



**TransAlta Corporation, as Manager of the  
TransAlta Generation Partnership**

**2019-2021 General Tariff Application Compliance Filing and  
2022 Interim Tariff Application**

**August 5, 2021**

**Alberta Utilities Commission**

Decision 26718-D01-2021

TransAlta Corporation, as Manager of the TransAlta Generation Partnership  
2019-2021 General Tariff Application Compliance Filing and 2022 Interim Tariff Application  
Proceeding 26718

August 5, 2021

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Eau Claire Tower  
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Telephone: 310-4AUC (310-4282 in Alberta)  
1-833-511-4AUC (1-833-511-4282 outside Alberta)

Email: [info@auc.ab.ca](mailto:info@auc.ab.ca)

Website: [www.auc.ab.ca](http://www.auc.ab.ca)

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## **1 Introduction**

1. TransAlta Corporation, in its capacity as Manager of the TransAlta Generation Partnership, is a transmission facility owner (TFO). TFOs provide regulated transmission service in Alberta. They recover the costs of providing transmission service through a transmission tariff, which must be approved by the Alberta Utilities Commission. Once approved, TFOs recover their tariff amounts from the Alberta Electric System Operator.

2. This decision addresses TransAlta's general tariff application (GTA) compliance filing for Commission approval of the revenue requirements for TransAlta to provide electric transmission service for 2019, 2020 and 2021, as well as TransAlta's application for Commission approval of an interim revenue requirement to provide electric transmission service for 2022.

3. In the GTA decision, Decision 26436-D01-2021,<sup>1</sup> the Commission considered whether the tariffs to be charged by TransAlta for 2019, 2020 and 2021, to recover its actual and forecast operating costs, were just and reasonable and would provide a fair rate of return on, and of, TransAlta's capital investment that is necessary to provide safe and reliable utility service to customers. The Commission found that some costs TransAlta sought to recover were not reasonable and directed TransAlta to provide a compliance filing to address certain directions before the Commission could approve TransAlta's 2019-2021 revenue requirements. The Commission issued a total of five directions in Decision 26436-D01-2021. This proceeding addresses TransAlta's compliance with the directions.

4. In conjunction with its 2019-2021 GTA compliance filing, TransAlta also applied for approval of its 2022 interim transmission tariff, since it is unlikely that a final tariff for 2022 will be approved and in place before January 1, 2022. Interim tariffs (or revenue requirements) are approved by the Commission on a refundable basis, and as such, they will be trued up when the Commission approves either a revised interim or a final tariff for the test year in question.

5. In this application, TransAlta's requested approvals include:

- revenue requirements of approximately \$7.60 million for 2019, \$8.37 million for 2020 and \$8.16 million for 2021 on a final basis;<sup>2</sup>

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<sup>1</sup> Decision 26436-D01-2021: TransAlta Corporation, as Manager of the TransAlta Generation Partnership, 2019-2021 Transmission General Tariff Application and 2016-2018 Edmonton Region Project Direct Assigned Capital Deferral Account Compliance Filing, Proceeding 26436, June 23, 2021.

<sup>2</sup> Exhibit 26718-X0007, application, paragraph 3.

- compliance with all five directions given in Decision 26436-D01-2021;<sup>3</sup> and
- interim tariff of approximately \$8.16 million for 2022 (or \$680,052 per month) on a refundable basis, effective January 1, 2022.<sup>4</sup>

6. With respect to TransAlta's 2019-2021 GTA compliance filing, the Commission is satisfied that TransAlta has complied with directions 1, 2, 3, 4 and 5 in its application. The Commission provides further comments related to TransAlta's compliance with Direction 4 in Section 3 of this decision. For ease of reference, all directions from Decision 26436-D01-2021 are set out in [Appendix 2](#).

7. With respect to TransAlta's 2022 interim tariff application, the Commission finds that TransAlta's request to approve the applied-for 2021 transmission tariff of \$680,052 per month as the 2022 interim, refundable tariff is reasonable. For the reasons set out in Section 4 of this decision, the Commission approves TransAlta's 2022 interim tariff as filed, effective January 1, 2022.

8. In this decision, the Commission provides its findings on matters that the Commission has determined are required to be specifically addressed. If a matter included in TransAlta's application is not specifically addressed in the decision or sections below, it is because the Commission finds the matter and costs associated with the matter to be reasonable, and therefore the associated revenue requirement or rate base is approved for the purposes of this decision.

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

## 2 Process

10. The Commission received TransAlta's application on July 23, 2021.

11. The Commission issued a notice of the application on July 26, 2021, with statements of intent to participate due August 3, 2021.<sup>5</sup> No statements of intent to participate were filed in response to the Commission's notice.

12. For the purposes of this decision, the Commission considers the record to have closed on August 3, 2021.

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<sup>3</sup> Exhibit 26718-X0007, application, paragraphs 11-18.

<sup>4</sup> Exhibit 26718-X0007, application, paragraph 4.

<sup>5</sup> Exhibit 26718-X0011.

### 3 2019-2021 GTA compliance filing

13. In Decision 26436-D01-2021, the Commission approved the line 113L/150L rebuild project expenses as a placeholder because TransAlta indicated that these expenses may have been erroneously billed to its rate base by AltaLink Management Ltd. The Commission issued Direction 4, which required TransAlta to resolve this issue with AltaLink and advise the Commission of a resolution within 30 days of the release date of the decision respecting AltaLink's 2022-2023 GTA in Proceeding 26509.

