Decision **26477-D01-2021**

AUC
Alberta Utilities Commission

ATCO Electric Ltd.

2020-2022 General Tariff Application Compliance Filing

September 1, 2021

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Decision 26477-D01-2021
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1 Decision summary

1. This decision provides the Alberta Utilities Commission's determinations on ATCO Electric Ltd.'s compliance with the Commission's directions issued in Decision 24964-D01-2021[1] and Decision 24964-D02-2021.[2]

2. The Commission finds that ATCO Electric has complied with directions 1 and 3-12 from Decision 24964-D01-2021. The Commission confirms that Direction 2 will be addressed by ATCO Electric at the time of its next general tariff application (GTA).

3. The Commission finds that ATCO Electric has complied with directions 1-35, 37-38 and 40-44 from Decision 24964-D02-2021. The Commission confirms that directions 36 and 39 will be addressed by ATCO Electric at the time of its next GTA.

4. The Commission finds that ATCO Electric has resolved all "Other matters" it identified as numbers 1 through 5 in Table C of its application. These were errors, omissions or placeholder true-ups ATCO Electric had committed to provide corrections or necessary adjustments for in its compliance filing.

2 Introduction and background

5. On April 19, 2021, ATCO Electric filed a compliance filing application with the Commission, pursuant to orders in Decision 24964-D01-2021 and Decision 24964-D02-2021. ATCO Electric requested approval of its compliance with the directions from the decisions for its revenue requirement for 2020-2022.

6. The Commission issued a notice of application on April 21, 2021,[3] requiring parties to provide a statement of intent to participate (SIP) by April 28, 2021. The Commission received a SIP from the Consumers' Coalition of Alberta (CCA).[4]

7. In a letter dated May 12, 2021,[5] the Commission established a process that included a round of information requests (IRs) to ATCO Electric, followed by CCA argument and ATCO Electric reply argument on June 2, 2021, and June 9, 2021, respectively.

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[1] Decision 24964-D01-2021: ATCO Electric Ltd., 2020-2022 Transmission General Tariff Application, Proceeding 24964, March 1, 2021.
[2] Decision 24964-D02-2021: ATCO Electric Ltd., 2020-2022 Transmission General Tariff Application, Proceeding 24964, March 19, 2021.
[3] Exhibit 26477-X0015.
[4] Exhibit 26477-X0014.
[5] Exhibit 26477-X0016.

8. Subsequently, in a letter dated July 14, 2021,[6] the Commission issued Commission-only IRs[7] to ATCO Electric to obtain additional information that it required prior to making a decision. After requesting an extension[8] to the original deadline to file its responses to the IRs, ATCO Electric was directed to respond to the IRs by July 22, 2021.[9]

9. Following the receipt of ATCO Electric's IR responses, the CCA requested the opportunity to file supplemental argument.[10] On July 29, 2021, a Commission ruling set the date of August 6, 2021, for supplemental argument by the CCA followed by supplemental reply by ATCO Electric on August 11, 2021.[11]

10. The Commission considers the record for this proceeding to have closed on the deadline date for the submission of supplemental reply argument, August 11, 2021.

11. 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.

3 ATCO Electric's compliance filing

12. The Commission has reviewed ATCO Electric's responses to the Commission's directions in Decision 24964-D01-2021 and Decision 24964-D02-2021 and is satisfied that ATCO Electric has complied with the requirements of those directions in its compliance filing as follows.

13. The Commission finds that ATCO Electric has complied with directions 1 and 3-12 (Appendix 3) from Decision 24964-D01-2021. The Commission confirms that Direction 2 (Appendix 6) will be addressed by ATCO Electric at the time of its next GTA.

14. The Commission finds that ATCO Electric has complied with directions 1-35, 37-38, 40-44 (Appendix 4) from Decision 24964-D02-2021. The Commission confirms that directions 36 and 39 (Appendix 7) will be addressed by ATCO Electric at the time of its next GTA.

15. The Commission finds that ATCO Electric has resolved all "Other matters" identified as numbers 1 through 5 in Table C of its application. These were errors, omissions or placeholder true-ups ATCO Electric had committed to provide corrections or necessary adjustments for in its compliance filing. (Appendix 5)

16. In the sections that follow, the Commission addresses those directions for which further discussion is required.

6 Exhibit 26477-X0031, AUC letter – Updated process schedule.
7 Exhibit 26477-X0032, AUC IR Round 2 to ATCO Electric.
8 Exhibit 26477-X0033, AET Letter re Extension Request.
9 Exhibit 26477-X0034, AUC letter – Request for extension to submit IR responses.
10 Exhibit 26477-X0044, CCA Letter re Need for Supplement Argument – 26477.
11 Exhibit 26477-X0046, AUC letter – Ruling on the need for supplemental argument and reply argument.

4 Direction 3, Decision 24964-D01-2021

17. In Direction 3 of Decision 24964-D01-2021, the Commission stated:

> The first relates to the use of 2019 actual variables as inputs into the shared services allocation formulas. The Commission finds that the use of 2019 actual variables will maintain consistency between Proceeding 24964 and Proceeding 25663. In its compliance filing, ATCO Electric is therefore directed to use 2019 actual variables in place of 2018 actual variables as inputs into the shared services allocation formulas, and to adjust its shared services allocations accordingly.[12]

18. In its compliance filing application, rather than using 2019 actual variables as inputs into its shared services allocation formula for the year 2020, ATCO Electric continued to incorporate 2018 actual variables. ATCO Electric stated that using 2019 actual variables for 2021 and 2022 maintained consistency for the 2021 and 2022 test years that overlap with ATCO Pipelines' 2021-2023 general rate application (GRA) in Proceeding 25663. For the year 2020, which was not a test year that overlapped with ATCO Pipelines, ATCO Electric said that it continued to use the "two-year prior" method, which utilizes 2018 actual variables as inputs.[13]

19. The CCA opposed ATCO Electric's rationale for using 2018 actuals to allocate 2020 forecast costs, stating that it was neither reasonable nor appropriate given that the Commission's directions were clear that "2019 actuals should be used as inputs into the shared services allocation formulas for all test years."[14]

20. In its second round IRs,[15] the Commission asked for and received various updated schedules from ATCO Electric that reflect the use of 2019 actual variables for the year 2020 for the purposes of allocating shared services costs. The impact of doing so on ATCO Electric's revenue requirements are reductions in the amount of $0.581 million in 2020, $0.032 million in 2021 and $0.031 million in 2022.[16] ATCO Electric did not update exhibits 26477-X0008 through 26477-X0011 to reflect the use of 2019 actual variables for the year 2020 despite being requested to do so in the IR.

