



AltaLink Management Ltd.

2022 Interim Transmission Facility Owner Tariff

November 23, 2021

Alberta Utilities Commission

Decision 26947-D01-2021

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Proceeding 26947

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1 Decision summary

1. In this decision, the Alberta Utilities Commission considers an application filed by AltaLink Management Ltd. requesting approval of its 2022 interim transmission facility owner (TFO) tariff effective January 1, 2022. For the reasons stated below, the Commission approves a 2022 interim monthly TFO tariff for AltaLink of \$56,736,664 effective January 1, 2022, on an interim refundable basis.

2 Introduction

2. AltaLink filed an application on November 1, 2021, pursuant to sections 37(1) and 119(1) of the *Electric Utilities Act*, requesting approval, on an interim refundable basis, of a TFO tariff of \$67,621,386 per month, effective January 1, 2022, and to continue in effect until final transmission tariffs are issued or until a further order or decision of the Commission.¹

3. The Commission issued a notice of application on November 3, 2021, advising interested parties that the Commission considered the application routine in nature, and would render a decision with no further notice or process unless an intervener filed a written submission challenging the Commission's designation of routine.² Written submissions were due November 10, 2021. No submissions were provided by that deadline.

4. For purposes of this decision, the Commission considers the record to have closed on November 10, 2021.

3 Background and details of the application

5. AltaLink filed its 2022-2023 transmission general tariff application (GTA) with the Commission on April 30, 2021, requesting approval of a forecast 2022 revenue requirement of \$811,456,637 for 2022 or a net 2022 monthly transmission tariff of \$67,621,386.³ AltaLink added that the requested interim monthly tariff amount of \$67,621,386 for 2022 represents a reduction of \$3,065,310 or 4.3 per cent of the final approved 2021 tariff amount approved in Decision 25870-D01-2020⁴ before the Commission approved an additional refund of accumulated depreciation in Decision 26248-D01-2021.⁵ AltaLink submitted that it currently

¹ Exhibit 26947-X0002, application, paragraph 2.

² Exhibit 26947-X0005.

³ Exhibit 26947-X0002, application, paragraph 7.

⁴ Decision 25870-D01-2020: AltaLink Management Ltd., Stage 2 Review and Variance of Decision 23848-D01-2020, AltaLink Management Ltd., 2019-2021 General Tariff Application, Proceeding 25870, November 19, 2020.

⁵ Decision 26248-D01-2021: AltaLink Management Ltd., 2021-2023 Tariff Refund, Proceeding 26248, March 15, 2021.

does not have an order permitting the continuation of its tariff in 2022. In its application, AltaLink stated "... while the proposed interim tariff is in effect, the existing terms and conditions of AltaLink's TFO tariff are to remain in effect until a further order or decision of the Commission."⁶

6. To support its request for interim rates, AltaLink referred to orders E93028⁷ and E93003.⁸ In the first order, the Alberta Energy and Utilities Board (board), predecessor to the Commission, found that interim rate increases are generally warranted when the forecast revenue deficiency is both probable and material, and maintains intergenerational equity. In the latter order, the board determined interim rate relief may be important to maintain the financial integrity of the utility, and to have customers start paying an increase when it is probable can affect rate smoothing and rate shock considerations.

7. When evaluating interim rate applications, the Commission refers to a more recent decision. The Commission has consistently applied the two-part test established by the board in Decision 2005-099.⁹ The first part of the test relates to quantum and need factors, and includes the following considerations:

- The identified revenue deficiency should be probable and material
- All or some portion of any contentious items may be excluded from the amount collected
- Is the increase required to preserve the financial integrity of the applicant or to avoid financial hardship to the applicant?
- Can the applicant continue safe utility operations without the interim adjustment?¹⁰

8. The second part of the test relates to the public interest and includes the following considerations:

- Interim rates should promote rate stability and ease rate shock
- Interim adjustments should help to maintain intergenerational equity
- Can interim rate increases be avoided through the use of carrying costs
- Interim rate increases may be required to provide appropriate price signals to customers
- It may be appropriate to apply the interim rider on an across-the-board basis¹¹

9. Each of the identified factors may be given a different weighting depending on the specific circumstances of each application. Further, the Commission has the authority to approve

⁶ Exhibit 26947-X002, application, paragraph 12.

⁷ Order E93028: Northwestern Utilities Limited, Request for the approval of interim rates for 1993 pending the fixing of final rates for the test years 1993 and 1994, File 930003 2050 14 2, March 31, 1993, page 14.

⁸ Order E93003: TransAlta Utilities Corporation, In the matter of an Application dated December 14, 1992 by TransAlta Utilities Corporation for the approval of interim rates pending the fixing of final rates, File 1202-2, October 6, 1993, page 10.

