EPCOR as a separate corporate entity. Under the current wording ("owned or operated"), there could be ambiguity about whether EPCOR Harmony falls under Rule 011. The proposed revision ("owned and operated") makes it clear that only utilities both owned and directly operated by a municipality are excluded. Since EPCOR Harmony is not municipally operated, Rule 011 does apply. This clarification helps ensure consistent interpretation and avoids misclassification of utilities that are municipally owned but independently operated.</p>
Rule 011- Page 2, Section 1	<p>Stakeholder Comments:</p> <p>EPCOR (Trang Nguyen): Section 1, paragraph 4 of Rule 011 states: "<i>Under current Alberta legislation, wastewater service does not fall under the AUC's rate regulating authority.</i>"</p>

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	<p>EPCOR recommends that the Rule also clarify whether other related services, such as stormwater, are subject to the Alberta Utilities Commission's regulatory authority. Including this information would help ensure a complete understanding of the scope of regulation under current legislation.</p>
Section 5.1(a) Bill Impact Modeling;	<p>Stakeholder Comments:</p> <p>UCA (Steven Wilson):</p> <ul style="list-style-type: none"> • The AUC may want to consider requiring utilities to model bill impacts for low, average, and high usage customers, rather than just a single "typical" profile. • This is important because Alberta water rate structures include significant fixed charges (e.g., Calgary ~45% fixed, Edmonton ~35% fixed), which disproportionately affect low-use and/or low income customers. • Modeling across usage tiers would help assess affordability and equity. • In acknowledging that utilities do not collect income data, proxies for determining customers experiencing energy poverty could include arrears, disconnection notices, municipal affordability programs, or census-based estimates for low-income households in the service area. • Although the AUC has no statutory obligation to address energy poverty, its 2025–2030 Strategic Plan emphasizes affordability and customer impact through rates. The UCA would like to see this approach, although currently referenced within the context of electricity and natural gas rates, applied to water utilities as well.
Rule 011- Page 5, Section 5.1 (h)	<p>Stakeholder Comments:</p> <p>EPCOR (Trang Nguyen): Section 5.1(h) of Rule 011 relates to the requirement of water rate applications to include at least three years of historical actual data.</p> <p>EPCOR recommends revising Section 5.1(h) of Rule 011 to explicitly align with the expectations outlined in the Additional Guidelines or alternatively, to consolidate these requirements into Rule 011 to avoid ambiguity.</p> <p>Rationale:</p> <ul style="list-style-type: none"> • The current Rule requires at least 3 years of historical actual cost data, while the Additional Guidelines request full financial statements for the previous three years and tax documentation (No. 5). • Because Rule 011 is binding and the Guidelines are not, this creates uncertainty about what is actually required for a complete application.

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	<p>Consolidating or cross-referencing the Guideline content within Rule 011 would improve clarity, reduce the risk of incomplete submissions and ensure consistent expectations across all applicants.</p>
Rule 011-Page 4, Section 5.1 and Additional Guidelines – Page 6, No.15	<p>Stakeholder Comments:</p> <p>EPCOR (Trang Nguyen): EPCOR notes that the Additional Guidelines No. 15 reference capital expansion plans as part of the information to be submitted in the water rate application. However, this requirement is not reflected in the binding provisions of Rule 011.</p> <p>Given that capital expansion plans are a critical component of Rate Base, EPCOR recommends that Rule 011 be revised to include a specific provision requiring the submission of capital expansion plans for the full duration of the test period.</p> <p>Rationale:</p> <ul style="list-style-type: none"> • Capital expansion plans are essential for assessing the prudence and necessity of future capital investments. • Their omission from Rule 011 creates inconsistency between the enforceable rule and the Additional Guidelines. • Including this requirement in Rule 011 would reinforce its importance and ensure consistent expectations for all applicants.
Rule 011 Page 7, Section 6.5	<p>Stakeholder Comments:</p> <p>EPCOR (Trang Nguyen): EPCOR recommends that the draft rule provide greater clarity regarding the table outlining processing timelines for water applications.</p> <p>Under the heading “Days to complete the written record,” the starting point of this timeframe is not specified. It is unclear whether the count begins on the date the application is submitted or at another defined milestone. A clear definition of this starting point is recommended to ensure consistent interpretation.</p> <p>Additionally, the relationship between “Days to complete the written record” and “Days to issue decision” is ambiguous. It is not evident whether the decision timeline begins only after the written record is finalized, which would imply a cumulative timeline. Clarifying whether these periods are sequential or concurrent would improve transparency and support accurate expectations regarding total processing duration.</p>

