



AUC

Alberta Utilities Commission

**Compliance and Enforcement
Enforcement Report
July to December 2024**

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1 Summary

1. Enforcement staff report on enforcement activities twice per year. This report covers the period from July to December of 2024.
2. Between July and December of 2024, enforcement activities resulted in over \$7.2 million being returned to Albertans. Approximately \$3 million was directed to the General Revenue Fund and over \$4.2 million was directed to electricity customers through the approval of a settlement agreement with ATCO Electric Ltd.¹ In addition, approximately \$25,000 was returned to water customers and landowners within the service territory of Salt Box Coulee Water Company Ltd. through the resolution of a contested enforcement proceeding.²
3. AUC Rule 032: *Specified Penalties for Contravention of AUC Rules, Orders and Decisions* was also updated during this period.
4. Lastly, Enforcement staff resolved 30 smaller investigations between July and December of 2024, and issued four notices of specified penalty on energy retail matters.

2 Enforcement proceedings and key activities

5. Summaries of the settlement agreements and contested proceeding that were resolved during this period are provided below.

2.1 Proceeding 29109 – ATCO Electric Ltd.

6. On September 25, 2024, the Commission approved a settlement agreement filed by Enforcement staff and ATCO Electric Ltd. concerning three items:³ (i) ATCO Electric's failure to disclose accrual amounts related to a dispute with Valard Construction; (ii) ATCO Electric's failure to fully disclose accurate nightly accommodation rates for the Beaver River camp and (iii) an error by ATCO Electric to capitalize hearing costs for expert witness services provided by Navigant/Ankura.
7. ATCO Electric failed to follow an AUC direction to identify and explain accrual amounts, related to a dispute it had with Valard Construction, when including these amounts as part of its in applied-for capital additions as part of its direct-assigned capital deferral account. ATCO Electric admitted that it had failed to provide honest, true and accurate information, either expressly or by omission in its application materials. For this contravention of its duty of candour, ATCO Electric agreed to provide a customer refund of \$4 million through a billing

¹ Proceeding 29109: Enforcement Staff of the Alberta Utilities Commission: Settlement Agreement with ATCO Electric Ltd., September 25, 2024.

² Proceeding 28021: Alberta Utilities Commission Compliance and Enforcement: Phase 2 Enforcement Proceeding with Salt Box Coulee Water Supply Company Ltd., September 17, 2024.

³ Decision 29109-D01-2024: Enforcement Staff of the Alberta Utilities Commission Settlement Agreement with ATCO Electric Ltd., September 25, 2014.

adjustment to the Alberta Electric System Operator (AESO) and pay an administrative monetary penalty of \$1 million.

8. For the Beaver River camp nightly accommodation, ATCO Electric did not present all the material facts regarding these rates. ATCO Electric split \$5.3 million in costs for the Beaver River camp across multiple projects and applications, in part, to maintain a “defendable” (i.e. lower) nightly rate. ATCO Electric admitted that it had failed to fulfil its duty of candour in respect of these camp costs which were included in its 2013-2014 and 2015-2017 direct-assigned capital deferral account applications and agreed to pay an administrative monetary penalty of \$2 million.

9. Regarding the Navigant/Ankura Cost Error, whereby ATCO Electric erroneously capitalized \$377,033.76 in hearing costs, ATCO Electric agreed to remove the original cost of \$377,033.76 along with the associated accumulated depreciation of \$99,301 from its 2026 opening rate base in its next general tariff application. ATCO Electric refunded customers \$262,177, inclusive of depreciation, for the revenue requirement impact of capitalizing this amount in rate base from 2018-2025. That refund occurred through a billing adjustment to the AESO.

2.2 Proceeding 28021 – Salt Box Coulee Water Supply Company Ltd.

10. On September 17, 2024, the Commission directed Salt Box Coulee Water Supply Company Ltd. (Salt Box) to reimburse its customers \$14,796.72, for a financial audit which it had collected for but failed to carry out. Salt Box was also directed to reimburse \$11,070.91 to unconnected lot owners for monthly fixed charges and riders improperly charged and ordered to paying an administrative penalty of \$5,000.⁴

3 Notices of Specified Penalties and amendments to Rule 032: *Specified Penalties for Contravention of AUC Rules, Orders and Decisions*

11. Between July and December of 2024, four notices of specified penalty were issued.

Table 1. Notices of specified penalty issued

Notices of specified penalty	Rule 003, Section 3.4.1(2) Billing errors	Rule 003, Section 3.4.1(3) Disconnections	Rule 003, Section 3.4.1(4) Credit referrals	Rules 021 and 028, Section 2.5(2) Incorrect drop codes	Rules 021 and 028, Section 7 Erroneous enrollments	Penalty amounts paid to General Revenue	Penalty amounts paid to customers
Total	2				2	\$1,025	\$0

12. On September 1, 2024, AUC Rule 032: Specified Penalties for Contravention of AUC Rules, Orders and Decisions was significantly updated to include: (i) increased penalty amounts to better reflect the seriousness and harm of each event; (ii) an increase in the financial incentive

⁴ Decision 28021-D05-2024: Phase 2 Enforcement Proceeding with Salt Box Coulee Water Supply Company Ltd. – Final Determination of Penalties, September 17, 2024.

for voluntarily disclosing a contravention; and (iii) additional flexibility to use specified penalties for contraventions of the following rules, Acts and Regulations, among other things:

- The confidential treatment of records under Section 30.7 of Rule 001: *Rules of Practice*; and
- Certain noise issues under sections 1.3, 2, 3.4 and 5.1(2) of Rule 012: *Noise Control*.

4 Closed matters

13. When considering whether to commence an enforcement action, Bulletin 2016-10: *Practices regarding enforcement proceedings and amendments to AUC Rule 001: Rules of Practice* states that the Commission will have regard for the following:

- (a) If, based on the information obtained in the investigation, the occurrence of an alleged contravention appears reasonably likely to be proven on a balance of probabilities, and
- (b) If the enforcement action is in the public interest.

Between July and December of 2024, 30 investigations were closed because they did not meet these tests.

Figure 1. Enforcement Process and Results

