



AltaLink Management Ltd.

**Decision on Preliminary Question
Application for Review of Decision 26509-D01-2022 (Corrigenda)
2022-2023 General Tariff Applications and
2020 Direct Assigned Capital Deferral Account
Reconciliation Application**

March 11, 2022

Alberta Utilities Commission

Decision 27172-D01-2022

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1 Decision summary

1. In this decision, the Alberta Utilities Commission decides to review the findings in Section 10.10 of Decision 26509-D01-2022 (Corrigenda)¹, which addresses AltaLink Management Ltd.’s proposed capital expenditures for its pipeline electrical interference mitigation program. The Commission denies AltaLink’s request to review the findings in Section 9.5 of that decision, which addresses reductions to AltaLink’s opening rate base connected with its wildfire mitigation plan.

2 Discussion

2. In its general tariff application, AltaLink applied for Commission approval of its applied-for revenue requirement for the 2022-2023 test period, among other things. In Decision 26509-D01-2022 (Corrigenda) (the original decision), the Commission members on the panel for the general tariff application (the GTA panel) approved portions of AltaLink’s applied-for revenue requirement, and denied other portions of it. The portions denied include amounts related to AltaLink’s 2022 opening rate base connected with its wildfire mitigation plan and AltaLink’s proposed capital expenditures for its pipeline electrical interference mitigation program.

3. The reductions to AltaLink’s opening rate base involved two sub-projects in AltaLink’s transmission line rights-of-way upgrades in high-risk fire areas program. This program is a component of AltaLink’s wildfire mitigation plan. The sub-projects involved AltaLink conducting (i) targeted right-of-way improvements in high-risk fire areas and (ii) wildfire tree removals. The GTA panel chose not to approve all of AltaLink’s \$3.052 million² in proposed 2019-2021 capital additions as filed. It instead approved a capital addition in the amount of \$1.505 million for the two sub-projects.

4. The Commission did not approve any of AltaLink’s proposed capital expenditures connected with its pipeline electrical interference mitigation program. Under this program,

¹ Decision 26509-D01-2022 (Corrigenda): AltaLink Management Ltd. 2022-2023 General Tariff Application and 2020 Direct Assigned Capital Deferral Account Reconciliation Application, KainaiLink Limited Partnership 2022-2023 General Tariff Application, PiikaniLink Limited Partnership 2022-2023 General Tariff Application, Proceeding 26509, January 19, 2022.

² As explained in paragraph 146 of Decision 26509-D01-2022 (Corrigenda): “AltaLink incurred capital expenditures of \$3.443 million from 2019 to 2021. AltaLink completed only 191 units (on a span basis) that were proposed to be capitalized into rate base in the amount of \$3.052 million, leaving approximately \$0.391 million in 2021 closing construction work in progress (CWIP).”

AltaLink assesses and mitigates the effects its assets impose through electrical interference on pipeline personnel, the general public, and the integrity of pipeline equipment. These electrical interference effects can give rise to safety and pipeline operating risks, including: (i) shock hazards; (ii) accelerated corrosion damage to a pipeline; and (iii) damage to pipeline coatings or walls.

3 The review application

5. On February 18, 2022, AltaLink requested that the Commission review the findings in two sections of Decision 26509-D01-2022 (Corrigenda):

- (a) Section 10.10: In this section, the Commission denied all of AltaLink’s proposed capital expenditures connected with its pipeline electrical interference program (the “Pipeline Electrical Interference Mitigation Issue”).
- (b) Section 9.5: In this section, the Commission reduced AltaLink’s applied-for opening rate base connected with its Wildfire Mitigation Plan (the “Wildfire Opening Rate Base Issue”).

6. The review process has two stages. In the first stage, a review panel decides if there are grounds to review the original decision (the preliminary question). If the review panel decides to review the decision, it moves to the second stage where it decides whether to confirm, vary, or rescind the original decision (the variance question).

7. In this decision, the review panel has decided the preliminary question with respect to each of these issues in the sections that follow. In assessing AltaLink’s application, the review panel has reviewed the pertinent portions of Decision 26509-D01-2022 (Corrigenda), and relevant materials comprising the record of this proceeding, and the general tariff application proceeding.

3.1 Pipeline Electrical Interference Mitigation Issue

8. The Commission has exercised its discretion to review the Pipeline Electrical Interference Mitigation Issue on its own motion pursuant to Section 2 of Rule 016: *Review of Commission Decisions*. AltaLink is required to undertake this program to comply with applicable laws and standards; however, the GTA panel did not award AltaLink any funds to carry out the work under this program. Given AltaLink’s requirement to undertake this work, the review panel finds that further inquiry into the Pipeline Electrical Mitigation Interference Issue is warranted.

9. Because the Commission has decided to review the Pipeline Electrical Interference Mitigation Issue on its own motion, the Commission finds it unnecessary to examine the grounds for review set out in AltaLink’s review application with respect to this issue.

3.2 Wildfire Opening Rate Base Issue

10. The review panel has decided to dismiss AltaLink's request to review the findings in Section 9.5 of Decision 26509-D01-2022 (Corrigenda).

