



ENMAX Energy Corporation

2021 COVID-19 Deferral Account Application

June 24, 2022

Alberta Utilities Commission

Decision 27355-D01-2022

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Proceeding 27355

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Eau Claire Tower
1400, 600 Third Avenue S.W.
Calgary, Alberta T2P 0G5

Telephone: 310-4AUC (310-4282 in Alberta)
1-833-511-4AUC (1-833-511-4282 outside Alberta)

Email: info@auc.ab.ca

Website: www.auc.ab.ca

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1 Decision summary

1. In this decision, the Alberta Utilities Commission provides its findings on ENMAX Energy Corporation's (EEC) application to refund the net balance of (\$0.465) million in its 2021 COVID-19 deferral account to its regulated rate tariff customers through a daily rate rider refund of (\$0.1162) per site per day, in place from August 1, 2022, to August 31, 2022. The Commission has approved the application as filed and found that EEC has complied with the noted outstanding directions from Decision 25949-D02-2021.¹

2 Procedural summary

2. EEC filed the application on May 2, 2022. The Commission issued notice of the application on May 3, 2022, requiring interested parties to submit a statement of intent to participate by May 11, 2022. No statements of intent to participate were received in response to the Commission's notice.

3. The Commission considers the close of record for the proceeding to be May 11, 2022.

3 Items to be addressed

4. In this decision, the Commission addresses the following three areas raised in EEC's application:

- (1) The net balance in EEC's 2021 COVID-19 deferral account.
- (2) The one-month rate rider effective August 1, 2022.
- (3) Compliance with directions 2, 3, 5, 6, 7, 8, 9, 10, 12, 13 and 14 from Decision 25949-D02-2021.

3.1 2021 COVID-19 deferral account

5. In Decision 25949-D02-2021, the Commission approved a COVID-19 deferral account for EEC to capture changes to its costs arising from the COVID-19 pandemic for 2021. The deferral account applies to the following four categories (1) bad debt expense; (2) revenue from final notice fees; (3) revenue from late payment charges; and (4) revenue from site counts. For the first three categories, the difference between the actual amount for 2021 and the approved forecast amount for 2021 is included in the deferral account. For the site count category, the difference between the actual site count for 2021 and the approved site count forecast for 2021 is

¹ Decision 25949-D02-2021: ENMAX Energy Corporation, 2021 Regulated Rate Option Non-Energy Tariff Application, Proceeding 25949, May 27, 2021.

calculated, and the difference is multiplied by the daily non-energy charge, with the resulting amount being included in the deferral account.²

6. The balances in the 2021 COVID-19 deferral account for each category and the resulting net balance are included in Table 1.

Table 1. 2021 COVID-19 deferral account balance by category and net balance

Category	Refund or Collection	Amount (\$ million)
Bad debt expense	Refund	(0.648)
Revenue from final notice fees	Collection	0.163
Revenue from late payment charges	Collection	0.193
Revenue from site counts	Refund	(0.173)
Net balance	Refund	(0.465)

7. The forecasted amounts for 2021 bad debt expense, revenue from final notice fees and revenue from late payment charges were not approved in Decision 25949-D02-2021. In that decision, the Commission directed that certain adjustments be made to the forecast amounts in these categories, and then refiled as part of the current application.³ In order to verify that the forecast amounts for the three categories that EEC used in the calculation of the deferral account were correct, the Commission first had to determine that EEC had made the certain adjustments directed in Decision 25949-D02-2021. As subsequently set out in Section 3.3 and Section 3.4 of this decision, the Commission found that EEC has made the Commission-directed adjustments and the Commission verified that the forecast amounts used in the calculation of the deferral account reflect the Commission-directed adjustments.⁴

8. The Commission verified that the forecast site counts by month approved in Decision 25949-D02-2021 were used in the calculation of the deferral account balance for site counts.⁵

9. Based on (1) the Commission's compliance findings in Section 3.3 and Section 3.4 of this decision; (2) its review of the calculations provided by EEC in Exhibit 27355-X0002; and (3) the Commission's verification of the forecast amounts used in those calculations, the Commission finds that EEC has correctly calculated each of the deferral account balances by category. The Commission, therefore, approves the net refund balance of (\$0.465) million set out in Table 1.

² If the actual site count is greater than the approved site count forecast, there will be a refund to customers because EEC collected more revenue than it forecast. If the actual site count is less than the approved site count forecast, there will be a collection from customers because EEC did not collect as much revenue as it forecast. These calculations are done using monthly site count information and are done separately for the residential and the commercial rate classes.