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Rule 011 Guidelines and additional information document	
Page/section (if required)	Stakeholder feedback/comments
Page 4, Paragraph 1	<p>Stakeholder Comments:</p> <p>EPCOR (Trang Nguyen): The Guidelines indicate that the Alberta Utilities Commission will provide a fillable rate model spreadsheet template. To support transparency and ease of use, EPCOR recommends that the template include fully visible calculations, with no hidden cells or locked sheets. This would allow utilities to review and understand the underlying methodology and ensure consistency in the application.</p>
Page 6, No. 15	<p>Stakeholder Comments:</p> <p>EPCOR (Trang Nguyen): The Guidelines currently request a written description of expansion plans for the next two years. However, this timeframe may not align with all application scenarios. For example, if a utility applies with a three-year test period, one year of planned expansion would be excluded from the requirement.</p> <p>To ensure consistency and completeness, it is recommended that the language be revised to refer to the “test period” rather than a fixed two-year timeframe. This adjustment would better reflect the varying durations of applications and ensure that all relevant capital expansion plans are captured.</p>
Page 6, No.19	<p>Stakeholder Comments:</p> <p>EPCOR (Trang Nguyen): The Terms and Conditions (T&Cs) of Service currently do not reference the tariff or rate schedule and Rule 011 Section 5.1(a) does not explicitly require inclusion of a formal rate schedule or tariff in the application.</p> <p>EPCOR recommends the T&Cs either include the approval rate schedule or provide a clear reference to it. This addition will ensure customers have transparent access to both their service obligations and applicable charges.</p>

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Section 8.6: Interim Rate Refunds	<p>Stakeholder Comments:</p> <p>UCA (Steven Wilson):</p> <ul style="list-style-type: none"> • Refunds after interim rates should include interest to protect customers and discourage utilities from requesting unnecessarily high interim rates. • This aligns with practices at FERC (18 CFR §35.19a) and several state commissions (e.g., California CPUC, Florida PSC).
Rule 011: Rate Application Process for Water Utilities Customer Intervention Questionnaire	
Page/section (if required)	<p>Stakeholder feedback/comments</p>
Section 5.2(b): Comparative Benchmarking	<p>Stakeholder Comments:</p> <p>UCA (Steven Wilson):</p> <ul style="list-style-type: none"> • The AUC may wish to consider requiring water utilities to provide comparative benchmarking against similar water utilities to prevent inflated costs and gold-plated investments. Benchmarking would also provide the AUC with another important informational tool. • Possible framing of such a requirement could be worded as: “The utility must provide comparative evidence unless it demonstrates that no comparable data is reasonably available.” • Benchmarking should also include impact analysis of proposed expansion plans on customer bills (see guideline requirements document for expansion disclosure). • <u>Capacity Disclosure</u> - Utilities should be required to disclose system capacity and excess capacity and explain how these factors influence costs. • Overbuilt systems or unused capacity can inflate the rate base and fixed charges, with negative impacts for affordability. • <u>Affiliate Costs</u> - Strengthen requirements for utilities to justify affiliate cost allocations (payments to related companies for services like billing or IT) and demonstrate cost-effectiveness for shared services. • This prevents inflated charges passed to customers through affiliate transactions. • Utilities should justify any charges from affiliated companies and show they are cost-effective. • <u>Loss Reporting</u> - Require utilities to report water losses (difference between treated water and metered consumption) and explain mitigation measures. • High losses increase costs unfairly and should be monitored for efficiency. • <u>Deferral Accounts</u> – The AUC may wish to consider Enhancing transparency on deferral accounts and consider limits or conditions to prevent cost shifting that destabilizes rates. • <u>Expansion Plans</u> - Utilities should provide customer bill impact analysis for any proposed expansion or major capital projects. • This ensures affordability implications are considered before approving investments.

