Decision **25726-D01-2021**

Alberta Utilities Commission

ENMAX Power Corporation

2021-2022 General Tariff Application
Negotiated Settlement Agreement and Excluded Matters

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1 Decision summary

1. This decision provides the Alberta Utilities Commission's determinations regarding ENMAX Power Corporation's (ENMAX or EPC) application for approval of a negotiated settlement agreement (NSA) regarding its 2021-2022 general tariff application (GTA) and the two issues excluded from the NSA.

2. The Commission has determined that it will accept EPC's NSA. Of the two issues excluded from the NSA, the Commission has denied EPC's proposed depreciation and Enhanced Asset Management Strategy Initiative (EAMS) costs.

2 Introduction and background

3. On September 11, 2020, EPC filed an application[1] with the Commission for approval of its 2021-2022 GTA for the period of January 1, 2021, to December 31, 2022. EPC sought approval for:

- A 2021 revenue requirement of $110.86 million.
- A 2022 revenue requirement of $119.23 million.
- Continuation of the depreciation rates previously approved by the Commission in Decision 22238-D01-2017.[2]
- The 2020 opening rate base balance, as described in Section 10 of the application.
- Forecast capital additions and rate base for the test period, as set out in sections 10 and 26 of the application.

[1] EPC filed a letter with the Commission on July 15, 2020, stating its intent to file a transmission GTA before the end of 2020. EPC further added that it would hold a technical meeting regarding the application on August 13, 2020. The Commission issued a filing announcement (Exhibit 25726-X0003) on July 15, 2020, and a letter of acknowledgment (Exhibit 25726-X0004) on July 16, 2020. Based on EPC's submissions, the Commission, in its letter of July 16, 2020, set up Proceeding 25726 but stated to EPC that an official notice of the application would not be issued until EPC submitted its application. Based on the filing announcement, the Consumers' Coalition of Alberta (CCA) and the Office of the Utilities Consumer Advocate (UCA) submitted statements of intent to participate after the application was filed on September 11, 2020.

[2] Decision 22238-D01-2017: ENMAX Power Corporation, 2016-2017 Transmission General Tariff Application, Proceeding 22238, December 4, 2017.

- Continuation of the previously AUC-approved common and shared services cost allocation methodologies used to allocate costs to transmission, and approval of the forecast allocations, as addressed in Section 27 of the application.

- Disposition of the approved 2019 Transmission Deferral Account balances, which total $0.00 million, including carrying costs, effective September 1, 2021, as set out in Section 32 of the application.

- Such further orders, declarations or exemptions necessary to give effect to EPC's approved revenue requirement ("Transmission Tariff" amount) for the test period.[3]

4. EPC also sought approval to continue or to create the following deferral and reserve accounts:

- hearing cost reserve account;

- direct assigned capital deferral account;

- major storms and natural disasters deferral account;

- annual Variable Pay Program reserve account;

- international financial reporting standards (IFRS) deferral account; and

- Substation No. 1 redevelopment project.[4]

5. The Commission issued a notice of application on September 14, 2020, and requested that interested parties file statements of intent to participate (SIPs) by September 28, 2020.[5]

6. The Commission received SIPs from the CCA,[6] the UCA[7] and AltaLink Management Ltd.[8]

7. Details on the process steps required for this proceeding can be found in Appendix 4 - Process step details.

8. The Commission considers that the record for this proceeding closed on April 26, 2021.

9. In reaching the determinations set out within this decision, the Commission has considered all relevant materials comprising the record of this proceeding. Accordingly, reference in this decision to specific materials are intended to assist the reader in understanding the Commission's reasoning relating to a particular matter and should not be taken as an

3 Exhibit 25726-X0021, application, paragraph 22.
4 Exhibit 25726-X0021, application, paragraph 474.
5 Exhibit 25726-X0101.
6 Exhibit 25726-X0104.
7 Exhibit 25726-X0102.
8 Exhibit 25726-X0103.

indication that the Commission did not consider all relevant portions of the record with respect to a particular matter.

3 Negotiated settlement

10. The NSA reached by the parties encompasses all aspects of EPC's 2021-2022 GTA with the exception of the excluded matters. The excluded matters are:

- depreciation expense; and
- EAMS.

11. Accordingly, this decision is composed of two main sections. Section 3 addresses all matters related to the NSA, and Section 4 addresses all matters excluded from the NSA.

3.1 Statutory and Commission requirements for a negotiated settlement

3.1.1 Legislation

12. The *Electric Utilities Act* authorizes the Commission to establish rules in respect of negotiated settlements, including settlements dealing with rate-related matters. Section 132 states:

> **Facilitated negotiation**
>
> **132(1)** The Commission must recognize or establish rules, practices and procedures that facilitate
>
> **(a)** the negotiated settlement of matters arising under this Act or the regulations, and
>
> **(b)** the resolution of complaints or disputes regarding matters arising under this Act or the regulations.

13. The Commission has established rules for negotiated settlements in Rule 018: *Rules on Negotiated Settlements.*

14. Sections 4(1) and (2) of Rule 018 set out the requirements for initiating a negotiated settlement process (NSP):

> **4 Initiation of process**
>
> **4(1)** An applicant may only commence negotiations with the approval of the Commission.
>
> **(2)** An applicant must notify the Commission of its intention to initiate a negotiated settlement process and provide the Commission with an outline of the pertinent issues to be resolved.

15. EPC submitted that the NSA was negotiated as a package and was contingent on the Commission accepting the entire settlement, with the exception of the excluded matters. Therefore, EPC requested that the Commission approve the NSA as filed, in its entirety, in accordance with Section 135 of the *Electric Utilities Act*.

16. Because the NSA was negotiated on the basis that it must be accepted or rejected in its entirety by the Commission, the Commission will proceed on that basis for the purposes of this decision.

17. EPC requested approval of the NSA in accordance with Section 6 of Rule 018. Section 6 states:

> **6 Filing of the application and settlement agreement**
>
> **6(1)** Subject to section 3, when an agreement is reached on all or some of the issues, the text of the agreement, including a representation that no party has withheld relevant information, must be circulated to all parties to the agreement.
>
> **(2)** Upon the concurrence of the parties on the text of the agreement, an application for approval must be filed with the Commission.
>
> **(3)** At a minimum, the application must include the following:
>
> (a) evidence of adequate notice;
>
> (b) the settlement agreement;
>
> (c) details of issues not resolved;
>
> (d) outline of issues where acceptance is not unanimous, including the names of those who disagree;
>
> (e) the rates that result or will result from the settlement, supported by schedules, to assist the Commission in understanding how the rates were derived;
>
> (f) the text of any changes to the terms and conditions of service with supporting information;
>
> (g) a description of any outstanding issues; and
>
> (h) unless the Commission directs otherwise, a settlement brief explaining the basis of the settlement and how it meets the interests of the parties and the public interest.

18. Section 6(5) of Rule 018 states that the onus is on the applicant to ensure that there is sufficient evidence to support the application, and that the quality and detail of the evidence, including the rationale for the settlement of issues, are sufficient to enable the Commission to understand and assess the agreement.

19. Section 8 of Rule 018 deals with unanimous or unopposed negotiated settlements and requires that the Commission assess the settlement on the basis of two elements:

(i) whether the settlement will result in rates and terms and conditions that are just and reasonable; and

(ii) whether the settlement is patently against the public interest or contrary to law.