³ Decision 25949-D02-2021, paragraphs 141-142.

⁴ The 2021 forecast amounts of \$1,758,000 for bad debt, (\$723,230) for final notice fees and (\$1,283,300) for late payment charges included in the deferral account calculation in Exhibit 27355-X0002, worksheet 'App A – Charges&Refund' agree to the final revenue requirement schedules in Exhibit 27355-X0004. The bad debt amount in Exhibit 27355-X0004 is on worksheet 'Sched 1Rev Req't' and the amounts for final notice fees and late payment charges are on worksheet 'Sched 10 Rev Offset.'

⁵ The forecast site counts approved in Decision 25949-D02-2021 are included in Proceeding 25949, Exhibit 25949-X0003.02, worksheet 'Sched 11.1 Site count by month.'

3.2 Proposal to refund the net balance in the 2021 COVID-19 deferral account

10. In order to refund the deferral account balance of (\$0.465) million, EEC proposed a one-month rate rider of (\$0.1162) per site per day to be credited to its residential and commercial regulated rate option (RRO) customers in August 2022.⁶

Table 2. Rate rider calculation for a one-month collection period⁷

	Residential	Commercial	Total
Total refund to customers (\$000)	(\$428)	(\$37)	(\$465)
Average forecasted site count – August	118,672	10,361	129,032
Refund per customer (\$)	(\$3.60)	(\$3.60)	
Number of days to collect total charge	31	31	
Daily RRO rider rate (\$/day)	(\$0.12)	(\$0.12)	

Note: Totals are affected by rounding.

11. The Commission considers that the one-month time period for the refund of the net balance in the deferral account is acceptable because it will benefit customers to receive the refund over a short time period rather than a longer one. Based on its review of the rider calculations provided by EEC in Exhibit 27355-X0002, the Commission approves the rate rider refund of (\$0.1162) per site per day for residential and commercial customers, effective from August 1, 2022, to August 31, 2022.

3.3 Compliance with directions from Decision 25949-D02-2021

12. The Commission has reviewed EEC's application and is satisfied it adequately addresses and complies with the following directions from Decision 25949-D02-2021:

- Direction 2, pertaining to the deadline of filing an application by May 31, 2022, for the disposition of EEC's COVID-19 deferral account.⁸
- Direction 6, requiring EEC to reflect the approved shared services costs of \$1.256 million as part of its COVID-19 deferral account application.⁹
- Direction 7, requiring EEC to reflect the approved RRO operational costs of \$1.537 million as part of its COVID-19 deferral account disposition application.¹⁰
- Direction 12, requiring EEC to include final notice fees and late payment charges as part of its COVID-19 deferral account.¹¹

13. For the remaining directions addressed in this application,¹² the Commission could not determine compliance based solely on the form and content of EEC's submissions. Despite this

⁶ Details of the calculations are in Exhibit 27355-X0002, worksheet 'App C – Rate Rider.'

⁷ Exhibit 27355-X0001, application, PDF page 12, Table 7.

⁸ Decision 25949-D02-2021, paragraph 49.

⁹ Decision 25949-D02-2021, paragraph 95.

¹⁰ Decision 25949-D02-2021, paragraph 101.

¹¹ Decision 25949-D02-2021, paragraph 138.

¹² Direction 3 in paragraph 57; Direction 5 in paragraph 73; Direction 8 in paragraph 111; Direction 9 in paragraph 121; Direction 10 in paragraph 128; Direction 13 in paragraph 140; and Direction 14 in paragraph 142.

deficiency, the Commission was able to verify compliance with these directions through its own procedures. Descriptions of these verification procedures and findings are included in Section 3.4 of this decision.

3.4 Commission determination of compliance with certain directions from Decision 25949-D02-2021

3.4.1 Verification of compliance with directions 5, 8, 9 and 10 from Decision 25949-D02-2021

14. Direction 5 from Decision 25949-D02-2021 relates to the methodology used by EEC to calculate its forecast billing and customer care (B&CC) costs. The Commission directed EEC to use its existing methodology. Directions 8, 9 and 10 from Decision 25949-D02-2021 relate to non-labour and labour escalation factors. The Commission directed EEC to change each of the escalation factors.

15. In the application, EEC confirmed that it had complied with directions 8, 9 and 10, and stated that each of these changes “has partially contributed to the difference between the approved 2021 B&CC amount of \$8.19 million and ENMAX Energy’s originally applied-for amount in Proceeding 25949 of \$9.22 million.”¹³ EEC also provided information on the recalculated B&CC costs “using its existing B&CC cost allocation methodology.”¹⁴

16. EEC provided no assessment of whether the \$1.03 million (decrease) between the 2021 approved and originally applied-for B&CC costs reflected directions 5, 8, 9 and 10 of Decision 25949-D02-2021. The Commission had to do its own assessment.