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Section 6.5: Maximum Timelines for Interim Rate Decisions	<p>Stakeholder Comments:</p> <p>UCA (Steven Wilson):</p> <ul style="list-style-type: none"> • To reduce uncertainty for customers, incorporate a performance standard for interim rate decisions (e.g., within 30 days). • This could be integrated into Section 8 for simplicity and clarity.
	<p>Stakeholder Comments:</p> <p>EPCOR (Trang Nguyen): EPCOR has no feedback or comments.</p>
General feedback	
<p>Please provide any other feedback you have on the Rule 011 and/or companion documents below. Please be specific and provide rationale for all suggestions.</p>	
<p>Stakeholder Comments:</p> <p>The Ridge at Heritage Pointe Condominium Corporation (Allan Hart): Not sure where it belongs but AUC should make clear about its rules of evidence that apply to intervenors. In the last Corix rate application intervention, referral to a public domain webpage (a Municipalities' website with published rate information that was transparent and fixed) was denied into evidence by the AUC because a link to the specific rates page was not included in the intervenors intervention letter (only a reference to the municipalities webpage). The Utility (Corix) cleverly waited until the midnight deadline to object and there was no opportunity for the intervenor to correct the deficiency because the deadline had passed. This is problematic for 2 reasons. There was nothing to let an intervenor know that a link to a specific document and not just a website is required and also that a Utility could use the AUC business process to deny evidence by filing an objection at the last minute. The process should allow intervenors an opportunity to create any deficiencies in its intervention just as the Utility has the opportunity to respond as well.</p> <p>Here is the residual concern from the Heritage Pointe Collaboration Group (the 8 Presidents). In the last Corix water rate application, the AUC denied evidence that we (intervenor's) provided referring to the City of Airdrie's water rates after Corix filed an objection on the basis that we had not followed correct "rules of evidence". Corix waited until just before midnight of the deadline date to file this intervention and there was no opportunity for us to file another letter which could have easily included the link that would have been required.</p> <p>An incorporated cities' webpage was viewed by us (intervenor's) as a reliable and relatively unchangeable source of information and given we are not lawyers could hardly have been expected to know that inclusion of the link to the rates page was a necessary condition. It would seem more reasonable that the AUC being very familiar with</p>	

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published water rates could simply have confirmed the veracity of the rates we quoted (via the referenced source). Denying this on a technicality with no opportunity to respond seemed unfair and unreasonable.

Not sure the most efficient way to fix this is but intervenors should have equal opportunities to address their deficiencies just as the Utility is offered many opportunities to make a complete application, including consultation with your staff. It should never be the case that one party can be "timed out" by allowing the other party to file at the last minute (and I do mean the last minute) an objection that cannot be responded to. The AUC could also make clear that rules of evidence apply and give some examples of what that means.

I am not sure our feedback via your form captures this but hopefully this business process problem can be addressed in the interests of fairness and balance.

Alberta Federation of Rural Water Co-Operatives LTD. (Chris Hancock):

Bulletin 2025-15 dated October 30, 2025 introduces the new draft of Rule 011 - Rate Application Process for Water Utilities but it does not indicate that Water Co-ops are exempt from this new rule.

Is there a document that I could provide to our 100+ members to reassure them that this new rule does not apply?

UCA (Steven Wilson):

The UCA would like to see the AUC strengthen affordability protections and ensure water utility rates remain just and reasonable, consistent with the AUC's strategic commitment to affordability as outlined in the 2025-2030 strategic plan.

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