



EPCOR Distribution & Transmission Inc.

**2022 Customer Specific Distribution Access Service Rate for
New Customer CS48**

April 6, 2022

Alberta Utilities Commission

Decision 27187-D01-2022

EPCOR Distribution & Transmission Inc.

2022 Customer Specific Distribution Access Service Rate for New Customer CS48

Proceeding 27187

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1 Decision

1. In this decision the Alberta Utilities Commission approves EPCOR Distribution & Transmission Inc.'s customer specific (CS) distribution access service (DAS) rate for a new customer (CS48, or the customer) of \$73.01 per day, effective June 1, 2022. This rate will be trued up to reflect any changes to the effective date and 2022 actual cost of debt.

2 Introduction

2. On February 23, 2022, EPCOR filed an application requesting approval for a CS DAS rate for a new customer, designated as CS48, effective June 1, 2022.¹ This rate was requested in response to a new connection of a customer with an energy demand of 5,000 kilowatts (kW) or greater.

3. The Commission issued a notice of application on February 25, 2022, and invited parties who wished to comment on the application to provide a statement of intent to participate (SIP) on or before March 11, 2022. The Commission did not receive any SIPs and considers the record of this proceeding to have closed on March 11, 2022.

4. The Commission determined that the application would be considered by way of a *notice-only process*, as outlined in Commission Bulletin 2015-09.²

5. In reaching the determinations set out in this decision, the Commission has considered all relevant material comprising the record of this proceeding, as well as related information and decisions. References in this decision to specific parts of the record are intended to assist the read in understanding the Commission's reasoning relating to a particulate matter and should not be taken as an indication that the Commission did not consider all relevant portions of the record with respect to this matter.

3 Background

6. The CS rate class is used by EPCOR for customers with energy demands over 5,000 kW. EPCOR identified the costs of power system assets wholly or partly dedicated to the service of the customer (CS48) and developed a daily rate of \$73.01 for the customer.

¹ Exhibit 27187-X0002, Customer Specific DAS Rate CS48, PDF page 4, paragraph 2.

² Bulletin 2015-09, Performance standards for processing rate-related applications, March 26, 2015.

7. The methodology EPCOR used to calculate the CS48 rate in this application is the same methodology used and approved in past applications to calculate or update CS rates, most recently in Decision 26619-D01-2021.³
8. In Decision 21700-D01-2016, the Commission directed EPCOR to include the following information in subsequent CS rate applications:⁴
- The CS rate calculation and supporting schedules.
 - The supporting detailed calculations or the CS rate showing, for each asset used to supply electric service to the customer, the following information, if applicable: asset type, asset sub type, install year, status, average life, quantity, unit cost, total assets costs, customer usage, duct line/manhole allocation, customer asset cost, age, depreciation factor, customer depreciation, customer opening net book value (NBV), customer closing NBV, customer return, total depreciation, total opening NBV, total closing NBV, total return, asset group and asset class ID.
 - Information on whether any assets were required to provide standby service to the customer under the CS rate and, if standby service was required for the customer, EPCOR must provide an adequate explanation of how it determined what assets were required by each of EPCOR and the customer in the provision of standby service.
9. EPCOR included the above information in its CS48 rate application.

4 Calculation of the 2022 CS48 rate

10. EPCOR explained that the cost-of-service calculation of CS rates generally includes three components: (i) incremental equipment and installation activities; (ii) cost of existing assets to provide service; and (iii) allocated operating, maintenance and general (OM&G) costs.
11. Regarding (i), the provision of service to the customer required the installation of incremental equipment. EPCOR provided a list of the specific assets used to provide service to the customer in Schedule 2.0 of Appendix A to the application.⁵ EPCOR categorizes assets installed during the first year of a CS rate as “incremental assets.” For CS48, assets installed in 2022 are incremental assets for the purposes of calculating the customer’s 2022 CS rate. EPCOR also confirmed that there were no assets required for standby service for the customer.
12. Regarding (ii), EPCOR used existing assets to provide service to the customer; the list of existing assets is included in Schedule 2.0 of Appendix A to the application. EPCOR used the direct calculation methodology to determine the capital cost component of the assets in service in

³ Decision 26619-D01-2021: EPCOR Distribution & Transmission Inc., 2021 Customer Specific Distribution Access Service Rate Update for an Existing Customer (CS40), Proceeding 26619, July 13, 2021.