20. In considering these requirements, the Commission has taken into account the direction of the Alberta Court of Appeal as set out in *ATCO Electric Limited v Alberta (Energy and Utilities Board)*[9] (ATCO Electric decision). In accordance with the findings of the court that the

[9] *ATCO Electric Limited v Alberta (Energy and Utilities Board), (2004 ABCA 215).*

ultimate responsibility for approval of negotiated settlements must rest with the independent body, the Commission considers that the responsibility for approving negotiated settlements, and ensuring that the NSP and the review process of negotiated settlements operates in a fair and reasonable manner, rests with the Commission.

21. In assessing a settlement, the Commission is aware that, while one or more of the interested parties to a settlement may represent certain stakeholders, none will represent all stakeholders. Further, as noted by the court at paragraph 138 of the ATCO Electric decision, "… even a broad range of Interveners will not necessarily translate into a wide spectrum of positions since parties may make trade-offs which leave other issues unresolved, unaddressed or compromised."[10] Consequently, the NSP does not replace a full and informed review by the Commission as to what is in the overall public interest. Because EPC had requested and received Commission approval to negotiate a settlement; subsequently negotiated with parties representing customers; executed the NSA; and then applied to the Commission for approval of the NSA in its entirety, the Commission has proceeded on the basis that the NSA satisfies EPC's interests and has only assessed the NSA from the point of view of ratepayers. This is consistent with the ATCO Electric decision, which states:

> That means in determining whether a negotiated settlement submitted for approval by a utility is in the public interest and whether the rates and tariffs therein are "just and reasonable", the Board [Alberta Energy and Utilities Board, the Commission's predecessor] is not obliged at this point to consider whether the settlement adequately protects the utility's interests. The Board is instead entitled to proceed on the basis that the negotiated settlement fully satisfies the utility's interests. Thus, the Board need only assess the public interest from the perspective of the consuming public.[11]

22. Sections 134 and 135 of the *Electric Utilities Act* authorize the Commission to approve a negotiated settlement as follows:

> **Commission approval of a settlement**
>
> **134(1)** If a settlement has been negotiated of an issue that is within the jurisdiction of the Commission, the Commission may approve the settlement.
>
> **(2)** Any issue dealt with in a settlement approved by the Commission is not subject to further consideration in the hearing of the matter to which the settlement relates.
>
> **(3)** Subject to subsection (4), the Commission may require a party to provide to it any records relating to the settlement that it considers appropriate.
>
> **(4)** The Commission shall not receive or consider any submission, position, evidence or information provided by a party on a without prejudice or confidential basis in the course of negotiating a settlement under this Part without the express consent of that party.
>
> **Limit on Commission discretion**
>
> **135** If the parties negotiate a settlement on the basis that the settlement is contingent on the Commission's accepting the entire settlement, the Commission must either approve the entire settlement or refuse it.

[10] ATCO Electric decision, paragraph 138.
[11] ATCO Electric decision, paragraph 146.

23. Given the statutory requirements, Rule 018 and the relevant case law, the Commission has considered all of the following factors in making its determination on whether the negotiated settlement should be accepted or rejected in its entirety:

- **Fairness of the NSP:** assessing whether there was procedural fairness, both with respect to adequate notice having been served and with respect to the conduct of the negotiation process itself.

- **Just and reasonable rates:** considering the reasonableness of the individual elements that make up the application to the extent they have been set out in the NSA.

- **Patently against the public interest or contrary to law:** conducting a review of each of the material provisions of the NSA to determine whether these provisions, individually, appear contrary to accepted regulatory practices, or could result in undue rate and service effects on customers or are clearly contrary to law.

24. The Commission's findings on the NSP and on the specific provisions of the NSA, outside of the excluded matters, which are addressed in Section 4, are discussed in the following sections of this decision.

3.1.2 Fairness of the NSP

25. The first question for the Commission to consider is whether the NSP that resulted in the NSA was fair.

3.1.3 Conduct of negotiation process

26. In the NSA, EPC submitted Section 2.3 Fairness, which states:

> The NSP was fair. All negotiation sessions were conducted in a fair and open manner. The CCA and UCA were invited to, and attended, every session, and each party was given a reasonable opportunity to raise and discuss any matters related to the 2021-2022 GTA, except for the issue of depreciation expense, which the Commission had excluded from the NSP. There was a substantial evidentiary record before negotiations began and EPC responded to reasonable requests for additional information. Appendix B to this Application sets out fairness submissions from EPC, the CCA and the UCA.[12]

27. Each of EPC, the CCA and the UCA filed correspondence with the Commission attesting to the fair and open manner in which the negotiation was conducted. The Commission accepts these submissions.

3.1.3.1 Adequate notice

28. Section 3 of Rule 018 deals with the provision of notice by a utility to parties who may be interested in participating in negotiations. Rule 018 states:

> **3(1)** The Commission requires a statement in the settlement agreement confirming that proper notice was provided by the applicant to all interested parties.

[12] Exhibit 25726-X0195, Settlement Application, paragraph 11.

> **(2)** The notice provisions in the *Rules of Practice* apply [to] the giving of notice under these rules.

29. EPC submitted that adequate notice was provided to the parties as follows:

> EPC requested approval of a negotiated settlement process in its 2021-2022 GTA. As set out in section 4.2(b) of the NSA, EPC confirms that proper notice of the NSP was provided to all interested parties.[13] [footnote removed]

30. Based on Section 2.2 of EPC's NSA application,[14] EPC has met Section 3 of Rule 018 that adequate notice was provided by EPC to the parties.

3.1.3.2 Relevant information

31. Section 6(1) of Rule 018 provides that the text of the NSA must include a representation that no party has withheld relevant information. EPC addressed this requirement under Article 4 of the NSA, the relevant portion of which is reproduced below:

> 4.1 Representations of all Parties
>
> Each Party represents that it has not withheld relevant information.
>
> 4.2 Representations of EPC
>
> (a) EPC represents that all information it provided to the CCA and the UCA during the negotiated settlement process was true and accurate, to the best of EPC's knowledge.[15]

32. The Commission accepts that Section 6(1) of Rule 018 has been met with respect to relevant information.

3.1.4 Public interest

33. The second question for the Commission is whether the NSA is in the public interest, including whether it will result in rates that are just and reasonable.

34. In this regard, the Commission is guided by the *Electric Utilities Act* and Rule 018, and in particular Section 8(2) of Rule 018, which states that the Commission must intervene if it determines that a unanimous settlement agreement is patently against the public interest or contrary to law.

35. In conducting the public interest assessment and because the Commission must consider the NSA as a whole, the Commission has considered the public interest from the ratepayers' perspective in accordance with the guidance provided by the Alberta Court of Appeal referred to in the ATCO Electric decision discussed above. The Commission has also considered whether the effect of the NSA, taken as a whole, would lead to rates and terms and conditions of service that are just and reasonable. In addition, in considering the public interest, the Commission has reviewed each of the material provisions of the NSA to determine if any of these provisions

13 Exhibit 25726-X0195, PDF page 5.
14 Exhibit 25726-X0195, PDF page 5.
15 Proceeding 23966, Exhibit 23966-X0274, PDF page 9.

appears to be unusual, contrary to accepted regulatory practices, or could result in undue rate effects, service concerns, preferences or other concerns in future rate applications.