17. The Commission noted that in Proceeding 25949, EEC provided the forecast B&CC costs calculated using the existing methodology and the revised methodology for which EEC was seeking approval. The difference between the two forecast costs was \$0.922 million (decrease).¹⁵ This leaves a further difference of \$0.108 million (decrease) attributable to the reduction in the escalation factors.¹⁶

18. In Proceeding 25949, EEC indicated that the total impact on the 2021 revenue requirement from the labour escalation factors it used was \$0.100 million.¹⁷ In directions 9 and 10 of Decision 25949-D02-2021, the Commission directed EEC to reduce the labour escalation factors to zero, so a reduction of \$0.100 million would be expected. This leaves a further difference of \$0.008 million (decrease) attributable to the Commission-directed reduction to the non-labour escalation factor in Direction 8 of Decision 25949-D02-2021.

19. The Commission directed EEC to change the non-labour escalation factor from 1.90 per cent to 1.80 per cent, which is a reduction of 5.26 per cent. In Proceeding 25949, EEC indicated

¹³ Exhibit 27355-X0001, application, paragraphs 49, 52 and 55.

¹⁴ Exhibit 27355-X0001, application, paragraph 43.

¹⁵ The information was provided in Proceeding 25949, Exhibit 25949-X0003, Schedule 2.3. The forecast costs using the existing methodology were \$8.302 million, and the costs using the revised methodology were \$9.224 million. The difference between the two is \$0.922 million.

¹⁶ Total reduction of \$1.03 million minus the \$0.922 million reduction is \$0.108 million.

¹⁷ Proceeding 25949, Exhibit 25949-X0001, paragraph 63, Table 7.

that the total impact on the 2021 revenue requirement from the non-labour escalation factor it used was \$0.100 million (increase);¹⁸ 5.26 per cent of \$0.100 million is \$0.005 million.

20. The Commission's assessment of the \$1.03 million (decrease) between the 2021 approved and originally applied-for B&CC costs is therefore:

- \$0.922 million is attributable to the directed change in methodology from Direction 5 of Decision 25949-D02-2021;
- \$0.100 million is attributable to the directed changes in labour escalation factors from directions 9 and 10 of Decision 25949-D02-2021; and
- \$0.005 million is attributable to the directed change in the non-labour escalation factor from Direction 8 of Decision 25949-D02-2021.

21. Based on this assessment of the reduction in the 2021 forecast B&CC costs, the Commission finds that EEC has complied with directions 5, 8, 9 and 10 of Decision 25949-D02-2021.

22. The Commission notes that the change in the non-labour escalation factor from 1.90 per cent to 1.80 per cent also affected the forecast amounts for 2021 for the revenue from final notice fees and the revenue from late payment charges, both of which are categories in the 2021 COVID-19 deferral account. Using the information provided by EEC in Exhibit 27355-X0004, the Commission verified that the 2021 approved amounts for these two items were equal to the 2019 actual amounts plus 1.80 per cent.¹⁹

3.4.2 Verification of compliance with Direction 13 from Decision 25949-D02-2021

23. Direction 13 from Decision 25949-D02-2021 relates to the non-labour escalation factor used by EEC as part of its 2021 forecast for customer resolution costs. Customer resolution costs make up part of the revenue offsets component of the revenue requirement.²⁰ The Commission directed EEC to reduce the non-labour escalation factor from 1.9 per cent to 1.8 per cent.

24. In the application, EEC stated that "In compliance with this direction, ENMAX Energy confirms that it is using the approved escalation of 1.8% for its billing and customer care function for 2021."²¹ This was not helpful to the Commission, because, as noted above, customer resolution costs are included in the revenue offsets and do not form part of B&CC costs. The Commission was therefore required to do its own assessment of compliance.

25. The Commission verified that the initial 2021 forecast of \$85.983 thousand²² for customer resolution costs consisted of the 2019 actual costs,²³ plus a non-labour escalation factor of 1.90 per cent.²⁴ The Commission then verified that the revised 2021 forecast of

¹⁸ Proceeding 25949, Exhibit 25949-X0001, paragraph 61, Table 6.

¹⁹ Exhibit 27355-X0004, worksheet 'Sched 10 Rev Offset.'