⁴ Decision 21700-D01-2016: EPCOR Distribution & Transmission Inc., 2016 Customer Specific Distribution Access Service Rates (CS43 and CS44) for a New Customer, Proceeding 21700, August 30, 2016.

⁵ Exhibit 27187-X0003, Appendix A - CS rate calculation, Schedule 2.0.

the customer's rates. This methodology was used and approved in EPCOR's last Phase II application.⁶

13. Regarding (iii), EPCOR explained that it allocated OM&G costs⁷ associated with the incremental and existing assets using a ratio of 1.851 per dollar of capital cost, which was the ratio approved in EPCOR's last Phase II application.

5 Commission findings

14. The Commission has reviewed the calculations and methodologies used in determining the CS48 rate. The calculations are correct and the methodology used is in line with methodologies approved in past decisions, most recently in Decision 26619-D01-2021.

15. The Commission finds EPCOR's proposed CS48 rate reasonable. Accordingly, the CS48 rate of \$73.01 per day is approved, effective June 1, 2022.

16. In approving the application for the CS48 rate, the Commission expressly does not authorize the recovery by EPCOR of any amount payable by the customer from other EPCOR customers in the event of default or bankruptcy of CS48. The Commission directs EPCOR to bring any such unpaid amount to its attention, at which time the Commission will determine the regulatory treatment of the outstanding amounts.

17. Consistent with past practices, the Commission directs EPCOR to true up any differences if the actual effective date for the CS48 rate differs from June 1, 2022, which is the effective date contemplated in the application. As well, the CS48 rate will be trued up to reflect the 2022 actual cost of debt when it becomes available.

18. Following the determination of the 2022 CS48 rate based on cost-of-service principles, the performance-based regulation (PBR) methodology requires the calculation of a base rate for determining the PBR rates for subsequent years. EPCOR has indicated it will include calculation of the 2023 rate in its 2023 cost-of-service application, Proceeding 26617, and will convert the CS48 rate to a PBR rate for 2024 in a subsequent proceeding. The Commission expects that the 2024 CS48 rate under PBR will be calculated using the same method as applied to other PBR rates, involving the calculation of a base rate and application of the I-X index and any rate adjustments approved as part of the next PBR plan.

⁶ Decision 2011-490: EPCOR Distribution & Transmission Inc., 2010-2011 Phase II Distribution Tariff Refiling, Proceeding 1484, Application 1607746-1, December 14, 2011.

⁷ Exhibit 27187-X0003, Appendix A - CS Rate Calculation, Schedule 1.0, row 8.

6 Order

19. It is hereby ordered that:

- (1) EPCOR Distribution & Transmission Inc.'s customer specific distribution access service rate CS48 of \$73.01 per day is approved, effective June 1, 2022.
- (2) EPCOR Distribution & Transmission Inc. shall true up any differences to the rate effective date and 2022 actual cost of debt.

Dated on April 6, 2022.

Alberta Utilities Commission

(original signed by)

Vincent Kostas
Acting Commission Member

Appendix 1 – Proceeding participants

Name of organization (abbreviation) Company name of counsel or representative
EPCOR Distribution & Transmission Inc. (EPCOR)

Alberta Utilities Commission
Commission panel V. Kostaskey, Acting Commission Member
Commission staff N. Morter A. Ayri

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. In approving the application for the CS48 rate, the Commission expressly does not authorize the recovery by EPCOR of any amount payable by the customer from other EPCOR customers in the event of default or bankruptcy of CS48. The Commission directs EPCOR to bring any such unpaid amount to its attention, at which time the Commission will determine the regulatory treatment of the outstanding amounts.
..... paragraph 16
2. Consistent with past practices, the Commission directs EPCOR to true up any differences if the actual effective date for the CS48 rate differs from June 1, 2022, which is the effective date contemplated in the application. As well, the CS48 rate will be trued up to reflect the 2022 actual cost of debt when it becomes available..... paragraph 17