21. The Commission disagrees with ATCO Electric's suggested interpretation of Direction 3 of Decision 24964-D01-2021. The wording of the direction states 2019 actuals are to be used as inputs into the shared service allocation formulas. A plain reading of the direction, which does not include any specific wording restricting its application to specific test years, is that it applies to all test years. On this basis, ATCO Electric should not have restricted the use of 2019 actual variables to the 2021 and 2022 test years. Accordingly, for the purpose of complying with Direction 3, ATCO Electric is required to provide the Commission with revised documentation showing the incorporation of this direction and its effect on revenue requirement.

22. Therefore, the Commission directs ATCO Electric to file, within 30 days of this decision, as a post-disposition filing, documents incorporating the impact to its revenue requirement of reflecting the use of 2019 actual variables for the year 2020 for the purposes of allocated shared

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12 Decision 24964-D01-2021, paragraph 55.
13 Exhibit 26477-X0025, AET-CCA-2021MAY18-001, PDF pages 1-2.
14 Exhibit 26477-X0028, CCA argument, paragraph 24.
15 Exhibit 26477-X0036 and Exhibit 26477-X0037, AET-AUC-2021JUL14-001.
16 Exhibit 26477-X0037, AET-AUC-2021JUL14-001 Attachment 1, Line No. 94 indicates: Collection(Refund) to the Alberta Electric System Operator (AESO) of ($0.581 million) in 2020, ($0.032 million) in 2021 and ($0.031 million) in 2022.

services costs. Specifically, the Commission directs that ATCO Electric reflect the revenue requirement impact identified in Exhibit 26477-X0037, AET-AUC-2021JUL14-001 Attachment 1, and all other directions in this decision, in revised exhibits 26477-X0008.01 through 26477-X0011.01.

5 Direction 1, Decision 24964-D02-2021

23. In Direction 1 of Decision 24964-D02-2021, the Commission stated:

> The Commission consequently directs ATCO Electric to use its internal 2019 actual FTEs [full-time equivalents] as the approved base level FTE complement for all test years. This base level of FTEs is a starting point for 2020 that will be adjusted as a result of the Commission's findings on incremental FTEs proposed by ATCO Electric in each of the test years. Incremental FTE additions and reallocations are discussed below.[17]

24. The Commission has examined ATCO Electric's compliance filing as it pertains to the direction for ATCO Electric to use its internal[18] 2019 actual FTEs as the approved base level FTE complement for the 2020-2022 test years. With the exception of ATCO Electric's approach to reflecting the interdependent nature of Direction 1 of Decision 24964-D02-2021 with its forecast revenue offset calculation and the associated affiliate FTEs, the Commission finds that ATCO Electric has generally complied with Direction 1 and that its FTE complements were calculated accurately. The outstanding issue related to this direction is whether ATCO Electric's base level of FTEs (set at 2019 actual FTEs) should be adjusted to reflect the same quantum of FTEs used to inform its forecast revenue offset calculation.

25. Specifically, in its compliance filing, ATCO Electric incorporated its total 2019 actual FTEs (which, in 2019, included 59.4 affiliate FTEs on an actual basis) as the base level FTE complement for all test years. However, ATCO Electric did not update its 2020-2022 affiliate FTEs, and the associated forecast revenue offset calculations, to reflect its 2019 actual affiliate FTEs of 59.4. Rather, ATCO Electric used the 32.9 affiliate FTEs originally applied for in its 2020-2022 forecast revenue offset calculation.

26. In its response to a Commission IR, ATCO Electric stated that because the Commission approved the forecast revenue offset as filed for the test years (which incorporated 32.9 forecast affiliate FTEs),[19] it "would be inappropriate"[20] to update its revenue offset calculation to reflect the 2019 actual affiliate FTEs of 59.4. Instead, ATCO Electric's revenue offset calculations continued to rely on its applied-for forecast of 32.9 affiliate FTEs. ATCO Electric indicated that the differential of 26.5 actual affiliate FTEs were "re-deployed" to non-affiliate operating and maintenance (O&M) costs for the 2020-2022 test years.

27. The CCA argued that while the Commission did approve ATCO Electric's revenue offsets, it was subject to and did not override the Commission's direction for ATCO Electric to use its internal 2019 actual FTEs as the approved base level FTE complement for all test years.

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17 Decision 24964-D02-2021, paragraph 58.

18 The Commission observes, from Exhibit 26477-X0036, IR AET-AUC-2021JUL14-002, PDF pages 9 and 11, and Exhibit 26477-X0048, AET supplemental reply argument, paragraph 14, PDF page 5, that ATCO Electric used the word "internal" when referring to non-affiliate O&M and capital-related work.

19 Decision 24964-D02-2021, paragraph 296.

20 Exhibit 26477-X0020, AET-AUC-2021MAY12-005, PDF page 15.

The CCA indicated that the Commission's direction required ATCO Electric to update both its affiliate and non-affiliate FTEs, and accordingly, both its operating costs and revenue offsets.[21]

28. In response to a Commission IR, ATCO Electric prepared schedules[22] that showed revenue offsets based on incorporating its 2019 actual FTEs (including the use of 2019 actual affiliate FTEs of 59.4) as the approved base level FTE complement for all test years. In its response to this IR, ATCO Electric gave two scenarios.

29. In its "scenario one" response, ATCO Electric updated certain schedules that reflect revenue offsets on the basis of incorporating its 2019 actual FTEs as the approved base level FTE complement for all test years, including the use of 2019 actual affiliate FTEs of 59.4. This scenario results in revenue requirement reductions of $5.140 million in 2020, $5.646 million in 2021, and $5.672 million in 2022.[23] ATCO Electric did not update exhibits 26477-X0008 through 26477-X0011 to reflect the use of 2019 actual affiliate FTEs of 59.4 in its revenue offsets, though the IR requested that these schedules be updated. Instead, ATCO Electric provided an updated set of minimum filing requirements (MFRs) in Exhibit 26477-X0041 in response to the Commission's IR.

30. In its "scenario two" response, ATCO Electric reduced its non-affiliate O&M FTEs (and the associated O&M costs of those FTEs) by 26.5 (i.e., ATCO Electric removed the 26.5 FTEs that it had re-deployed from affiliate-related O&M activities to non-affiliate-related O&M activities), while maintaining its affiliate FTEs at 32.9 (i.e., the 32.9 affiliate FTEs approved as part of ATCO Electric's revenue offset calculation), for all test years. ATCO Electric stated that it is "more appropriate and in line with the previous approval of the revenue offset forecast for AET [ATCO Electric Transmission] to maintain the FTEs required for the approved level of revenue offsets at 32.9."[24]

31. The impacts to ATCO Electric's revenue requirement based on this alternative scenario are reductions of $4.537 million in 2020, $4.964 million in 2021 and $4.986 million in 2022.[25] As reflected in its updates to exhibits 26477-X0008 through 26477-X0011, ATCO Electric stated that scenario two "would better align with the Commission's approval of AET's revenue offset forecast"[26] notwithstanding ATCO Electric's position that no adjustment was necessary under either of the scenarios it addressed.