⁹ Decision 2005-099: ATCO Gas, 2005-2007 General Rate Application, Interim Rate Application, Proceeding 14790, Application 1404168-1, August 29, 2005, PDF pages 11-12.

¹⁰ Decision 2005-099, PDF page 11.

¹¹ Decision 2005-099, PDF page 12.

the requested tariff, approve only some portion of the requested tariff, or to set the tariff to an amount that it deems just and reasonable.¹²

10. For the reasons below, the Commission finds that the application of the two-part test to the specifics of AltaLink's requested rate increase favours approval of AltaLink's application in part.

11. The quantum and need factors articulated in the first part of the test are satisfied. The projected monthly revenue deficiency of \$21,769,444¹³ for 2022 is material and probable, subject to the findings of the Commission in Proceeding 26509 (AltaLink 2022-2023 GTA). However, the Commission notes that the record has closed on Proceeding 26509 and there were several contentious issues argued in that proceeding. AltaLink's request to recover 100 per cent of its 2022 revenue shortfall is unreasonable as it would include revenue amounts associated with those contentious items in its 2022-2023 GTA. The Commission is of the view that approving the collection of 50 per cent of the identified shortfall is appropriate in this circumstance. This amount will preserve AltaLink's financial integrity by avoiding a material revenue shortfall between AltaLink's existing 2021 monthly tariff of \$45.85 million and its forecast 2022 monthly revenue requirement of \$67.62 million. It will also ensure that AltaLink has sufficient funding to continue safe utility operations.

12. In light of the foregoing, assuming the Commission will require AltaLink to make a compliance filing to any decision it issues in Proceeding 26509 and since final rates for AltaLink are likely to be in place around mid-2022, the Commission accepts that AltaLink has demonstrated a need for an interim adjustment.

13. The public interest factors articulated in the second part of the test are also satisfied. The collection, beginning January 1, 2022, of a portion of any rate increase resulting from AltaLink's final 2022 tariff, promotes rate stability through a gradual rate increase and thereby eases rate shock. The Commission also finds that the interim adjustment will help to maintain intergenerational equity and provide appropriate price signals to customers.

14. The Commission has considered whether the interim rate increase could be avoided through the use of carrying costs. In this case, while carrying costs would address part of the impact of the projected revenue shortfall on AltaLink, carrying costs would not address the issue of rate stability, ease any potential rate shock, provide appropriate price signals to customers or address concern for intergenerational equity.

15. For all of the above reasons, the Commission approves 2022 monthly interim rates for AltaLink of \$56,736,664. AltaLink's requested 2022 interim transmission tariff as determined in this decision is to be effective January 1, 2022. The Commission finds that while the proposed interim tariff is in effect, the existing terms and conditions of AltaLink's TFO tariff are to remain in effect until a further order or decision of the Commission. The approved rate schedule is attached to this decision as [Appendix 2](#).

16. The proposed rate increase is requested on an interim basis and, as such, will be trued up when the Commission approves AltaLink's final 2022-2023 transmission revenue requirements.

¹² *Electric Utilities Act*, sections 121(1) and 124(1).

¹³ $(\$67,621,386 - \$45,851,942) = \$21,769,444$ from Exhibit 26947-X0002, application, paragraphs 7 and 11.

4 Order

17. It is hereby ordered that:

- (1) AltaLink Management Ltd.'s 2022 interim monthly transmission facility owner tariff in the amount of \$56,736,664 is approved effective January 1, 2022, on an interim basis.
- (2) AltaLink Management Ltd.'s existing terms and conditions of its transmission facility owner tariff are to remain in effect until a further order or decision by the Commission.

Dated on November 23, 2021.

Alberta Utilities Commission

(original signed by)

Vera Slawinski
Commission Member

Appendix 1 – Proceeding participants

Name of organization (abbreviation) Company name of counsel or representative
AltaLink Management Ltd. (AltaLink)

Alberta Utilities Commission
Commission panel V. Slawinski, Commission Member
Commission staff P. Khan (Commission counsel) D. Ward

Appendix 2 – Rate schedule[\(return to text\)](#)**Effective January 1, 2022**

**ALTALINK MANAGEMENT LTD.
2022 INTERIM TRANSMISSION FACILITY OWNER TARIFF
RATE SCHEDULE**

AVAILABLE: To the Alberta Electric System Operator (AESO)

APPLICABLE: To AltaLink Management Ltd. for collection from the AESO

RATE: Effective January 1, 2022, the interim revenue requirement shall be:

Annual Tariff: \$680,839,968

Monthly Charges: \$56,736,664