36. In conducting its public interest analysis, the Commission has taken into account all information on the record. The NSA reflects material filed in the proceeding prior to the commencement of negotiations, including responses to information requests (IRs) on EPC's original application; updated minimum filing requirement (MFR) schedules and IR responses; and a second round of IRs from the Commission. This additional material on the record provided the Commission with an additional basis upon which to conduct its public interest analysis.

37. EPC submitted that the NSA for its 2021-2022 GTA, "will result in rates that are just and reasonable and that the settlement is not patently against the public interest or contrary to law."[16] EPC further submitted that the NSA meets all the requirements of Rule 018.[17] EPC summarized the terms of the NSA for EPC's 2021-2022 GTA as follows:

Table 1. EPC 2021-2022 NSA – Summary of adjustments

The Parties have agreed to the following reductions to EPC's 2021-2022 GTA revenue requirement, totaling $8.10 million:

	Adjustment	Revenue requirement reduction ($ million)		
		2021	2022	Total
Reduction 1	O&M [operations and maintenance] Management and Professional salary	0.25	0.30	0.54
Reduction 2	O&M CUPE (Canadian Union of Public employees) settlement	0.02	0.03	0.05
Reduction 3	O&M vacancy	0.76	0.80	1.56
Reduction 4	O&M shared services general reduction	0.81	0.81	1.62
Reduction 5	O&M IT general	0.15	0.15	0.30
Reduction 6	Capital Deferral of Substation 37	0.19	0.37	0.56
Reduction 7	Capital Deferral of 16.63L/15.62 Underground Restoration Project to 2022	0.22	0.21	0.43
Reduction 8	Capital Green Line LRT Project	0.04	0.39	0.44
Reduction 9	Capital Calgary Area Fault Mitigation (CAFM)	-	0.02	0.02
Reduction 10	Capital Substation 45	-	2.59	2.59
	Total	**2.44**	**5.67**	**8.10**

Total may not add up due to rounding.
Source: Exhibit 25726-X0195, PDF page 9.

38. EPC noted that the NSA excluded an issue (depreciation) identified in the Commission's correspondence of December 10, 2020, and that parties to the NSA also agreed to exclude the following item in the 2021-2022 GTA from the agreement:

- The Enhanced Asset Management Strategy (EAMS) initiative.[18]

[16] Exhibit 25726-X0195, paragraph 42.
[17] Exhibit 25726-X0195, paragraph 40.
[18] Exhibit 25726-X0195, paragraph 6.

39. EPC submitted that the NSA results in reductions to EPC's applied-for 2021-2022 GTA revenue requirement totalling $8.10 million.

40. In addition, EPC advised that parties agreed to the following additional process items:

> (a) The Parties have agreed to the establishment of a deferral account in respect of the costs associated with addressing the Substation 32 arc flash hazard that EPC incurs in 2021 and 2022. The deferral account will have an opening balance of $0 and the disposition of any non-zero balance in this deferral account will be dealt with as part of EPC's next General Tariff Application.[19]
>
> (b) As part of the NSA, the Parties have agreed that if EPC achieves savings in the net shared services costs allocated to Transmission during the 2021-2022 test period, these savings will accrue to customers and will be returned to customers as part of EPC's next Transmission General Tariff Application.[20]
>
> (c) EPC has also committed to providing a table similar to Exhibit 25726-X0188 Updated EPC-CCA2020NOV04-001 a) PDF page 11 updated with 2021/2022 actuals for Shared Services in the next Transmission General Tariff Application.[21]

41. The scope of this proceeding is EPC's forecast revenue requirement for the 2021-2022 test period.

42. The NSA represents a unanimous agreement reached as a result of a successful negotiation that typically reflects a number of compromises of different interests and positions of the parties. The signatories to the NSA represent a constituent group of Albertans that has historically participated in the testing of EPC's GTAs, which supports a finding that the NSA is in the public interest.

43. On the basis of the Commission's assessment of provisions of the NSA as described above, along with the detailed analysis of the application and IR responses, the Commission finds that the NSA, taken as a whole, is not patently against the public interest or contrary to law and should result in rates and terms and conditions that are just and reasonable, as required by Section 8 of Rule 018. Accordingly, the Commission approves the NSA as filed, and as attached as Appendix 5 to this decision.

4 Excluded matters

44. In the following sections, the Commission provides its findings with respect to the two matters that were excluded from EPC's negotiated settlement process: depreciation expense and the EAMS initiative.

19 Exhibit 25726-X0195, paragraph 33.
20 Exhibit 25726-X0195, paragraph 36.
21 Exhibit 25726-X0195, paragraph 38.

45. In the case of depreciation expense, the Commission's December 10, 2020, ruling[22] advised parties that the issue of depreciation expense would be a matter excluded from any NSP arising in the current proceeding.

46. In the case of the EAMS Initiative, EPC's March 24, 2021, application for approval of a negotiated settlement stated that parties were unable to reach an agreement on the forecast costs associated with the EAMS initiative and this was designated as an excluded matter.

4.1 Depreciation expense

47. EPC requested forecast depreciation expense for the years 2021 and 2022 in the amounts of $29.2 million and $32.4 million, respectively.[23] The amounts represented increases of $5.1 million (2021) and $8.3 million (2022) compared to EPC's last approved depreciation expense forecast of $24.1 million for the year 2020. EPC attributed the forecast increases in depreciation expense to increases in rate base.

48. EPC stated that in determining its forecast 2021-2022 depreciation expense, it had relied on the depreciation parameters and corresponding depreciation rates approved by the Commission in Decision 2014-347.[24] However, as evidenced in its responses to Commission IRs, EPC was unable to provide detailed support for its depreciation expense calculations given reporting limitations of its fixed asset software.[25] Further, EPC was not willing to prepare alternative manual depreciation calculations because "the time and effort required to prepare the analysis requested is beyond the time given for responding to this information request."[26] EPC stated it would undertake to provide the requested calculations at the time of its next depreciation study.

49. Instead, EPC's IR response calculated a single weighted average depreciation rate for its total property, plant and equipment, followed by two further weighted average depreciation rates for each of its transmission and general plant groups of assets. EPC asserted this was a sufficient basis for the Commission "to test EPC's depreciation expense, which is approximately 27 per cent of EPC's total 2021-2022 revenue requirement, as part of the Commission's mandate to ensure just and reasonable rates."[27]

50. The CCA and UCA argued that a study is long overdue and that the Commission should establish a concrete deadline for its completion.[28] [29]

51. It is understood that depreciation expense is a complicated element of the revenue requirement for a capital-intensive business such as an electric utility.[30] In accepting this inherent

22 Exhibit 25726-X0185, AUC letter, paragraphs 29-38.
23 Exhibit 25726-X0022.01, Schedule 3-1.
24 Decision 2014-347: ENMAX Power Corporation, 2014 Phase I Distribution Tariff Application, 2014-2015 Transmission General Tariff Application, Proceeding 2739, Application 1609784-1, December 16, 2014.
25 As noted in the preamble to Exhibit 25726-X0015, EPC-AUC-2020NOV04-004, in each of its two previous GTAs, EPC was unable to provide detailed calculations supporting its depreciation expense in response Commission IR asking for similarly detailed calculations.
26 Exhibit 25726-X0115, EPC-AUC-2020NOV04-004(b), PDF page 11.
27 Exhibit 25726-X0115, EPC-AUC-2020NOV04-004(b), PDF page 10.
28 Exhibit 25726-X0221, paragraph 3.
29 Exhibit 25726-X0223, paragraph 10.
30 Transcript, Volume 1, page 13, lines 23-25 and page 14, line 1.

complexity and further, the magnitude of the depreciation expense amounts at issue, the Commission finds that the "high-level calculations"[31] provided by EPC do not reasonably support its forecast depreciation expense in the current application.