32. In its supplemental argument, the CCA submitted[27] that the upward adjustment to revenue offsets under scenario one was reasonable and consistent with the Commission's direction to use 2019 actual FTEs. The CCA stated that scenario two, in which ATCO Electric proposed to adjust operating costs downwards, "would result in a misalignment of the base FTEs with the 2019 actual FTEs that were directed to be used by the Commission."

21 Exhibit 26477-X0028, CCA argument, paragraphs 10-11.

22 Exhibit 26477-X0036, and exhibits 26477-X0038 to 26477-X0041, AET-AUC-2021JUL14-002.

23 Exhibit 26477-X0038, Labour Impact tab, Line #7, Revenue Offset: reductions of $5.140 million in 2020, $5.646 million in 2021 and $5.672 million in 2022. Exhibit 26477-X0039, Column AW, rows 31, 62 and 98: reductions of $5.141 million in 2020, $5.646 million in 2021 and $5.672 million in 2022.

24 Exhibit 26477-X0036, AET-AUC-2021JUL14-002, PDF page 11.

25 Exhibit 26477-X0008.01, columns AW and AY at rows 25, 62 and 98: reductions of $4.537 million in 2020, $4.964 million in 2021 and $4.986 million in 2022.

26 Exhibit 26477-X0036, AET-AUC-2021JUL14-002, PDF page 13.

27 Exhibit 26477-X0047, PDF pages 4-5, paragraph 11,

33. ATCO Electric replied that its affiliate work requires 32.9 FTEs to complete, and that an increase to the revenue offset for the cost associated with an additional 26.5 FTEs is not required. However, ATCO Electric argued that if the Commission is directing it to keep its starting utility FTE forecast at the 2019 base level (consistent with Direction 1 of Decision 24964-D02-2021), and then make adjustments, it is more appropriate to reduce forecast FTEs by 26.5 rather than inflating affiliate FTEs by that same number beyond the 32.9 FTEs already approved and which are the FTEs required to perform the affiliate work.[28]

34. At the outset, the Commission finds that ATCO Electric's original compliance filing did not accurately reflect the implementation of Direction 1 of Decision 24964-D02-2021 as it pertains to revenue offsets.

35. In paragraph 18 of Decision 24964-D02-2021, the Commission stated that, "… All directions in this decision and Decision 24964-D01-2021 are subject to all findings and other directions made elsewhere in these decisions." In other words, the Commission's directions and findings are interdependent, as the Commission intentionally stated. Furthermore, Decision 24964-D02-2021 did not approve a reallocation or "re-deployment" of 26.5 FTEs from affiliate O&M work to non-affiliate O&M work for this test period relative to ATCO Electric's 2019 actual FTEs.

36. Nonetheless, the Commission accepts scenario two provided by ATCO Electric in its IR response, finding that the calculation therein more reasonably reconciles the Commission's approval of ATCO Electric's forecast revenue offsets with the corresponding number of FTEs required to complete the work (both affiliate and non-affiliate-related) as forecast over the test years.

37. Accordingly, for the purpose of complying with Direction 1 of Decision 24964-D02-2021, the Commission directs ATCO Electric to file, within 30 days of the issuance of this decision, as a post-disposition filing, documents incorporating the impact to its revenue requirement of removing the 26.5 FTEs that it re-deployed from affiliate-related O&M activities to non-affiliate-related O&M activities (while maintaining affiliate O&M FTEs at 32.9), for the 2020-2022 test years (i.e., ATCO Electric is directed to implement scenario two as discussed in paragraph 30 above). Specifically, the Commission directs that ATCO Electric file revised exhibits 26477-X0008.01 through 26477-X0011.01 to show the revenue requirement impacts identified in Exhibit 26477-X0038, AET-AUC-2021JUL14-002 Attachment 1,[29] and all other directions in this decision.

6 Calculation of ATCO Electric's approved revenue requirement for the years 2020-2022

38. In Exhibit 26477-X0008.01 – Minimum Filing Requirement, ATCO Electric calculated its 2020-2022 revenue requirement reflecting adjustments related to its compliance with Decision 24964-D01-2021, directions 7-10; Decision 24964-D02-2021, Direction 37 (AET-AUC-2021JUL14-003);[30] and Direction 1[31] under ATCO Electric's scenario two. Exhibit 26477-

28 Exhibit 26477-X0048, AET supplemental reply, PDF pages 5-6, paragraph 15.
29 Exhibit 26477-X0038, Labour Impact tab, Footnote 2: "Total Impact of Utility FTE Labour Update," row 33: reductions of $4.522 million in 2020, $4.956 million in 2021 and $4.979 million in 2022.
30 Exhibit 26477-X0036, AET-AUC-2021JUL14-003.
31 Exhibit 26477-X0038, AET-AUC-2021JUL14-002 Attachment 1.

X0008.01 indicates revenue requirements of $698.639 million, $689.777 million and $700.732 million, for the years 2020, 2021 and 2022, respectively.

39. However, Exhibit 26477-X0008.01 does not reflect the Commission findings with respect to ATCO Electric's compliance with Decision 24964-D01-2021, Direction 3 (AET-AUC-2021JUL14-001),[32] and the reduction to revenue requirement related to the use of 2019 actual variables as inputs to its shared services model. ATCO Electric's compliance with Direction 3 in Decision 24964-D01-2021 results in reductions to revenue requirement of $0.581 million, $0.032 million, and $0.031 million, in the years 2020, 2021 and 2022, respectively.

40. Having taken these reductions into account, the Commission has calculated revenue requirements of $698.058 million,[33] $689.745 million[34] and $700.701 million,[35] in each of 2020, 2021 and 2022, respectively. The Commission expects that the post-disposition documents it has directed ATCO Electric to file will reflect the revenue requirements calculated by the Commission in this paragraph. To the extent that any differences arise due to rounding or minor secondary impacts, ATCO Electric is further directed to identify and provide explanations for any such differences in its post-disposition documents. Should any differences be material, the Commission may reopen this proceeding to further adjudicate this matter.

7 Order

41. It is hereby ordered that:

(1) ATCO Electric Ltd.'s approved 2020 revenue requirement is $698,058,000.

(2) ATCO Electric Ltd.'s approved 2021 revenue requirement is $689,745,000.

(3) ATCO Electric Ltd.'s approved 2022 revenue requirement is $700,701,000.