14. In the current application, TransAlta advised that costs related to the line 113L/150L rebuild project were billed to TransAlta's rate base in error, as the scope of work occurred entirely off First Nations lands, and therefore related only to AltaLink-owned assets. According to the information provided in Exhibit 26718-X0005, AltaLink refunded TransAlta an amount of \$687,559 related to the line 113L/150L rebuild project expenses.<sup>6</sup> TransAlta also confirmed it applied a corresponding reduction to the capital additions costs of the project.<sup>7</sup>

15. The Commission is satisfied with the information and resolution provided by TransAlta and finds that it has complied with the requirements of Direction 4. The Commission approves the capital additions for the Transmission Line Rebuild Project for the 2019-2021 period as filed on a final basis.

16. The Commission is also satisfied that TransAlta has complied with the requirements of directions 1, 2, 3 and 5, and approves TransAlta's revenue requirements of approximately \$7.60 million for 2019, \$8.37 million for 2020 and \$8.16 million for 2021 as filed.

### 4 2022 interim tariff

17. TransAlta requested that its 2021 applied-for tariff of \$8.16 million also be approved as the 2022 tariff on an interim, refundable basis at a monthly rate of \$680,052, effective January 1, 2022.<sup>8</sup> The Commission finds that TransAlta's request to continue with its 2021 tariff in 2022 on an interim, refundable basis is reasonable because:

- A final 2021 transmission tariff for TransAlta may not be approved and in place before January 1, 2022.
- There is no opposition to the application or evidence of prejudice to customers.
- The interim tariff promotes regulatory efficiency and short-term rate stability, reducing the magnitude of future true-ups and the impact to ratepayers.

18. Accordingly, the Commission approves a 2022 interim tariff of \$680,052 per month, effective January 1, 2022, on a refundable basis.

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<sup>6</sup> Exhibit 26718-X0005, PDF page 1.

<sup>7</sup> Exhibit 26718-X0007, application, paragraphs 15-17.

<sup>8</sup> Exhibit 26718-X0007, application.

19. The Commission considers that the 2022 interim tariff approval shall remain in effect until replaced by a revised interim or final tariff.

## 5 Order

20. It is hereby ordered that:

- (1) TransAlta Corporation's 2019-2021 revenue requirements of \$7,599,656 for 2019, \$8,372,205 for 2020 and \$8,160,625 for 2021 are approved as final in the following manner:
  - A one-time lump-sum payment of \$2,248,849 from the Alberta Electric System Operator as at August 31, 2021.
  - A monthly charge of \$680,052 effective September 1, 2021 from September 1, 2021, through December 31, 2021, representing the balance of the 2021 revenue requirement of \$8,160,625.
- (2) TransAlta Corporation's 2022 interim tariff of \$680,052 per month is approved, effective January 1, 2022, until replaced by a revised interim or final tariff for 2022, or otherwise directed by the Alberta Utilities Commission.

Dated on August 5, 2021.

### Alberta Utilities Commission

*(original signed by)*

Heather Gnenz  
Director, Electric and Gas Transmission  
On behalf of the Alberta Utilities Commission

## Appendix 1 – Proceeding participants

<b>Name of organization (abbreviation) Company name of counsel or representative</b>
TransAlta Corporation (TransAlta)

Alberta Utilities Commission
Delegated authority H. Gnenz, Director, Electric and Gas Transmission
Commission staff F. Alonso L. Mullen



## Appendix 2 – Summary of Commission directions from Decision 26436-D01-2021 that TransAlta has complied with in the current application

[\(return to text\)](#)

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 Decision 26436-D01-2021, the wording in the main body of Decision 26436-D01-2021 shall prevail.

1. The Commission similarly finds in the current proceeding that due to the COVID-19 pandemic and current economic climate in Alberta, an escalator of 0.8 per cent for non-union salary, contractor, and general inflation for 2021 is reasonable. The Commission therefore directs TransAlta to update its 2021 escalation rate to 0.8 per cent for TransAlta’s non-union salary, contractor, and general inflation in the compliance filing. .... paragraph 26
2. TransAlta noted a transcription error in the property tax amount for 2019, which resulted in a \$1,000 difference from actuals paid. Given that the Commission requires a compliance filing application to this decision to be filed by TransAlta, the Commission directs TransAlta to correct this amount in the compliance filing. .... paragraph 32
3. For the reasons set out below and given that TransAlta is required to file a compliance filing application to this decision, the Commission directs TransAlta to update its cost-of-debt rates to match AltaLink’s approved rates as follows: 3.93 per cent for 2019, 3.97 per cent for 2020 and 3.98 per cent for 2021. .... paragraph 39
4. While TransAlta’s response to TA-AUC-2021MAY11-006(b) indicates that a resolution of the TransAlta/AltaLink allocation issue could be resolved “before the end of the year” following the conclusion of commercial negotiations, the Commission is concerned that a delay as long as suggested in this statement could impede the efficiency of future regulatory processes. In light of this concern, the Commission directs TransAlta to advise AltaLink of its concern that this allocation be resolved quickly, reflecting the Commission’s current understanding that the issue appears to be of a very straightforward nature. TransAlta is further directed to report to the Commission advising as to the resolution of this issue as a post-disposition document on the record of this proceeding within 30 days of the release date of AltaLink’s 2022-2023 GTA decision. .... paragraph 48
5. It is hereby ordered that TransAlta Corporation, as manager of the TransAlta Generation Partnership, is directed to file a compliance filing in accordance with the findings and directions in this decision, no later than July 23, 2021. .... paragraph 54