



**ENMAX Power Corporation**

**2021-2022 General Tariff Application Compliance Filing to  
Decision 25726-D01-2021**

**August 25, 2021**

**Alberta Utilities Commission**

Decision 26732-D01-2021

ENMAX Power Corporation

2021-2022 General Tariff Application Compliance Filing to Decision 25726-D01-2021

Proceeding 26732

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## **1 Introduction and decision summary**

1. ENMAX Power Corporation 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 (AESO).
2. The regulatory process held to determine ENMAX's revenue requirement is a general tariff application (GTA). Revenue requirement comprises all reasonable costs forecast to be incurred by ENMAX, including operating costs and the return of and a fair return on its capital investment in the transmission assets that are necessary to provide utility service to customers. All amounts being requested by ENMAX are tested during a GTA.
3. This decision addresses ENMAX's GTA compliance filing for Commission approval of the revenue requirements for it to provide electric transmission service for 2021 and 2022.
4. In Decision 25726-D01-2021,<sup>1</sup> the Commission approved the negotiated settlement agreement (NSA) regarding ENMAX's 2021-2022 GTA and provided three directions pertaining to two matters excluded from the NSA. The excluded matters consisted of depreciation expense and the Enhanced Asset Management Strategy (EAMS) initiative.
5. The NSA also identified two additional process items that were agreed-upon between ENMAX, the Consumers' Coalition of Alberta (CCA) and the Office of the Utilities Consumer Advocate (UCA). The two process items consisted of ENMAX's commitment to establishing and settling a deferral account for a capital project and to include actual cost savings related to shared services for the elimination of 158 employees, in a future GTA.
6. Accordingly, this proceeding addresses ENMAX's compliance with the Commission's three directions on the two matters excluded from the NSA, and confirms ENMAX's commitment to address the two additional NSA process items that were agreed-upon by parties.
7. Specifically, in ENMAX's compliance application, the requested approvals include:
  - revenue requirements of \$102.00 million for 2021 and \$105.23 million for 2022 on a final basis;
  - compliance with all three directions given in Decision 25726-D01-2021;

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<sup>1</sup> Decision 25726-D01-2021: ENMAX Power Corporation, 2021-2022 General Tariff Application, Negotiated Settlement Agreement and Excluded Matters, Proceeding 25726, June 16, 2021.

- a revised monthly transmission tariff of \$8,500,113 for September 1, 2021, to December 31, 2021;
- a one-time refund of \$2,100,720 to the AESO on September 1, 2021; and
- a monthly transmission tariff of \$8,769,514 for January 1, 2022, to December 31, 2022.<sup>2</sup>

8. With respect to ENMAX's 2021-2022 GTA compliance filing, the Commission is satisfied that ENMAX has complied with directions 1, 2 and 3 in its application. The Commission is also satisfied with ENMAX's commitment in response to the two additional NSA process items in its compliance filing. For ease of reference, all directions from Decision 25726-D01-2021 are attached as [Appendix 2](#) to this decision, and the two agreed-upon process items are attached as [Appendix 3](#) to this decision.

## **2 Process**

9. The Commission received ENMAX's application on July 27, 2021.

10. The Commission issued a notice of application<sup>3</sup> on August 4, 2021. In the notice, the Commission referenced Bulletin 2016-18,<sup>4</sup> which outlines a streamlined process for compliance filings by having only the Commission review issues that are defined as routine. The Commission stated that it considered ENMAX's compliance filing to Decision 25726-D01-2021 to be routine in nature and did not include any contentious issues. The Commission indicated that it would make its decision on the application without further notice unless an intervener challenged the Commission's designation of the matter as routine. As no intervener challenged the Commission's designation of ENMAX's application as routine, no further steps were required and the application was handled by way of a notice-only process.

11. For the purposes of this decision, the Commission considers the record for this proceeding to have closed on August 13, 2021, which was the deadline by which an intervener could file a submission challenging the designation of this application as routine.

## **3 2021-2022 GTA compliance filing**

12. A summary of the total impacts to the transmission revenue requirement, including reductions agreed to in the NSA, is in the table below:

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<sup>2</sup> Exhibit 26732-X0002, application, paragraph 5, PDF pages 3-4.

<sup>3</sup> Exhibit 26732-X0012.

<sup>4</sup> Bulletin 2016-18, Rates proceedings process improvements, October 18, 2016.

**Table 1. Revenue requirement impacts of the NSA and Commission directions in Decision 25726-D01-2021**

Test year	2021-2022 GTA forecast	NSA adjustments	Commission directions	Compliance filing
	(\$ million)			
2021	110.86	(2.43)	(6.43)	102.00
2022	119.23	(5.67)	(8.33)	105.23
<b>Total</b>	<b>230.09</b>	<b>(8.10)</b>	<b>(14.76)</b>	<b>207.23</b>

Source: Exhibit 26732-X0002, application, Table 4-1, paragraph 12, PDF page 5.