Dated on September 1, 2021.

Alberta Utilities Commission

(original signed by)

Kristi Sebalj
Commission Member

[32] Exhibit 26477-X0036, AET-AUC-2021JUL14-001.
[33] Calculated for 2020 as $698.639 million less $0.581 million = $698.058 million.
[34] Calculated for 2021 as $689.777 million less $0.032 million = $689.745 million.
[35] Calculated for 2022 as $700.732 million less $0.031 million = $700.701 million.

Appendix 1 – Proceeding participants

Name of organization (abbreviation) Company name of counsel or representative
ATCO Electric Ltd.   Bennett Jones LLP
Consumers' Coalition of Alberta (CCA)

Alberta Utilities Commission
 	
Commission panel
        K. Sebalj, Commission Member
 	
Commission staff
        J. Graham (Commission counsel)
        A. Starkov
        L. Mullen
        A. Corsi
        P. Baker

Appendix 2 – 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. Therefore, the Commission directs ATCO Electric to file, within 30 days of this decision, as a post-disposition filing, documents incorporating the impact to its revenue requirement of reflecting the use of 2019 actual variables for the year 2020 for the purposes of allocated shared services costs. Specifically, the Commission directs that ATCO Electric reflect the revenue requirement impact identified in Exhibit 26477-X0037, AET-AUC-2021JUL14-001 Attachment 1, and all other directions in this decision, in revised exhibits 26477-X0008.01 through 26477-X0011.01. ...... paragraph 22

2. Accordingly, for the purpose of complying with Direction 1 of Decision 24964-D02-2021, the Commission directs ATCO Electric to file, within 30 days of the issuance of this decision, as a post-disposition filing, documents incorporating the impact to its revenue requirement of removing the 26.5 FTEs that it re-deployed from affiliate-related O&M activities to non-affiliate-related O&M activities (while maintaining affiliate O&M FTEs at 32.9), for the 2020-2022 test years (i.e., ATCO Electric is directed to implement scenario two as discussed in paragraph 30 above). Specifically, the Commission directs that ATCO Electric file revised exhibits 26477-X0008.01 through 26477-X0011.01 to show the revenue requirement impacts identified in Exhibit 26477-X0038, AET-AUC-2021JUL14-002 Attachment 1,[36] and all other directions in this decision....... paragraph 37

3. Having taken these reductions into account, the Commission has calculated revenue requirements of $698.058 million,[37] $689.745 million[38] and $700.701 million,[39] in each of 2020, 2021 and 2022, respectively. The Commission expects that the post-disposition documents it has directed ATCO Electric to file will reflect the revenue requirements calculated by the Commission in this paragraph. To the extent that any differences arise due to rounding or minor secondary impacts, ATCO Electric is further directed to identify and provide explanations for any such differences in its post-disposition documents. Should any differences be material, the Commission may reopen this proceeding to further adjudicate this matter. .... paragraph 40

36 Exhibit 26477-X0038, Labour Impact tab, Footnote 2: "Total Impact of Utility FTE Labour Update," row 33: reductions of $4.522 million in 2020, $4.956 million in 2021 and $4.979 million in 2022.
37 Calculated for 2020 as $698.639 million less $0.581 million = $698.058 million.
38 Calculated for 2021 as $689.777 million less $0.032 million = $689.745 million.
39 Calculated for 2022 as $700.732 million less $0.031 million = $700.701 million.

Appendix 3 – Summary of Commission directions complied with from Decision 24964-D01-2021

(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 24964-D01-2021, the wording in the main body of the decision shall prevail.

1. ATCO Pipelines and ATCO Electric are directed to revise their lease and operating rates according to the Commission's findings in this section of the decision, in their respective compliance filings. .... paragraph 29

3. The first relates to the use of 2019 actual variables as inputs into the shared services allocation formulas. The Commission finds that the use of 2019 actual variables will maintain consistency between Proceeding 24964 and Proceeding 25663. In its compliance filing, ATCO Electric is therefore directed to use 2019 actual variables in place of 2018 actual variables as inputs into the shared services allocation formulas, and to adjust its shared services allocations accordingly. .... paragraph 55

4. The second issue concerns the clarification of the weighting between IT annual operating costs and IT asset net book value used in the IT services allocator (Table 3 above). In AET-AUC-2019DEC16-033, the Commission asked ATCO Electric to confirm that its calculations for the IT services allocator is based on an equal (50 per cent) weighting of IT annual operating costs and IT asset net book value. In the Commission's view, the calculation provided in ATCO Electric's application does not demonstrate that IT annual operating costs and IT asset net book value are weighted equally (50 per cent). For comparison purposes, the Commission observes that the approach used by ATCO Electric to calculate the GCA [general cost allocator] in Exhibit 24964-X0014, Excel worksheet tab "Attachment 25.1.2 (Allocators)," which weighs net revenues, total assets and total labour costs equally (33.33 per cent), is not the same as the approach used to calculate the IT services allocator. Accordingly, in their respective compliance filings, ATCO Electric and ATCO Pipelines are directed to recalculate the IT services allocator using the same approach (i.e., the approach to weighting the variables) that was used to calculate the GCA in Exhibit 24964-X0014, Excel worksheet tab "Attachment 25.1.2 (Allocators)," and to make the necessary adjustments to the IT services cost allocations. To clarify, the Commission is not directing ATCO Electric and ATCO Pipelines to allocate IT services costs through the GCA, but to apply a 50 per cent weighting to each of IT annual operating costs and IT asset net book value. .... paragraph 56

5. The third issue deals with deferral accounts. The CCA recommended that deferral account adjustments be included within net revenues for the GCA allocator, and cited the Commission's findings in Decision 22742-D01-2019 as justification for this recommendation. The Commission accepts the CCA's recommendation, and for similar reasons as those outlined in Decision 22742-D01-2019, directs ATCO Electric and ATCO Pipelines, in their respective compliance filings, to adjust their shared services cost allocations by including deferral account revenues in calculating net revenues for the GCA allocator. .... paragraph 57

6. Finally, in Proceeding 24964, ATCO Electric stated that Canadian Utilities Limited sold Alberta PowerLine in 2019, and that Alberta PowerLine was consequently removed from the shared services allocation formulas to reflect this sale. However, the CCA submitted

evidence showing that shared services employees may, either directly or indirectly, be providing services to Alberta PowerLine. The Commission directs ATCO Electric and ATCO Pipelines to confirm, in their respective compliance filings, that shared services employees are no longer providing services to Alberta PowerLine, and that no direct or indirect services will be provided to Alberta Powerline in the 2020-2022 GTA test period or the 2021-2023 GRA test period. .... paragraph 58