52. For these reasons, the Commission declines to approve EPC's forecast depreciation expense for the years 2021 and 2022. EPC is directed to incorporate its last approved depreciation expense in the amount of $24.1 million (2020) in its revenue requirement for each of the test years at issue. When EPC submits its next depreciation study it will allow the Commission and parties to test both updated depreciation parameters that may be applied for and EPC's detailed depreciation expense calculations. EPC is also directed to ascertain and submit, with its next depreciation study, a detailed plan for how the Commission and parties will be able to test EPC's depreciation expense calculations between the submission of depreciation studies.

53. Having made the finding above, the Commission accepts EPC's commitment to file an updated depreciation study to be approved prior to 2023[32] and accordingly, will not direct a concrete deadline for EPC to submit its next depreciation study. As noted in argument by EPC,[33] the amortization of reserve differences mechanism approved for use by EPC will allow EPC to commence a true-up of any under or over collection of depreciation expense at the time it submits a depreciation study and incorporates updated depreciation parameters (and rates).

4.2 Enhanced Asset Management Strategy initiative

54. EPC requested $1.65 million in 2021 and $1.69 million in 2022 in incremental O&M costs to undertake a new EAMS initiative, beginning in 2021. EPC explained that the initiative is a key component in its strategy to continuously improve the planning and management of its transmission system, and will facilitate the optimization of EPC's transmission system using risk-based decision making.[34] Under the initiative, five additional full-time equivalents would be required, and several activities would be undertaken, such as developing asset management plans; developing risk models that incorporate criticality scores, health indices and failures curves; establishing an asset performance framework; and making enhancements to standards and estimation.[35]

55. The Commission has examined the evidence provided by EPC and declines to approve the EAMS initiative as it does not find EPC's evidence to be persuasive, nor sufficient, to warrant the approval as requested for the reasons discussed below.

56. In particular, the Commission first notes that a business case was not provided to support the initiative, and EPC only identified high-level activities to be undertaken. In its application, the total costs and timeline for the initiative were also not provided, nor was an analysis of the alternatives considered.

57. However, in response to Commission questioning, EPC provided two cost-benefit analyses for the EAMS initiative. The first cost-benefit analysis was prepared in August 2019, and identified expected savings of approximately $6.7 million ($1.5 million in operating costs

31 Transcript, Volume 1, page 16, line 12.
32 Exhibit 25726-X0222, page 4.
33 Transcript, Volume 1, page 16, lines 12-18.
34 Exhibit 25726-X0021, application, paragraph 202.
35 Exhibit 25726-X0214, EPC-AUC-2021APR09-005(a).

and $5.2 million in capital costs) in the test period.[36] As the scope for the EAMS initiative was further refined, an updated cost-benefit analysis was provided that did not identify any savings in the test period.[37] As seen in the summary table below, EPC estimated annual savings of $0.67 million to start in 2023 and increase to $3.7 million in 2027:

Table 2. Estimated savings from the EAMS initiative

EAMS activity	Savings ($000)						
	2021	2022	2023	2024	2025	2026	2027
Deferred capital spending (~2 per cent /year)	-	-	-	-	-	2,208	2,252
Less reactive replacements - reduced capital	-	-	-	-	-	83	84
Standards improvements	-	-	328	478	649	828	845
Work management optimization due to improved predictive data	-	-	208	212	216	221	225
Improved data, analytics - maintenance reductions			536	690	866	3,340	3,407
Total	-	-	**670**	**933**	**1,114**	**3,593**	**3,665**

Source: Exhibit 25276-X0216, EPC-AUC-2021APR09-005 b) Attachment.

58. Additionally, EPC also estimated that it would incur additional expenditures totalling $1.09 million from 2023 to 2026 for the EAMS initiative and based on its net present value analysis, the EAMS initiative would break even in 2031,[38] or approximately 10 years after being initiated.

59. The Commission is not convinced that the EAMS initiative can be justified based on the cost-benefit analysis provided. Of note, the Commission observes that no forecast savings will be achieved within the test period, and although some savings are expected to occur in 2023, the vast majority of the savings do not begin to occur until 2026. In the Commission's view, if EPC proceeded with the EAMS initiative, reducing these expenditures should be achievable in advance of all aspects of the initiative being completed, especially given that the majority of the spending on the EAMS initiative is forecasted to occur within the first three years.[39]

60. Further, the Commission notes that some of the estimated savings identified in Table 2 arise from activities that appear unrelated to the main activities being completed under the EAMS initiative. For example, EPC has included standards and estimation improvements as part of the EAMS initiative. However, the applicability of these standards were not made clear in EPC's submissions. The evidence submitted suggests that these standards relate to improving engineering standards for capital projects so that fewer safety code violations are discovered upon project completion.[40] [41] It remains unclear how the development of these standards is either dependant on or related to the other EAMS activities, such as development of asset management plans, risk models, health indices and failure curves. The Commission is not persuaded that these standards and estimation improvements should be included in the EAMS initiative.

36 Exhibit 25726-X0126, EPC-AUC-2020NOV04-013(k), Attachment.
37 Exhibit 25726-X0215, EPC-AUC-2021APR09-005(a), Attachment.
38 Exhibit 25726-X0214, EPC-AUC-2021APR09-005(a).
39 Exhibit 25726-X0214, EPC-AUC-2021APR09-005(a).
40 Exhibit 25726-X0015, EPC-AUC-2020NOV04-013(c).
41 Exhibit 25726-X0214, EPC-AUC-2021APR09-005(a).

61. The Commission also views that tracking and measuring the outcomes from any new initiative that a utility proposes is necessary to ensure that ratepayers are receiving concrete benefits from the initiative and that expenditures are not made to develop practices and tools that either yield no measurable results or should have been undertaken in any event by the utility in the ordinary course of managing assets to best practices.

62. When questioned by the Commission as to what information could be provided to assess the realized benefits against the costs of the EAMS initiative in future GTAs, EPC stated that information could be provided on adjustments or deferrals to capital projects resulting from the EAMS initiative starting in 2026. This information could be reported for a two- to five-year period. Additionally, EPC submitted that it could track and provide examples as to where information from the EAMS initiative will lead to savings in reactive projects over the next five-year period.[42] The Commission finds that information regarding any potential savings in capital expenditures, such as the information suggested by EPC, is beneficial. The Commission also finds that although EPC forecasted O&M savings, it did not mention any information it could supply to assess whether these savings are realized.

63. Additionally, EPC submitted that the key performance indicators it currently tracks and expects to be influenced by the EAMS initiative include safety, cost control, reliability, customer satisfaction and project delivery.[43] The Commission finds that the key performance indicators listed by EPC are broad, and more specific key performance indicators that are directly related to the desired outcomes from the EAMS initiative may be necessary to more accurately measure the success of the EAMS initiative, and its benefits to ratepayers.

64. Further, the Commission finds that the sufficiency of EPC's current asset management practices and tools was unclear and the Commission could not determine the necessity or reasonableness of increased costs to improve those practices and tools.