13. For Direction 1, ENMAX adjusted its 2021 and 2022 depreciation expense to its last approved 2020 depreciation expense amount of \$24.1 million, resulting in a decrease to ENMAX's transmission revenue requirement of \$4.74 million in 2021 and \$6.57 million in 2022.<sup>5</sup>

14. For Direction 2, ENMAX removed \$3.34 million of forecast operating and maintenance expenses related to the EAMS initiative, resulting in a decrease to ENMAX's transmission revenue requirement of \$1.65 million in 2021 and \$1.69 million in 2022.<sup>6</sup>

15. For Direction 3, ENMAX committed to include a full business case for any funding requested for the EAMS initiative in a future GTA.<sup>7</sup>

16. The Commission has reviewed ENMAX's responses to the two additional NSA process items and is satisfied that ENMAX has complied with the requirements of those items in its compliance filing.

17. Regarding the first NSA process item, ENMAX established a deferral account for the Substation 32 arc flash hazard project, and committed to disposing of any non-zero balances in the deferral account in a future GTA.<sup>8</sup>

18. Regarding the second NSA process item, ENMAX committed to include any net shared services cost savings in respect of actions taken by employees during the Employee Action Period, which resulted in the elimination of the 158 positions across ENMAX's subsidiaries. ENMAX committed to include 2021 and 2022 actuals for shared services in the format requested by parties in a future GTA.<sup>9</sup>

<sup>5</sup> Exhibit 26732-X0002, application, paragraphs 14 and 19, PDF pages 6-7.

<sup>6</sup> Exhibit 26732-X0002, application, paragraphs 21-22, PDF page 7.

<sup>7</sup> Exhibit 26732-X0002, application, paragraph 23, PDF page 8.

<sup>8</sup> Exhibit 26732-X0002, application, paragraph 27, PDF page 9.

<sup>9</sup> Exhibit 26732-X0002, application, paragraph 29, PDF pages 9-10.

#### 4 Order

19. It is hereby ordered that:

- (1) The Commission approves ENMAX Power Corporation's total revenue requirements of \$102.00 million for 2021 and \$105.23 million for 2022.
- (2) The Commission approves ENMAX Power Corporation's revised monthly transmission tariff of \$8,500,113 for the September 1, 2021, to December 31, 2021, period, as reflected in the rate schedule attached as [Appendix 4](#) to this decision.
- (3) The Commission approves ENMAX Power Corporation's one-time refund to the Alberta Electric System Operator of \$2,100,720 for September 1, 2021, as reflected in [Appendix 4](#) of this decision.
- (4) The Commission approves ENMAX Power Corporation's monthly transmission tariff of \$8,769,514 for the January 1, 2022, to December 31, 2022, period as reflected in the rate schedule attached as [Appendix 5](#) to this decision.

Dated on August 25, 2021.

#### Alberta Utilities Commission

*(original signed by)*

Kristjana Kellgren  
Executive Director, Rates  
On behalf of the Alberta Utilities Commission

## Appendix 1 – Proceeding participants

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

Alberta Utilities Commission
Delegated authority K. Kellgren, Executive Director, Rates
Commission staff P. Baker L. Mullen D. Fedoretz



## Appendix 2 – Summary of Commission directions from Decision 25726-D01-2021

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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 25726-D01-2021, the wording in the main body of Decision 25726-D01-2021 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 [initiative]. 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 3 – NSA process items<sup>10</sup>

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

### 4.2.2 Appendix 5 – Negotiated Settlement Agreement, Section 2.4

26. At Section 2.4 of the NSA, the parties agreed to the following:

*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.*

...

### 4.2.3 Appendix 5 – Negotiated Settlement Agreement, Section 2.5

28. At Section 2.5 of the NSA, the parties agreed to the following:

*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.*

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<sup>10</sup> Exhibit 26732-X0002, application, paragraphs 26 and 28, PDF page 9.

## Appendix 4 – 2021 Rate schedule

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### TRANSMISSION TARIFF RATE SCHEDULE

EFFECTIVE SEPTEMBER 1, 2021

ENMAX POWER CORPORATION  
2021 TRANSMISSION TARIFF

#### **ELIGIBILITY**

To the Alberta Electric System Operator for use of ENMAX Power Corporation's Transmission facilities.

#### **RATE**

The 2021 Transmission tariff charged to the Alberta Electric System Operator, effective September 1, 2021 is:

Monthly Charge:	\$8,500,113.71
One-Time Refund:	\$2,100,720.29

#### **TERMS AND CONDITIONS**

The terms and conditions of ENMAX Power Corporation form part of this rate schedule and apply to service supplied under this tariff.

## Appendix 5 – 2022 Rate schedule

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### TRANSMISSION TARIFF RATE SCHEDULE

EFFECTIVE JANUARY 1, 2022

### ENMAX POWER CORPORATION 2022 TRANSMISSION TARIFF

#### **ELIGIBILITY**

To the Alberta Electric System Operator for use of ENMAX Power Corporation's Transmission facilities for the 2022 calendar year.

#### **RATE**

The 2022 Transmission tariff charged to the Alberta Electric System Operator is:

Annual Charge: \$105,234,169.49

Monthly Charge: \$8,769,514.12

#### **TERMS AND CONDITIONS**

The terms and conditions of ENMAX Power Corporation form part of this rate schedule and apply to service supplied under this tariff.