7. Except for the innovation function, the Commission directs ATCO Electric and ATCO Pipelines, in their respective compliance filings, to use 2019 actual FTEs (shown above in Table 5) as the approved total pre-allocated shared services FTE complement for all GTA and GRA test years, and to then allocate these total pre-allocated shared services FTE complements (and the associated costs) in accordance with the allocators approved above. When adjusting their respective shared services costs to reflect the Commission's direction, ATCO Electric and ATCO Pipelines are also directed, in their respective compliance filings, to use 2019 actual shared services staff compositions as found in Exhibit 24964-X0345.01. .... paragraph 69

8. As the innovation function was created in 2020, 2019 data is not available. Given this, the Commission directs ATCO Electric and ATCO Pipelines to use 2020 forecast FTEs (shown above in Table 5) as the approved total pre-allocated FTE complement for all GTA and GRA test years, and to then allocate these total innovation FTE complements (and the associated costs) in accordance with the allocators approved above. .... paragraph 70

9. Accordingly, the Commission directs ATCO Electric and ATCO Pipelines, in their respective compliance filings, to further reduce the total pre-allocated pool of IGRS [indigenous, government relations and sustainability] FTEs by four FTEs, resulting in 11 total pre-allocation FTEs for the IGRS function, for each GTA and GRA test year. Furthermore, in their respective compliance filings, ATCO Electric and ATCO Pipelines must identify, by using Exhibit 24964-X0345.01 from Proceeding 24964, which positions and FTEs were removed to comply with this direction (i.e., each of ATCO Electric and ATCO Pipelines must explain how they adjusted the employee composition of the IGRS functional group). Any changes to employee compositions must be coordinated between the two utilities. .... paragraph 74

10. The Commission further directs ATCO Electric and ATCO Pipelines, in their respective compliance filings:

    1. To apply a zero per cent vacancy rate to its shared services FTEs, and to make all the necessary salary, benefit and escalation adjustments to reflect the Commission's direction above on shared services FTEs.

    2. To not offset the impacts of the reduction to capital FTEs with an increase in contractor costs.

    3. To not adjust its capitalization policy with respect to FTEs.

    4. To clearly identify how these various directions are complied with by showing each individual adjustment and the associated impact on shared services costs (i.e., reductions associated with salary adjustments, benefits, etc.). .... paragraph 75

11. The Commission directs ATCO Pipelines, in its compliance filing, to make the revision stated in the quote above. ATCO Electric is directed to make the same revision, in its

[40] Decision 23793-D01-2019: ATCO Pipelines, 2019-2020 General Rate Application, Proceeding 23793, June 25, 2019.

Appendix 4 – Summary of Commission directions complied with from Decision 24964-D02-2021

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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 24964-D02-2021, the wording in the main body of the decision shall prevail.

1. The Commission consequently directs ATCO Electric to use its internal 2019 actual FTEs as the approved base level FTE complement for all test years. This base level of FTEs is a starting point for 2020 that will be adjusted as a result of the Commission's findings on incremental FTEs proposed by ATCO Electric in each of the test years. Incremental FTE additions and reallocations are discussed below. .... paragraph 58
2. For the FTEs allocated to ATCO Electric Transmission via the common group allocators, the Commission directs ATCO Electric, for each common group function, to use 2019 actual FTEs as the approved total pre-allocated common group base level FTE complement for all test years, and to then allocate these total pre-allocated common group FTE complements (and the associated costs) in accordance with the approved common group allocators.. paragraph 59
3. For the FTEs allocated to ATCO Electric Transmission via the head office allocator, the Commission directs ATCO Electric to use 2019 actual FTEs as the approved total pre-allocated head office base level FTE complement for all test years, and to then allocate this total pre allocated head office complement (and the associated costs) in accordance with the approved head office allocator... paragraph 60
4. Given the stability of ATCO Electric's FTE complement over the last two years, and the relatively low number of approved FTE additions (as shown in Table 7) the Commission finds that a vacancy rate of zero per cent is reasonable in the circumstances, and accordingly directs ATCO Electric to apply a vacancy rate of zero per cent to its approved FTE complement, for all test years. .... paragraph 68
5. ATCO Electric is directed to reflect the directions contained within the entirety of sections 6.1.1 to 6.1.3 in its compliance filing. The Commission further directs AET not to offset the impacts of a reduction to capital FTEs with an increase in contractor costs. .... paragraph 69
6. Given the ambiguity as to whether the "AET Final Allocation %" is an accurate proxy for an employee's time/workload, the potential for a disconnect to exist between ATCO Electric's forecast activities and its headcount reports, and the comparability limitations with other utilities, the Commission does not accept ATCO Electric's request to report its labour requirements via the proposed headcount method. It accordingly directs ATCO Electric to continue providing its labour requirements and labour reports via the established and long-standing FTE method.. paragraph 82
7. Given the 2020 and 2021 wage settlements of other Alberta utilities and the uncertainty surrounding the COVID-19 pandemic, the Commission finds that increases of 1.90 per cent in 2020 and 1.75 per cent in 2021 for in-scope employees are in line with the average wage settlements of Alberta utilities for the same time periods and are reasonable in the current circumstances. For these reasons, the Commission approves in-scope

labour inflation rates of 1.90 per cent for 2020 and 1.75 per cent for 2021. ATCO Electric is directed to incorporate these rates in its compliance filing. .... paragraph 103

8. The Commission agrees that the CCA's proposal is unreasonable; however, given the difficulty in predicting the economic impact of the COVID-19 pandemic, the Commission finds that a reasonable wage increase should be more in step with current economic conditions in Alberta, relative to the applied-for 2.75 per cent. Specifically, the Commission finds a 1.8 per cent increase for 2022, which is the average of the approved 2020 and 2021 inflation rates, to be reasonable in the circumstances, as it is at a level closer to the in-scope labour inflation rates approved above for 2020 and 2021. The Commission consequently denies the requested 2.75 per cent labour inflation increase requested by ATCO Electric, and approves a 1.8 per cent in-scope labour inflation rate for 2022. ATCO Electric is directed to incorporate this rate in its compliance filing. .... paragraph 105

9. Accordingly, the Commission approves out-of-scope labour inflation rates of zero per cent for 2020, 0.8 per cent for 2021 and 1.8 per cent for 2022. ATCO Electric is directed to incorporate these rates for its non-executive and executive employees in its compliance filing. ATCO Electric is also directed to clearly show how the approved rates are incorporated for its executive employees, similar to the calculation provided by the CCA in its argument.. paragraph 113

