



ATCO Electric Ltd.

Approval of Amounts to be Paid Into and Out of the Balancing Pool for the Sale of Isolated Generating Units

December 8, 2021

Alberta Utilities Commission

Decision 26953-D01-2021

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Generating Units

Proceeding 26953

December 8, 2021

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1 Introduction and decision summary

1. ATCO Electric Ltd. is a transmission facility owner (TFO). TFOs provide regulated transmission service in Alberta. They recover the costs of providing transmission service through a tariff, which must be approved by the Alberta Utilities Commission. Tariffs are reviewed through a general tariff application hearing process. Once approved, TFOs recover their tariff amounts from the Alberta Electric System Operator.

2. ATCO Electric provides transmission service to isolated communities in Alberta using isolated generating units. When an isolated generating unit is no longer needed, ATCO Electric may sell the isolated generating unit and must follow the process set out in Part 2 of the *Isolated Generating Units and Customer Choice Regulation*. This decision deals with the final costs that ATCO Electric must pay to or that must be paid by the Balancing Pool as a result of the sale of ATCO Electric's isolated generating units at its Garden River Power Plant.

3. In the current application, ATCO Electric seeks Commission approval of amounts to be paid to or by the Balancing Pool for the sale of Garden River Power Plant isolated generating units CUL 438 and CUL 500 (generating units), as directed by the Commission in Decision 26498-D01-2021¹ and as required by Section 23 of the *Isolated Generating Units and Customer Choice Regulation*.

4. Specifically, in this application, ATCO Electric requested that the Commission approve the following:²

- \$2,409.40 payment to ATCO Electric by the Balancing Pool for selling costs, pursuant to Section 22(1)(b)(ii) of the *Isolated Generating Units and Customer Choice Regulation*;
- \$15,000.00 payment from ATCO Electric to the Balancing Pool for the sale proceeds, pursuant to Section 22(1)(a) of the *Isolated Generating Units and Customer Choice Regulation*; and
- \$1,661,970.00 payment from ATCO Electric to the Balancing Pool for the remaining net book value of the isolated generating units, pursuant to Section 22(1)(b)(i) of the *Isolated Generating Units and Customer Choice Regulation*.

5. This is the Commission's decision on the amounts ATCO Electric must pay to or that must be paid by the Balancing Pool for the sale of Garden River Power Plant isolated generating

¹ Decision 26498-D01-2021: ATCO Electric Ltd., Time Extension to Comply with Commission Direction, Proceeding 26498, October 4, 2021.

² Exhibit 26953-X0003, application, paragraphs 4-5.

units in compliance with Section 22(1). The Commission approves the application as filed for the reasons that follow.

2 Analysis

6. Under Section 22(1) of the *Isolated Generating Units and Customer Choice Regulation* ATCO Electric is required to pay to the Balancing Pool the proceeds of the sale of isolated generating units, and is entitled to receive from the Balancing Pool the net book value of the isolated generating units, as determined by the Commission, and its reasonable costs of selling the isolated generating units.

7. ATCO Electric has applied for approval to refund to or to collect the amounts below, from the Balancing Pool.

Table 1. Amounts to be paid to or paid by the Balancing Pool³

Description	Amount (paid to) or paid by the Balancing Pool
	(\$)
Net book value calculated as original cost \$7,227,754.70 less accumulated depreciation – life \$8,889,724.70	(1,661,970.00)
Selling costs	2,409.40
Sale proceeds	(15,000.00)
Total amount to be paid to the Balancing Pool	(1,674,560.60)

8. The Balancing Pool raised a concern with what it asserted was ATCO Electric’s inclusion of \$250,176.05 for dismantling costs in ATCO Electric’s net book value calculation. The Balancing Pool questioned if dismantling costs should be claimable in the current application as part of the isolated generating units’ net book value under the *Isolated Generating Units and Customer Choice Regulation*.⁴

9. The Commission has reviewed the amounts submitted by ATCO Electric in Schedule 2 of its application and finds that the calculation taking original cost (\$7,227,754.70) less accumulated depreciation – life (\$8,889,724.70) results in a net book value of negative \$1,671,970.00 and is correct.

10. The dismantling costs noted by the Balancing Pool in the amount of \$250,176.05 do not affect the net book value calculation determined above as these costs are offset entirely with what was previously collected by ATCO Electric through its previous collections of net salvage, and therefore results in a net book value of zero.⁵ Table 1 above shows that ATCO Electric has not included any dismantling costs in its calculation of the amounts to be paid to or by the Balancing Pool.

³ Exhibit 26953-X0003, application, Schedule 2

⁴ Exhibit 26953-X0006, PDF page 1.

⁵ See Exhibit 26953-X0003, application, Schedule 2. The Accumulated Depreciation NS column shows that the net salvage amounts collected through depreciation expense in the amount of \$250,176.05 have been offset by the dismantling costs incurred by ATCO Electric in the amount of \$250,176.05 and are therefore not included in net book value.

11. Additionally, the Commission has reviewed ATCO Electric's selling costs and sale proceeds and finds them to be reasonable.

12. Based on the foregoing, the Commission approves a total amount of \$1,674,560.60 to be paid by ATCO Electric to the Balancing Pool under Section 22(1) of the *Isolated Generating Units and Customer Choice Regulation*.

3 Order

13. It is hereby ordered that:

- (1) ATCO Electric Ltd. pay to the Balancing Pool an amount totalling \$1,674,560.60 for the sale of Garden River Power Plant isolated generating units CUL 438 and CUL 500 by January 7, 2022.

Dated on December 8, 2021.

Alberta Utilities Commission

(original signed by)

Cairns Price
Commission Member

Appendix 1 – Proceeding participants

Name of organization (abbreviation) Company name of counsel or representative
ATCO Electric Ltd. (ATCO Electric)
Balancing Pool DLA Piper (Canada) LLP

Alberta Utilities Commission
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