²⁰ Decision 25949-D02-2021, paragraph 130, Table 3.

²¹ Exhibit 27355-X0001, application, paragraph 60.

²² Exhibit 27355-X0004, worksheet 'Sched 10 Rev Offset,' Excel cell P16.

²³ The 2019 actual costs were \$84.379 thousand, as reported on Exhibit 27355-X0004, worksheet 'Sched 10 Rev Offset,' Excel cell G16.

²⁴ Decision 25949-D02-2021, paragraph 139. Exhibit 27355-X0004, worksheet 'Sched 10 Rev Offset.'

\$85.900 thousand²⁵ consisted of the 2019 actuals plus the Commission-directed non-labour escalation factor of 1.80 per cent. Based on these verification procedures, the Commission finds that EEC had complied with Direction 13 of Decision 25949-D02-2021, because the revised 2021 forecast for customer resolution costs incorporates a non-labour escalation factor of 1.80 per cent.

3.4.3 Compliance with directions 14 and 3 from Decision 25949-D02-2021

26. In Direction 14 of Decision 25949-D02-2021, the Commission directed EEC to include as part of the current application, the necessary revenue requirement schedules revised to demonstrate compliance with the findings and determinations of Decision 25949-D02-2021. The revised revenue requirement schedules are set out in Exhibit 27355-X0004.

27. In Direction 3 of Decision 25949-D02-2021, the Commission directed EEC to adjust the bad debt expense forecast for 2021 in order to keep the daily administration charges for 2021 at the same level as its currently approved rates, and to include this revised bad debt expense as part of the current application. This means that the bad debt expense forecast was the last number to be determined, and would be done after all the other Commission-directed adjustments were made.

28. As noted earlier in this decision, the Commission found that EEC had complied with directions 5, 6, 7, 8, 9, 10 and 13 from Decision 25949-D02-2021. Furthermore, the calculated 2021 daily administration charges of \$0.2201 per site per day for residential customers, and \$0.1975 per site per day for commercial customers included on the revised requirement schedules filed by EEC in this proceeding,²⁶ are the same as those approved for 2021 in Decision 25949-D02-2021. This indicates that the bad debt forecast for 2021 has been revised as directed in Direction 3 of Decision 25949-D02-2021. Therefore, the Commission finds that EEC has complied with Direction 3 from Decision 25949-D02-2021. By extension, the Commission finds that EEC has complied with Direction 14 from Decision 25949-D02-2021 because it filed the revised requirement schedules and the revisions on those schedules resulted from directions 3, 5, 6, 7, 8, 9, 10 and 13.

4 Deficiencies in future applications

29. The Commission notes that EEC's application was deficient, necessitating considerable effort from Commission staff to identify and calculate the information relating to directions 3, 5, 8, 9, 10, 13 and 14. The Commission also notes that EEC failed to include the necessary information and calculations in support of an application to the Commission in previous applications.²⁷ EEC is reminded that, pursuant to Section 6.3(c) of Rule 001: *Rules of Practice*,

²⁵ Exhibit 27355-X0004, worksheet 'Sched 10 Rev Offset,' Excel cell S16.

²⁶ The calculation of the daily administration charges is included in Exhibit 27355-X0004, worksheet 'Sched 12 Admin Charge.'

²⁷ Decision 21646-D01-2016: ENMAX Energy Corporation, 2015-2016 Regulated Rate Option Non-Energy Tariff Compliance Filing and Non-Energy Rate Rider Application, Proceeding 21646, October 6, 2016, paragraphs 21-25; Decision 25551-D01-2020: ENMAX Energy Corporation, 2017-2020 Regulated Rate Option Non-Energy Tariff Compliance Application, Proceeding 25551, July 16, 2020, paragraphs 32-34; and Decision 25949-D02-2021, paragraphs 90-95, are examples of previous EEC applications that failed to include the necessary information and calculations in support of the application.

where an application is not complete when filed, the Commission may choose to dismiss the application and close the proceeding.

5 Order

30. It is hereby ordered that:

- (1) The Alberta Utilities Commission approves a 2021 non-energy COVID-19 deferral account refund balance for (\$0.465) million for ENMAX Energy Corporation, to be distributed to its regulated rate option customers through a rider refund of (\$0.1162) per site per day from August 1, 2022, to August 31, 2022.

Dated on June 24, 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
ENMAX Energy Corporation (EEA)

Alberta Utilities Commission
Commission panel V. Kostaskey, Acting Commission Member
Commission staff N. Sawkiw (Commission counsel) E. Chu D. Mitchell L. Bondad