10. ATCO Electric indicated that the methodology for both the "other" and contractor inflation rates is consistent with the methodology used in previous GTAs. However, given the uncertainty regarding the economic impacts of the pandemic and the speed of Alberta's recovery after the pandemic, along with the downward trend of more recent CPI forecasts, the Commission finds that the approved out-of-scope labour inflation rates best reflect the "other" and contractor labour market. Accordingly, based on the out-of-scope labour inflation rates the Commission approved in Section 6.3, ATCO Electric is directed to use "other" and contractor inflation rates of 0.8 per cent for 2021 and 1.8 per cent for 2022. For 2020, the Commission finds ATCO Electric's updated CPI forecast change of 1.2 per cent to be reasonable for the "other" and contractor inflation rates. ATCO Electric is directed to incorporate these rates in its compliance filing. .... paragraph 116

11. The Commission is satisfied with the information provided by ATCO Electric that explains the increases in fringe costs and finds the amounts to be reasonable. It also accepts ATCO Electric's derivation of the assumed 25 per cent for fringe benefits for each year in the test period. While it is not clear from the evidence that the fringe rate was derived from a "detailed, bottom-up forecast of each component of fringe benefits," the Commission finds that the attachment provided in response to a Commission IR adequately illustrated that the percentage is based on ATCO Electric's forecast of each fringe benefit component, which is then applied to its forecast base salaries. ATCO Electric is directed to show the impact of those directions on its fringe benefit costs in its compliance filing. .... paragraph 118

12. For these reasons, the Commission declines to approve ATCO Electric's VPP [Variable Pay Program] costs in the amounts forecast in full. ATCO Electric is directed to reduce its VPP costs to 80 per cent of the forecast amounts in its compliance filing. .... paragraph 155

13. For the reasons above, and for the purposes of both ongoing administration and a timely settlement of unspent accumulated reserve balances, the Commission directs ATCO Electric to administer its VPP reserve account by disaggregating O&M, direct assigned, and non-directed assign capital VPP amounts effective January 1, 2020. This also applies to MFR Schedule 29-5, for which ATCO Electric is directed to prepare its continuity Schedule of Reserve for VPP on a disaggregated basis................................ paragraph 176

14. The Commission also directs that, effective January 1, 2020, the opening balance of ATCO Electric's VPP reserve account should be adjusted to reflect, on a disaggregated basis, the lesser of the approved 2019 forecast to be settled in the year 2020 or the actual 2019 amount paid in the year 2020... paragraph 177

15. In setting these opening balances on a disaggregated basis, effective January 1, 2020, ATCO Electric is directed to remove any unspent capital VPP amounts from its VPP reserve account. With respect to O&M VPP, setting a January 1, 2020, opening balance at the lesser of the approved 2019 forecast or the actual 2019 amount paid in 2020 will effectively result in settling the O&M VPP through a one-time revenue requirement adjustment in ATCO Electric's compliance filing....................................... paragraph 179

16. Further, the Commission considers that the labour-related costs approved in ATCO Electric's O&M and VPP accounts already provide reasonable compensation for ATCO Electric's leadership employees. As noted by the CCA, current base salaries for leadership positions are six per cent above the market median, and the VPP payouts in 2019 for leadership positions was 107 per cent of forecast amounts whereas for all other employees, the average VPP payout was 95 per cent. In view of the above, the Commission declines to approve ATCO Electric's request to include the employee performance portion of its forecast MTIP costs in the test years. ATCO Electric is directed to remove its forecast MTIP costs for 2020-2022 in its compliance filing. .... paragraph 189

17. In the sections that follow, the Commission makes determinations on life-curve or net salvage proposals for the depreciation study accounts at issue. ATCO Electric is directed to implement these findings and to update its depreciation expense calculations in its compliance filing. .... paragraph 214

18. For these reasons, ATCO Electric is directed to use its currently approved 53-R3 for USA 353.00 – Substation Equipment in its compliance filing. .... paragraph 222

19. Nonetheless, the Commission accepts that, based on the component life analysis conducted by ATCO Electric and the comments of Concentric, it is reasonable to shorten the average service life for this account – but not to the extent proposed by ATCO Electric given the lack of actual retirement experience. ATCO Electric is directed to implement a 50-R3 for USA 353.02 – HVDC Substation in its compliance filing. .... paragraph 230

20. For these reasons, ATCO Electric's proposed R2.5 curve is denied. ATCO Electric is directed to implement a life-curve of 67-R3 for USA 354.01 – Towers - ISO Rule 502.2 Compliant in its compliance filing... paragraph 247

21. Given the conflicting evidence found within ATCO Electric's depreciation study, the Commission is not persuaded to change the currently approved life-curve parameters for this account. ATCO Electric is therefore directed to maintain its approved life-curve of 60-R2 for USA 355.00 – Poles in its compliance filing. .... paragraph 255

22. The Commission declines to approve ATCO Electric's request to increase the negative net salvage percentage for USA 354.00. The net salvage analysis indicates a general reduction in net salvage percentage for this account, and the currently approved -25 per cent net salvage already exceeds that of the peer Alberta utility comparator of -17 per cent. For these reasons, ATCO Electric is directed to maintain the use of its approved -25 per cent net salvage for USA 354.00 – Towers in its compliance filing. .... paragraph 267

23. The Commission declines to approve ATCO Electric's request to increase the negative net salvage percentage for USA 354.01. It accepts that in the absence of actual retirement and removal costs in USA 354.01 (ISO Rule 502.2 compliant towers) it is reasonable to mirror the net salvage percentage for USA 354.00 (towers). For this reason, ATCO Electric is directed to use a net salvage of -25 per cent for USA 354.01 – Towers – ISO Rule 502.2 Compliant in its compliance filing. .... paragraph 271

24. The Commission approves both the WMP [Wildfire Mitigation and Grid Resiliency Program] Burn-P3 Risk Assessment Model Development and Storm and Event-Related System Operations Response projects as filed. The Commission finds that the former project will allow ATCO Electric to refine its risk analysis and the latter project will allow ATCO Electric to better respond to wildfire events. However, given the low level of expenditures and that the latter project is also driven by the risk of major storm events and not solely by wildfire events, ATCO Electric is directed to add these two projects in a combined amount of $1.14 million to an applicable existing TCM [Transmission Capital Management] program or programs. .... paragraph 318

25. Given the approximate cost of $200 per pole, the risk reduction achieved and the opportunity for the pole treatment to be combined with another activity, the Commission agrees with the CCA that the WMP Wood Pole Fire Protection Project is a cost-effective program, and therefore approves it as filed. ATCO Electric is directed to add this project in the amount of $2.9 million to an applicable existing TCM Program. .... paragraph 320

26. For these reasons, the Commission denies ATCO Electric's WMP Transmission Line Component Replacements in High Risk Fire Areas Project and directs ATCO Electric to remove its forecast costs in the amount of $14.8 million for this project in its compliance filing.. paragraph 324