65. For example, EPC explained that one of the main outcomes of the EAMS initiative is to transition EPC to risk-based decision making, where prior to this initiative, EPC's historical asset decisions were primarily made reactively and based on subject matter expertise and expert judgment.[44] However, in response to another question by the Commission regarding the Copperleaf C55 software tool, EPC described how it uses its value-based and risk-informed models along with qualitative assessments and professional judgement to assess projects and potential alternatives as part of its capital investment planning process.[45]This suggests that EPC is already employing some form of risk-based decision making, and has purchased software tools to aid it in doing so. EPC provided an example of how this analysis was completed for its Transmission Emergency Spares Improvement Project, but this type of analysis was not present in the business case EPC filed for the project.

66. Additionally, EPC stated that it engaged consultants to assess its asset management maturity, identify data gaps and provide advice on the alignment with ISO 55000 international standards.[46] However, EPC did not provide any reports from these exercises in support of its application. The Commission finds that these types of reports would be a useful aid in assessing

42 Exhibit 25726-X0214, EPC-AUC-2021APR09-005(c)(i)-(ii).
43 Exhibit 25726-X0214, EPC-AUC-2021APR09-005(c)(iii).
44 Exhibit 25726-X0115, EPC-AUC-2020NOV04-013(a).
45 Exhibit 25726-X0115, EPC-AUC-2020NOV04-045.
46 Exhibit 25726-X0214, EPC-AUC-2021APR09-006(a).

the necessity or reasonableness of increased costs to enhance EPC's asset management practices and tools.

67. Lastly, the Commission finds that the evidence with respect to how EPC allocated the EAMS initiative costs between EPC transmission and distribution appears to be conflicting. In response to Commission questioning, EPC also submitted that the allocation of costs was based on the relative rate base of transmission and distribution.[47] However, the Commission observes that the costs for the EAMS initiative were allocated approximately 51 per cent to EPC transmission and 49 per cent to EPC distribution,[48] whereas EPC's rate base allocator (or capital asset cost allocator) allocates costs based on 33 per cent to EPC transmission and 67 per cent to EPC distribution.[49] Given this inconsistency, the Commission is unable to ascertain on what basis the costs for the EAMS initiative were allocated between EPC's transmission and distribution functions, and is unable to determine whether the allocations are reasonable.

68. For all of the above reasons, the Commission finds that EPC has not met its onus in support of the EAMS imitative. EPC is directed to remove the forecast expenditures associated with the EAMS initiative in its compliance filing to this decision.

69. Should EPC request funding for the EAMS initiative in a future tariff application, EPC is directed to provide a full business case and include the following:

- Total forecast costs for the initiative, including costs required beyond the test period broken down by the individual EAMS activity.

- An explanation of the quantifiable savings expected to arise from the initiative and a completed cost-benefit analysis. In the cost-benefit analysis, EPC should include any other incremental expenditures outside of the EAMS initiative (such as licensing and implementation of software tools, additional labour required to collect data necessary for the EAMS processes and tools, additional labour required to use the EAMS practices and tools) that are necessary to achieve the forecasted savings.

- An explanation of each activity in the EAMS initiative, and how the activity relates to and depends on the other activities in the EAMS initiative.

- Specific information regarding EPC's current asset management practices and tools, and how they will change after the EAMS initiative is implemented. In this regard, EPC should provide any assessments of its asset management practices and tools conducted by a third party.

- A description of how EPC will track and measure the success and outcomes of the EAMS initiative against expected results, and how EPC will report on this in future tariff applications, and demonstrate any savings from the initiative that have reduced its revenue requirement, and provided benefits to ratepayers.

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47 Transcript, Volume 1, page 23, lines 16-18.
48 Exhibit 25726-X0214, EPC-AUC-2021APR09-004.
49 Exhibit 25726-X0021, application, paragraph 429.

- The costs for the initiative that have been allocated to EPC transmission and distribution and an explanation of what allocator was used and why.

5 Order

70. It is hereby ordered that:

(1) The negotiated settlement agreement attached as Appendix 5 to this decision is approved. ENMAX Power Corporation is to provide a compliance filing in response to the directions contained in this decision regarding the excluded matters within 45 days of the issuance of this decision.

Dated on June 16, 2021.

Alberta Utilities Commission

(original signed by)

Carolyn Dahl Rees
Chair

(original signed by)

Douglas A. Larder, QC
Vice-Chair

(original signed by)

Neil Jamieson
Commission Member

Appendix 1 – Proceeding participants

Name of organization (abbreviation) **Company name of counsel or representative**
ENMAX Power Corporation (ENMAX or EPC)
Consumers' Coalition of Alberta (CCA) Wachowich & Company
Office of the Utilities Consumer Advocate (UCA) Brownlee LLP

Alberta Utilities Commission Commission panel C. Dahl Rees, Chair D.A. Larder, QC, Vice-Chair N. Jamieson, Commission Member Commission staff N. Sawkiw (Commission counsel) D. Ward P. Baker L. Mullen D. Fedoretz

Appendix 2 – Virtual oral argument – registered appearances

Name of organization (abbreviation) Name of counsel or representative
ENMAX Power Corporation (EPC) David Wood
Consumers' Coalition of Alberta (CCA) James Wachowich, QC
Office of the Utilities Consumer Advocate (UCA Thomas Marriott, QC

Appendix 3 – Summary of Commission directions

This section is provided for the convenience of readers. In the event of any difference between the directions in this section and those in the main body of the decision, the wording in the main body of the decision shall prevail.

1. For these reasons, the Commission declines to approve EPC's forecast depreciation expense for the years 2021 and 2022. EPC is directed to incorporate its last approved depreciation expense in the amount of $24.1 million (2020) in its revenue requirement for each of the test years at issue. When EPC submits its next depreciation study it will allow the Commission and parties to test both updated depreciation parameters that may be applied for and EPC's detailed depreciation expense calculations. EPC is also directed to ascertain and submit, with its next depreciation study, a detailed plan for how the Commission and parties will be able to test EPC's depreciation expense calculations between the submission of depreciation studies. .... paragraph 52
2. For all of the above reasons, the Commission finds that EPC has not met its onus in support of the EAMS imitative. EPC is directed to remove the forecast expenditures associated with the EAMS initiative in its compliance filing to this decision. .... paragraph 68
3. Should EPC request funding for the EAMS initiative in a future tariff application, EPC is directed to provide a full business case and include the following:

- Total forecast costs for the initiative, including costs required beyond the test period broken down by the individual EAMS activity.
- An explanation of the quantifiable savings expected to arise from the initiative and a completed cost-benefit analysis. In the cost-benefit analysis, EPC should include any other incremental expenditures outside of the EAMS initiative (such as licensing and implementation of software tools, additional labour required to collect data necessary for the EAMS processes and tools, additional labour required to use the EAMS practices and tools) that are necessary to achieve the forecasted savings.
- An explanation of each activity in the EAMS initiative, and how the activity relates to and depends on the other activities in the EAMS initiative.
- Specific information regarding EPC's current asset management practices and tools, and how they will change after the EAMS initiative is implemented. In this regard, EPC should provide any assessments of its asset management practices and tools conducted by a third party.
- A description of how EPC will track and measure the success and outcomes of the EAMS initiative against expected results, and how EPC will report on this in future tariff applications, and demonstrate any savings from the initiative that have reduced its revenue requirement, and provided benefits to ratepayers.
- The costs for the initiative that have been allocated to EPC transmission and distribution and an explanation of what allocator was used and why. .... paragraph 69

Appendix 4 – Process step details

(return to text)