11. Under Section 5(1)(a) of Rule 016, the Commission may grant an application for review if it determines the applicant has demonstrated that the Commission "made an error of fact, or mixed fact and law where the legal principle is not readily extricable, which is material to the decision and exists on a balance of probabilities."

12. AltaLink relies on Section 5(1)(a) of Rule 016 to ground its review application with respect to the Wildfire Opening Rate Base Issue. AltaLink asserts that the GTA panel wrongly found in Decision 26509-D01-2022 (Corrigenda) that the scope of work approved by the Commission in relation to AltaLink's targeted right-of-way improvements in high-risk fire areas and wildfire tree removals had changed from the scope of work that was approved by the Commission on a forecast basis in Decision 23848-D01-2020.³ AltaLink further argues that the Commission narrowly and inflexibly construed the approved scope of the transmission line rights-of-way upgrade in high-risk fire areas program by not allowing any of AltaLink's actual capital expenditures to depart from forecast.

13. The onus of demonstrating the existence of an error under Rule 016 lies with AltaLink, as the review applicant. It is important for review applicants to fairly characterize the Commission's decisions when asserting grounds for a review. In paragraph 149 of Decision 26509-D01-2022 (Corrigenda), the Commission stated that it "**appears** that the scope of the work previously approved by the Commission for this project was altered during the time it was to take place."⁴ This qualification to the Commission's observation was not mentioned when AltaLink alleged the Commission erred in fact.⁵

14. Nevertheless, in the review panel's view, AltaLink's asserted errors are not material to the outcome of Decision 26509-D01-2022 (Corrigenda). That is, even if the GTA panel erred as asserted by AltaLink, such errors would not lead the review panel to vary or rescind the GTA panel's decision.

15. The GTA panel performed a prudence assessment of AltaLink's applied-for actual capital additions for the two sub-projects within the transmission line rights-of-way upgrades in high-risk fire areas program. In the case of the targeted right-of-way improvements in high-risk fire areas sub-project, the GTA panel reviewed AltaLink's restated and redefined work units, which changed from "line segment" to "span." The GTA panel observed that AltaLink's per "span" unit costs for its targeted right-of-way improvements in high-risk fire areas sub-project more than doubled from the \$16.06 per "span" unit that was approved by the Commission on a forecast basis in AltaLink's last GTA to an actual per "span" unit cost of \$42.06.⁶

³ Decision 23848-D01-2020: AltaLink Management Ltd., 2019-2021 General Tariff Application Negotiated Settlement Agreement and Excluded Matters, Proceeding 23848, April 16, 2020.

⁴ Decision 26509-D01-2022 (Corrigenda), paragraph 149 [Emphasis added].

⁵ Exhibit 27172-X0001, Review Application, paragraph 30.

⁶ Decision 26509-D01-2022 (Corrigenda), paragraph 148.

16. The GTA panel also noted AltaLink's explanation that its cost increases were related mainly to the identification of larger areas of vegetation to be removed per unit than originally anticipated.⁷ After noting this justification, the GTA panel chose not to approve all of AltaLink's proposed 2019-2021 capital additions as filed. It instead approved a capital addition in the amount of \$1.505 million for the two sub-projects at issue.⁸

17. The Commission has consistently held that a review panel's task is not to retry the application based upon its own interpretation of the evidence nor is it to second guess the weight assigned by the GTA panel to various pieces of evidence.⁹ Simply because AltaLink disagrees with the GTA panel's findings, that disagreement cannot be elevated to an error. In Decision 26509-D01-2022 (Corrigenda), the GTA panel was not satisfied with AltaLink's justification for the increased actual costs of the two sub-projects at issue relative to the forecast costs. The review panel finds no basis to question those findings.

⁷ Decision 26509-D01-2022 (Corrigenda), paragraph 148.

⁸ This had the effect of reducing AltaLink's revenue requirement by approximately \$200,000 over the test period: See Proceeding 27174, AltaLink Management Ltd., 2022-2023 GTA Compliance Filing, Exhibit 27174-X0009.

⁹ Decision 2012-124, AltaLink Management Ltd. and EPCOR Distribution & Transmission Inc., Decision on Request for Review and Variance of Decision 2011-436 Heartland Transmission Project, Proceeding 1592, May 14, 2012, paragraph 31; Decision 26660-D02-2021, Kalina Distributed Power Limited et al., Decision on Preliminary Question, Applications for Review of Decision 26090-D01-2021 Distribution-Connected Generation Credit Module for Fortis's 2022 Phase II Distribution Tariff Application, Proceeding 26660, October 14, 2021, paragraph 14.

4 Decision

18. The review panel:

- (a) has decided to review Decision 26509-D01-2022 (Corrigenda) on its own motion with respect to the Pipeline Electrical Interference Mitigation Issue. Accordingly, the Commission will issue a process announcement to hear the variance question in due course; and
- (b) finds that AltaLink has not met the requirements for a review of Decision 26509-D01-2022 (Corrigenda) with respect to the Wildfire Opening Rate Base Issue. AltaLink's application for review of this issue is dismissed.

Dated on March 11, 2022.

Alberta Utilities Commission

(original signed by)

Cairns Price
Panel Chair

(original signed by)

Vera Slawinski
Commission Member