27. For these reasons, the Commission denies ATCO Electric's WMP Transmission ROW [Right-of-Way] and Facility Wildfire Mitigation Project as a stand-alone project and directs ATCO Electric to remove its forecast costs in the amount of $10.5 million for this project in its compliance filing. .... paragraph 329

28. For these reasons, the Commission denies ATCO Electric's WMP Telecommunications and Teleprotection Upgrades Project as a stand-alone project and directs ATCO Electric to remove its forecast costs in the amount of $9.1 million for this project in its compliance filing. .... paragraph 334

29. It is not clear to the Commission how ATCO Electric distinguishes the need to rebuild a specific line for wildfire mitigation purposes from the need to rebuild a line because of asset health and age considerations. In addition, ATCO Electric indicated that in light of their lower system impact, the lines would have been forecast for replacement in existing TCM programs in the next test period. Without additional evidence (i.e., the identification by ATCO Electric of lines in need of urgent replacement), the Commission finds ATCO Electric's plan to address transmission line components in poor condition

through existing TCM programs, which was made prior to the preliminary wildfire risk assessment, to be reasonable. The Commission also finds that the business case does not suggest a sufficient number of reasonable alternatives and that those considered ((1) status quo; (2) replace all assets located in high wildfire risk areas; and (3) complete engineering analysis on the identified scope and prioritize replacements that are approaching or at the end of life) were not adequately analyzed. For these reasons, the Commission denies the forecast expenditures related to the rebuilding of the transmission lines portion of ATCO Electric's WMP Rebuilds Project and directs ATCO Electric to remove the $11.5 million of forecast costs for this portion of the project in its compliance filing. .... paragraph 338

30. Concerning critical crossing upgrades, as highlighted by the CCA and in consideration of the challenges described by ATCO Electric related to river crossing failures with the Fort McMurray wildfire events, the Commission accepts that such failures could result in long outages. The Commission considers that the $2.4 million forecast expenditures are reasonable relative to the level of risk they are intended to address, and accordingly approves them. ATCO Electric is directed to add this amount to the applicable existing TCM Program. .... paragraph 339

31. For these reasons, the Commission declines to approve ATCO Electric's proposed renewable hybrid plant conversion option and approves the alternate option to connect to the AIES [Alberta Interconnected Electric System] via a distribution interconnection. ATCO Electric is directed to incorporate these findings in its compliance filing and to clarify the amount of the DFO contribution included in the forecast $2.4 million capital cost under the interconnection option. .... paragraph 349

32. As a preliminary matter, the Commission notes that in Decision 22742-D01-2019, it approved ATCO Electric's proposal to reconfigure the Indian Cabins Power Plant to a renewable hybrid plant. In this application, ATCO Electric also proposed to reconfigure the Steen River Power Plant to a renewable hybrid plant. However, as a result of not obtaining government funding, it later withdrew its proposal to reconfigure both the Indian Cabins and Steen River power plants into renewable hybrid plants. The Commission approves the withdrawal of these two reconfiguration projects from the GTA, and directs ATCO Electric to remove the forecast costs for 2020-2022, related to these reconfiguration projects, in its compliance filing. .... paragraph 352

33. ATCO Electric advised in an IR response that it proceeded with the engine replacement of CUL 457 in the amount of $0.1 million in 2020. Specifically, ATCO Electric explained that it replaced a diesel engine, rather than a propane engine that was included in the original scope of work in the business case filed in the 2018-2019 GTA. The Commission observes that the status update provided to the Commission in Proceeding 26177 identified that CUL 457 was "removed" and replaced with CUL 605 in the updated Part A of the schedules in the IGUCCR [*Isolated Generating Units and Customer Choice Regulation*]. Based on the evidence filed, the Commission questions the reasonability of replacing an engine and subsequently removing the entire isolated generating unit within a short time period. Accordingly, ATCO Electric's request for $0.1 million to replace CUL 457 in 2020 is denied, and the Commission directs these costs to be removed from ATCO Electric's forecast in its compliance filing. .... paragraph 355

34. A review of ATCO Electric's alternatives shows that its proposal to utilize a mobile unit at a cost of $0.4 million is a lower overall capital cost option than installing a fifth permanent isolated generating unit at a cost of $4.0 million. While an option to connect to

the AIES was not presented in the business case, the Commission accepts that the Fort Chipewyan Third Lake Power Plant is geographically remote, and that an interconnection option would not likely be economic in the circumstances. As a result, the Commission approves ATCO Electric's request to move a mobile unit to the Fort Chipewyan Third Lake Power Plant. ATCO Electric has not identified which mobile unit it will deploy. In its compliance filing, the Commission directs ATCO Electric to identify, in Part C of the schedules in the IGUCCR, which unit will be removed from its mobile fleet and added to the Fort Chipewyan Third Lake Power Plant. .... paragraph 358

35. The Commission also finds that the forecast costs for the Fort Chipewyan Third Lake power plant are reasonable, and approves them as filed. Notwithstanding this finding, the Commission notes its prior finding that ATCO Electric Distribution, as distribution owner, was entitled to recover the estimated $60,000 cost to purchase the meter for this project. While this cost is minimal in context, given the prior finding, it is not clear why this meter cost was included in ATCO Electric's request for cost recovery in this proceeding. The Commission directs ATCO Electric to remove this cost from its forecast amounts in the compliance filing. If ATCO Electric is of the view that this cost should now be recovered from ATCO as a transmission owner, rather than ATCO as a distribution owner, in its Rate 32 (Generator Interconnection and Standby Power), it should explain why. .... paragraph 360

37. The Commission finds that ATCO Electric did not reflect the most up-to-date information in its application update. Accordingly, in its compliance filing, the Commission directs ATCO Electric to update its fuel cost forecast and O&M costs to account for the effects of the removal of the Indian Cabins and Steen River renewable hybrid plants, and the effects of the carbon tax in its fuel cost forecasts.. .... paragraph 366

38. The Commission finds that the timeframe associated with the forecast costs for the CETO [Central East Transfer-Out] Project is overly optimistic and not reasonably attainable given the approximate one-year delay in ISD [in-service date] cited in the AESO Progress Report. The Commission therefore directs ATCO Electric, in its compliance filing, to reduce its forecast expenditures for the 2020-2022 test period to 50 per cent of the total applied-for $109.8 million and to update all applicable schedules. Accordingly, the Commission approves CETO Project capital expenditures in the amount of $54.9 million for the years 2020-2022, which includes a forecast expenditure in the amount of $2.8 million in 2020.. paragraph 384