Date	Process step description
July 15, 2020	Proceeding 25726 created, EPC files correspondence.
July 15, 2020	Filing announcement issued.
August 13, 2020	EPC holds a pre-filing meeting on its 2021-2022 GTA.
August 28, 2020	EPC files request for confidentiality.
September 9, 2020	Commission rules on EPC's confidentiality request.
September 11, 2020	EPC files 2021-2022 GTA.
September 14, 2020	Commission issues notice of application.
October 5, 2020	Commission issues initial process schedule and issues list.
October 9, 2020	Interveners provide comments on issues list.
October 14, 2020	Commission issues ruling on issues list.
November 4, 2020	Round 1 IRs to EPC.
November 25, 2020	Round 1 IR responses from EPC.
November 25, 2020	EPC files request for confidentiality for certain IR responses.
November 27, 2020	Commission rules on EPC's confidentiality request.
December 2, 2020	The CCA and the UCA file motions regarding EPC IR responses.
December 4, 2020	EPC responds to the CCA and the UCA motions.
December 7, 2020	The CCA replies to EPC response on the motions.
December 10, 2020	The Commission rules on the CCA and the UCA motions, and EPC's compliance with MFR schedules, and holds the proceeding in abeyance.
December 17, 2020	The CCA submits correspondence requesting an amendment for actual in the MFR schedules.
December 17, 2020	Commission responds to the CCA's correspondence.
February 8, 2021	EPC files updated MFR schedules.
February 18, 2021	Commission provides a schedule for further process including steps for an NSP.
March 18, 2021	EPC notifies the Commission about agreement in principle regarding an NSA.
March 18, 2021	EPC requests an extension to file the NSA .
March 19, 2021	Commission grants EPC's extension request.
March 24, 2021	EPC files its NSA.
March 30, 2021	Commission issues process schedule for NSA and excluded matters.
April 9, 2021	Commission issues Round 2 IRs to EPC.
April 15, 2021	Commission issues protocol letter for virtual hearing for oral argument and reply argument.
April 16, 2021	Round 2 IR responses from EPC
April 21, 2021	Commission issues schedule for virtual hearing of oral argument and reply argument.
April 21, 2021	Oral final argument and reply argument summaries filed by parties to the NSA.
April 26, 2021	Virtual hearing for oral argument and reply argument, close of record.

Appendix 5 – Negotiated settlement agreement

(return to text)

Appendix 5 -
Negotiated settlemen

(consists of 14 pages)

NEGOTIATED SETTLEMENT AGREEMENT

ENMAX POWER CORPORATION
2021-2022 TRANSMISSION GENERAL TARIFF APPLICATION

PROCEEDING 25726

THIS AGREEMENT for the negotiated settlement of the ENMAX Power Corporation's 2021-2022 Transmission General Tariff Application is made and entered effective March 18, 2021

AMONG:

ENMAX POWER CORPORATION, a corporation incorporated under the laws of Alberta

and

CONSUMERS' COALITION OF ALBERTA

and

OFFICE OF THE UTILITIES CONSUMER ADVOCATE,
established as part of the Ministry of Government Services by Order in Council 433/2003

WHEREAS:

(a) EPC owns and operates a transmission system in and around the City of Calgary;

(b) the AUC regulates EPC's transmission system, including the general transmission tariff;

(c) on September 11, 2020, EPC filed an application with the AUC for approval of its 2021-2022 GTA;

(d) on September 14, 2020, the AUC issued a Notice of Application informing parties it would be considering EPC's 2021-2022 GTA;

(e) on October 5, 2020, the AUC issued an initial process schedule and approved EPC's request for a negotiated settlement process;

(f) on October 14, 2020, the AUC established an issues list for Proceeding 25726;

(g) on November 25, 2020 EPC responded to IRs from the AUC, CCA and UCA;

(h) on December 2, 2020 the CCA brought a motion for further and better responses to certain IRs and the UCA brought a motion requesting the AUC to suspend the proceeding and direct EPC to revise its application to include certain additional information required by the AUC's MFRs;

(i) on December 10, 2020 the AUC allowed the motions of the CCA and UCA in part, suspended the proceeding, directed EPC to file revised MFR schedules and to provide revised responses to certain of the CCA's IRs, and indicated that the issue of depreciation expense would be excluded from any NSP;

(j) on February 8, 2021 EPC filed the revised responses to the CCA IRs and the revised MFR schedules;

(k) on February 18, 2021 the AUC issued a revised process schedule that provided for a negotiated settlement process between February 18, 2021 and March 18, 2021;

(l) the Parties met through video conferencing on February 24, March 2, March 4, March 9, March 12, and March 18, 2021 to attempt to negotiate a settlement of the 2021-2022 GTA; and

(m) on March 18, 2021 the Parties reached a negotiated settlement with respect to the 2021-2022 GTA, reflecting an informed and considered compromise of the issues and positions advanced by the Parties during Proceeding 25726, including the negotiations.

IN CONSIDERATION of the mutual promises made in this Agreement and for other good and valuable consideration, the receipt and sufficiency of which is hereby expressly acknowledged by each of the Parties, and subject to the conditions set out below, the Parties agree as follows:

ARTICLE 1
INTERPRETATION

1.1 Defined Terms

As used in this Agreement, the following capitalized terms have the meaning set out below:

(a) "Agreement" means this Negotiated Settlement Agreement;

(b) "AUC" means the Alberta Utilities Commission;

(c) "AUC Excluded Matter" means the matter described in section 2.2(a);

(d) "CCA" means the Consumers' Coalition of Alberta;

(e) "EPC" means ENMAX Power Corporation;

(f) "EUA" means the *Electric Utilities Act*, S.A. 2003, c. E-5.1;

(g) "Excluded Matters" means the AUC Excluded Matter and the Party Excluded Matter;

(h) "2021-2022 GTA" means the 2021-2022 General Tariff Application filed by EPC with the AUC for approval in Proceeding 25726;

(i) "IR" means an information request made in accordance with section 24 of AUC Rule 001;

(j) "MFRs" means the minimum filing requirements established by the AUC;

(k) "O&M" means operating and maintenance costs;

(l) "Party" means each of EPC, the CCA and the UCA and "Parties" means all of them;

(m) "Party Excluded Matter" means the matter described in section 2.2(b);

(n) "UCA" means the Office of the Utilities Consumer Advocate.

1.2 Other defined terms

Capitalized terms not otherwise defined in this Agreement have the meaning given to them in the 2021-2022 GTA.

1.3 Gender and Number

Any reference in this Agreement to gender includes all genders and words denoting the singular shall include the plural and *vice versa*.

1.4 Headings

The division of this Agreement into articles and sections and the insertion of headings are for convenience only and shall not affect the interpretation of this Agreement.

1.5 Including

In this Agreement, the words “includes,” “including” and similar expressions mean “includes” (or “including”) without limitation.

1.6 Accounting Matters

Unless otherwise noted in this Agreement, all items of revenue, expense, cost, gain, loss, liability, all determinations with respect to accruals, and all accounting matters or terms in this Agreement will be determined or construed in accordance with the relevant requirements or practices of the AUC.

1.7 Legal Representation; No Presumption Against any Party

Each Party acknowledges that it has been represented by counsel in connection with the negotiation and execution of this Agreement, and that the terms of this Agreement have been negotiated by it. Any rule of law or any legal principle that would require the interpretation of any claimed ambiguities in this Agreement against the Party that drafted it has no application, and the right to rely upon any such rule or principle is expressly waived by the Parties.

1.8 References to Statutes and Regulations

Any reference to a statute, regulation or AUC rule is a reference to it as re-enacted, varied, amended, modified, supplemented or replaced from time to time.

1.9 Entire Agreement

This Agreement sets out the entire understanding and agreement of the Parties, and there are no representations, warranties, covenants, conditions or other agreements, express or implied, collateral, statutory or otherwise, among the Parties in connection with the subject matter of this Agreement except as specifically set out in this Agreement. No Party has relied or is relying on any other information, discussion or understanding in entering into this Agreement.

1.10 Successors and Assigns

This Agreement becomes effective only when executed by all of the Parties and then approved by the AUC. This Agreement will then be binding on and enure to the benefit of the Parties and their respective successors. No Party may assign this Agreement without the prior written consent of the other Parties, provided that such consent will not be unreasonably withheld.

1.11 Amendments

This Agreement may be modified, altered or amended only by an agreement in writing, signed by the Parties and approved by the AUC.

1.12 Notices

(a) Any notice or other communication from one Party to the other Parties required or permitted to be given under this Agreement must be in writing and will be sufficiently given or made if delivered during normal business hours on a Business Day and left at the recipient's address set out below, or if transmitted to the recipient by e-mail; and

(i) if to EPC, addressed to it at:

ENMAX Power Corporation
141 – 50th Avenue S.E.
Calgary, AB T2G 4S7

Attention: Trevor Wilde
Phone: (403) 592-0266
E-mail: TWilde@enmax.com

(ii) Or if to the CCA, addressed to it at:

Consumers' Coalition of Alberta

c/o its legal counsel Wachowich & Co
Attention: James Wachowich
Birks Building Suite 410, 10113-104 street
Edmonton T5J 1A1
Phone: 780-429-0555 x 223
Facsimile: 780-425-4795
E-mail: jim@wachowich.com

(iii) Or if to the UCA, addressed to it at:

Office of the Utilities Consumer Advocate
9th Floor, Century Park Place 855 8th Avenue S.W.
Calgary, AB T2P 3P1

Attention: Chris Hunt
E-mail: chris.hunt@gov.ab.ca

(b) Any notice or other communication given or made in the manner set out above will be deemed to have been given or made and to have been received on the day of delivery or transmission, as the case may be, if delivered or transmitted during the normal business hours of the recipient on a Business

Day and, if not, on the next Business Day. Any Party may change the contact information set out above by giving written notice of that change to the other Parties in accordance with this section.

1.13 No Waiver

No waiver of any provision of this Agreement will be valid or enforceable unless in writing and signed by the Party against whom enforcement of the waiver is sought. The waiver of any provision of this Agreement, at any time, by any Party, will not constitute a waiver of future compliance with that provision or a waiver of compliance with any other provision of this Agreement.

1.14 Governing Law

This Agreement and all disputes arising in connection with it will be subject to, governed by, and construed in accordance with the laws of the Province of Alberta including the laws of Canada that are applicable in Alberta.

1.15 Severability

In the event that any of the provisions of this Agreement are held by a court of competent jurisdiction to be invalid, all other provisions of this Agreement will remain enforceable to the fullest extent permitted by law, unless such finding materially impairs the economic benefit or protections to be derived by a Party under this Agreement.

1.16 Execution

This Agreement may be executed by facsimile transmission or by providing a scanned copy of the executed execution page, and may be executed by different Parties in different counterparts, each of which will be an original and all of which will constitute one and the same instrument.

1.17 Time of the Essence

Time will be of the essence in respect of this Agreement.

ARTICLE 2
TERMS OF SETTLEMENT

2.1 2021-2022 GTA to be Approved as Filed

Except as set out in this Article 2, the Parties agree that the 2021-2022 GTA should be approved as filed and otherwise amended through the process of Proceeding 25726.

2.2 Excluded Matters

(a) In accordance with paragraph 36 of the AUC's December 10, 2020 letter, the issue of depreciation expense was excluded from the negotiated settlement process (the "**AUC Excluded Matter**").

(b) In addition to the AUC Excluded Matter, the Parties have agreed to exclude the forecast costs associated with the Enhanced Asset Management Strategy ("**EAMS**") Initiative as described in section 5.3 of the 2021-2022 GTA from this Agreement (the "**Party Excluded Matter**").

(c) The AUC will determine a process for dealing with the Excluded Matters.

2.3 Reductions in EPC's 2021-2022 GTA Revenue Requirement

The Parties have agreed to the following reductions to EPC's 2021-2022 GTA revenue requirement, totaling $8.10 million over the test period:

Description	Revenue Requirement Reduction ($M)		
	2021	2022	Total
Reduction 1 - (O&M) Management & Professional Salary	0.25	0.30	0.54
Reduction 2 - (O&M) CUPE Settlement	0.02	0.03	0.05
Reduction 3 - (O&M) Vacancy	0.76	0.80	1.56
Reduction 4 - (O&M) Shared Services General Reduction	0.81	0.81	1.62
Reduction 5 - (Capital) IT General	0.15	0.15	0.30
Reduction 6 - (Capital) Deferral of Substation 37	0.19	0.37	0.56
Reduction 7 - (Capital) Deferral of 16.63L/15.62 Underground Restoration Project to 2022	0.22	0.21	0.43
Reduction 8 - (Capital) Green Line LRT Project	0.04	0.39	0.44
Adjustment 9 - (Capital) Calgary Area Fault Mitigation (CAFM)	-	0.02	0.02
Reduction 10 - (Capital) Substation 45	-	2.59	2.59
Total	**2.44**	**5.67**	**8.10**

Totals may be affected by rounding.

2.4 Substation 32 Safety Hazard Deferral Account

In Decision 25934-D01-2021 the AUC denied EPC's preferred approach to dealing with the arc flash safety hazard that exists at Substation 32. The AUC recognized that a safety issue exists at the substation and directed EPC to quickly address this safety issue in another application within one year of the date of the decision.

The Parties have agreed to the establishment of a deferral account in respect of the costs associated with addressing the Substation 32 arc flash hazard that EPC incurs in 2021 and 2022. The deferral account will have an opening balance of $0 and the disposition of any non-zero balance in this deferral account will be dealt with as part of EPC's next General Tariff Application.

2.5 Refund of Shared Services Cost Savings if Accrued Due to Restructuring

The collapse in oil prices and the COVID-19 pandemic caused ENMAX Corporation to take employee actions between November 2020 and January 21, 2021 (the "**Employee Action Period**"). The employee actions were focused on ENMAX Corporation subsidiaries engaged in non-regulated businesses and in shared services that supported those businesses. Human resources that are required to operate EPC's regulated business, including its transmission function, have not been reduced. In fact, there was a net increase in positions in EPC's transmission function. These resources are required to continue to meet EPC's obligation to provide safe and reliable service to customers.

If EPC achieves net shared services cost savings during the test period allocated to Transmission in respect of the employee actions taken during the Employee Action Period, which resulted in the elimination of the 158 positions across ENMAX Corporation's subsidiaries, then any such shared services cost savings allocated to Transmission below the $19.74 million of shared services costs agreed to among EPC, the CCA and the UCA, will accrue to customers. These cost savings, if any, will be returned to customers as part of the next Transmission General Tariff Application. Appendix 1 to this Agreement sets out a list showing the positions eliminated during the Employee Action Period and Appendix 2 sets out sample calculations of this customer sharing mechanism.