40. The Commission confirms that ATCO Electric's requested placeholder treatment of a deemed common equity ratio and return on equity for the years 2021 and 2022 of 37 per cent and 8.5 per cent, respectively, is now moot. These amounts have now been approved as final in decisions 24110-D01-2020 and 26212-D01-2021, in the Commission-initiated 2021 generic cost of capital (GCOC) proceeding and 2022 GCOC proceeding, respectively. Accordingly, the Commission directs ATCO Electric, to include a deemed common equity ratio and return on equity of 37 per cent and 8.5 per cent on a final basis, for the years 2021 and 2022, respectively. .... paragraph 389

41. For these reasons ATCO Electric is directed to update its forecast income taxes to reflect the current provincial corporate income tax rate of eight per cent effective July 1, 2020, in its compliance filing... paragraph 399

42. As ATCO Electric's external financing requirements are obtained through CU Inc., the Commission finds this to be the best available information in determining reasonable

forecast 2022 long-term debt rates. In the circumstance of ATCO Electric's 2022 test year, the best available information available to the Commission encompasses recent, actual market events. Incorporating this information is of particular importance in light of the recent economic downturn related to the COVID-19 pandemic, the corresponding increase to forecast risk due to market volatility, and the uncertainty of forecasts. Accordingly, ATCO Electric is directed to use a 2022 long-term debt rate of 2.60 per cent in its compliance filing.. paragraph 407

43. The Commission is concerned that ATCO Pipelines and ATCO Electric have submitted inconsistent reset rates for the same preferred share issuance, in different proceedings, without identifying or explaining the discrepancy. It finds that ATCO Pipelines' Series 4 preferred share reset rate, as filed in its GRA on July 16, 2020, represents the best information that is available to the Commission, as opposed to ATCO Electric's preferred share reset rates filed in this proceeding on October 3, 2019. This is because ATCO Pipelines' evidence of the reset rates is the most recent information available, and its use is of particular importance in light of the recent economic downturn related to the COVID-19 pandemic. Accordingly, ATCO Electric is directed to use a Series 4 preferred share reset rate of 2.22 per cent in its compliance filing. .... paragraph 417

44. For this reason, the Commission declines to approve ATCO Electric's forecast 2022 Series V preferred share reset rate of 5.00 per cent, and directs ATCO Electric to maintain its current Series V preferred share rate of 4.60 per cent on a placeholder basis in its compliance filing.. paragraph 420

Appendix 5 – Summary of "other matters" complied with from Decision 24964-D02-2021

(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 24964-D02-2021, the wording in the main body of the decision shall prevail.

Other matters 1-4:

The Commission notes ATCO Electric's confirmation of errors or omissions in its application and its commitment to correct them in its compliance filing. For example, paragraphs 180, 210, 228, 391 and 476 of ATCO Electric's argument identified items that it intends to correct in its compliance filing.[41] The Commission accepts this proposal and requests that ATCO Electric prepare and incorporate a table summarizing all such adjustments into its compliance filing and cross-reference where the related costs and information are noted in the current application. ....paragraph 30

Other matter 5:

The Commission observes that the methodology approved in Decision 24805-D02-2020[[42]] was based on the proportion of years of service from 2014 to 2018, that each severed employee provided to the transmission function. In contrast, in the current application, ATCO Electric has both revised the methodology, which is now based on average of years of service rather than a proportion, and has provided comprehensive 2004-2018 work history data to allocate severance. The Commission finds that this method reasonably supports the relationship between the work performed for the transmission function by an employee and the allocation of severance costs associated with that employee to ATCO Electric Transmission. ....paragraph 97

For the above reasons, the Commission finds that ATCO Electric's 2019 severance costs of $1,983,118 attributable to ATCO Electric Transmission are reasonable and approves them, as filed. ....paragraph 98

41 Exhibit 24964-X0614, AET argument. As other examples, please see Exhibit 24964-X0185.07, PDF page 394, and Exhibit 24964-X0144, PDF page 41.

42 Decision 24805-D02-2020: ATCO Electric Ltd., 2018-2019 General Tariff Application Compliance Filing, Proceeding 24805, August 12, 2020.

Appendix 6 – Summary of Commission directions from Decision 24964-D01-2021 to be complied with in a future general tariff application

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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 24964-D01-2021, the wording in the main body of the decision shall prevail.

2. In view of the above, there is a need for further testing to confirm the reasonableness and accuracy of the GCA allocation methodology, and to ensure the reasonableness of the associated GCA allocations as between regulated and non-regulated entities. The Commission therefore directs each of ATCO Pipelines and ATCO Electric to conduct an analysis that examines direct charging (or some reasonable and defensible proxy of effort or time) for the supply chain and financial services (excluding accounts payable) functional groups and to produce a cost allocation for each ATCO group entity, for both functional groups (including each financial services subfunction). ATCO Pipelines and ATCO Electric are directed to track and record the information associated with this analysis from January 1, 2022, to December 31, 2022, inclusive. If ATCO Pipelines and ATCO Electric choose to use a time estimate or level-of-effort estimate, rather than direct charging to comply with this direction, they must explain the methodology used to produce those estimates and be prepared to file evidence on the reasonability of the chosen estimate. ATCO Electric and ATCO Pipelines are directed to file this information in their next GTA and GRA, respectively, following the completion of the requested analysis. .... paragraph 53

Appendix 7 – Summary of Commission directions from Decision 24964-D02-2021 to be complied with in a future general tariff 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 24964-D02-2021, the wording in the main body of the decision shall prevail.

36. In the Commission’s view, all relevant information for each isolated generation project or subproject should have been provided in an organized fashion by ATCO Electric in its application from the outset of this proceeding. For greater efficiency going forward, in each future GTA, ATCO Electric is directed to prepare a construction work in progress (CWIP) continuity schedule comprising each isolated generation capital project and subproject, including costs on an actual basis for the prior test period and costs on a forecast basis for the prior and applied-for test periods. ATCO Electric is also directed to include the following information in its CWIP continuity schedule, for each identified isolated generation capital project and subproject: a project number, a brief description of the project, any contribution amounts, government funding amounts, and the identification of the applicable sections of the IGUCCR. If the IGUCCR does not apply, ATCO Electric is directed to include a brief description of what Commission approval is sought. .... paragraph 362

39. For the reasons stated above, the Commission directs ATCO Electric to continue using, post-implementation of its upgrade project, a consistent appropriation number for each of its non-direct assigned capital projects on all documentation filed in its GTAs, including, but not limited to, the application, GTA schedules and business cases. For its non-direct assigned capital projects, the Commission directs ATCO Electric to incorporate an appropriation number as the initial five digits in the alphanumeric string field, followed by the appropriation description at the time of its next GTA, as has been done for its direct assigned projects. .... paragraph 388