EPC also commits to providing a table similar to Exhibit 25726-X0188 Updated EPC-CCA-2020NOV04-001 a) PDF page 11 updated with 2021/2022 actuals for Shared Services in the next Transmission General Tariff Application.

2.6 Costs of CCA

Within 30 days following the receipt of an invoice from the CCA, EPC will pay the CCA, on a refundable basis, the reasonable costs and expenses incurred by the CCA in connection with retaining consultants and counsel in relation to the 2021-2022 GTA and the related negotiated settlement process to and including the point of the Agreement and its approval. In the event of any difference between the costs paid to the CCA by EPC and the cost claim approved by the Commission, the CCA, or its counsel or consultants, as the case may be, will refund to EPC any amount by which the approved cost claim differs from the amount paid to the CCA by EPC within 30 days of the date of the Commission's decision regarding the CCA's cost claim.

EPC will, in any event, pay to the CCA the amount of costs and expenses incurred by the CCA in connection with this Agreement and the related negotiated settlement process within 30 days of the date of the Commission's decision regarding the CCA's cost claim.

2.7 Prudence

The Parties agree that nothing in this Agreement, including the reductions to EPC's 2021-2022 GTA revenue requirement, is an admission by EPC that those revenue anything in this Agreement as evidence in any future proceeding that any revenue requirement amounts are either prudent or imprudent.

ARTICLE 3
CONFIDENTIALITY AND PRIVILEGE

3.1 Without Prejudice

The negotiated settlement reflected in this Agreement is a compromise and was reached in part as a result of the desire of the Parties to avoid the significant resources associated with a litigated process. This Agreement is for the 2021-2022 GTA only, and it is without prejudice to the positions that any of the Parties may take in any other negotiations and regulatory proceedings.

3.2 No Disclosure

All discussions among the parties during the negotiated settlement process are privileged and confidential, and no matter discussed and no information provided during the negotiated settlement process may be disclosed to any person or to the AUC without the express written consent of all Parties.

ARTICLE 4
REPRESENTATIONS AND WARRANTIES

4.1 Representations of all Parties

Each Party represents that it has not withheld relevant information.

4.2 Representations of EPC

(a) EPC represents that all information it provided to the CCA and the UCA during the negotiated settlement process was true and accurate, to the best of EPC's knowledge.

(b) EPC represents that proper notice of the negotiated settlement process was provided to all interested parties in accordance with the AUC's directions or practice.

ARTICLE 5
AUC APPROVAL

5.1 AUC Approval

(a) Unless otherwise agreed by the Parties in writing, if the AUC declines to approve this Agreement in its entirety, the Agreement will be of no force and effect, in accordance with Section 135 of the EUA.

(b) The Parties agree that in the application for approval of this Agreement, EPC will request that if the AUC is considering rejecting this Agreement

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(b) The Parties agree that in the application for approval of this Agreement, EPC will request that if the AUC is considering rejecting this Agreement because it is concerned with one or more provisions, it indicate to the Parties which of the provisions of the Agreement are the source of the AUC's concern, and request that in such a case, the AUC provide the Parties with an opportunity to re-negotiate in an attempt to address the AUC's concern.

(c) The CCA and the UCA agree that they will support the application by EPC to the AUC for approval of this Agreement.

IN WITNESS WHEREOF, the Parties have duly executed this Agreement as of the date set out above.

ENMAX POWER CORPORATION

By: J. Mosley
Name: Jana Mosley
Title: President, ENMAX Power Corporation

CONSUMERS' COALITION OF ALBERTA

By: ______________________
Name:
Title:

OFFICE OF THE UTILITIES CONSUMER ADVOCATE

By: ______________________
Name:
Title:

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ENMAX POWER CORPORATION

By: J. Mosley
Name: Jana Mosley
Title: President, ENMAX Power Corporation

CONSUMERS' COALITION OF ALBERTA

By: ____________________
Name: James A. Wachowich
Title: Legal Counsel to the CCA

OFFICE OF THE UTILITIES CONSUMER ADVOCATE

By: ____________________
Name:
Title:

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ENMAX POWER CORPORATION

By: J. Mosley
Name: Jana Mosley
Title: President, ENMAX Power Corporation

CONSUMERS' COALITION OF ALBERTA

By:
Name:
Title:

OFFICE OF THE UTILITIES CONSUMER ADVOCATE

By: C. W. Hunt
Name: Chris Hunt
Title: Executive Director & Advocate

Appendix 1

174 individuals were impacted by actions taken in the Employee Action Period which resulted in the elimination of 158 positions. The affected people are shown by company, and the eliminated positions, by position number, are listed below.

Table 1: Individuals Affected by Actions Taken in Employee Action Period

	Number of Individuals Impacted by Employee Actions
Power Supply	59
Corporate	41
Transmission	6
Distribution	13
EPSC	55
Total	174

Table 2: Positions Eliminated in Employee Action Period

Position No.	Position ID	Position No.	Position ID	Position No.	Position ID	Position No.	Position ID
1	P200894	41	P100176	81	P200543	121	P145506
2	P200245	42	P202179	82	P143202	122	P200922
3	P100607	43	P101489	83	P200170	123	P200791
4	P200667	44	P201994	84	P202398	124	P200661
5	P143327	45	P146021	85	P200959	125	P144547
6	P201990	46	P202192	86	P201830	126	P201595
7	P200899	47	P202195	87	P202100	127	P9916
8	P201569	48	P202423	88	P145872	128	P146346
9	P201974	49	P200802	89	P144959	129	P202164
10	P145114	50	P200377	90	P201881	130	P145569
11	P201880	51	P9904	91	P9112	131	P202457
12	P144917	52	P202076	92	P200773	132	P201583
13	P200673	53	P200303	93	P201646	133	P202001
14	P100604	54	P145930	94	P202250	134	P202014
15	P201671	55	P144572	95	P202012	135	P144817
16	P145195	56	P145709	96	P101455	136	P146656
17	P201561	57	P145317	97	P200679	137	P201504
18	P146568	58	P202008	98	P100961	138	P101433
19	P201853	59	P144814	99	P145515	139	P202345
20	P202182	60	P201784	100	P202194	140	P200172
21	P202183	61	P201856	101	P146174	141	P100651
22	P201303	62	P200255	102	P145844	142	P202215
23	P201499	63	P145156	103	P200341	143	P200422
24	P100810	64	P9926	104	P202296	144	P202475
25	P201781	65	P200081	105	P200237	145	P201807
26	P200796	66	P200868	106	P143059	146	P101479
27	P145611	67	P8309	107	P202222	147	P201790
28	P144792	68	P145767	108	P142845	148	P201850
29	P146020	69	P200176	109	P11475	149	P201804
30	P202177	70	P146911	110	P200605	150	P144791
31	P145714	71	P9798	111	P201874	151	P202178
32	P200082	72	P8334	112	P145171	152	P201948
33	P201878	73	P101475	113	P145339	153	P201674
34	P144803	74	P145752	114	P100808	154	P201616
35	P144803	75	P200740	115	P144112	155	P143224
36	P145201	76	P200095	116	P145138	156	P202037
37	P145957	77	P143778	117	P144457	157	P90003541
38	P144007	78	P200574	118	P144888	158	P202294
39	P202485	79	P200883	119	P145338		
40	P143110	80	P143270	120	P145314		