



ATCO Electric Ltd.

2023 Interim Transmission Facility Owner Tariff

December 19, 2022

Alberta Utilities Commission

Decision 27835-D01-2022

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Proceeding 27835

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The Commission may, within 60 days of the date of this decision and without notice, correct typographical, spelling and calculation errors and other similar types of errors and post the corrected decision on its website.

1 Decision summary

1. In this decision, the Alberta Utilities Commission approves ATCO Electric Ltd.'s request for a 2023 interim transmission facility owner (TFO) tariff effective January 1, 2023. For the reasons that follow, ATCO Electric's 2023 monthly interim TFO tariff of \$55,545,333 is approved as filed.

2 Background

2. ATCO Electric applied to the Commission for approval of a 2023 interim TFO tariff pursuant to sections 37, 119 and 124(2) of the *Electric Utilities Act*. ATCO Electric requested that the Commission approve its application on an interim, refundable basis effective January 1, 2023.

3. ATCO Electric's 2023-2025 general tariff application is before the Commission in Proceeding 27062. ATCO Electric used the revised, applied-for 2023 tariff of \$676.2 million¹ from that proceeding as the starting point for its interim tariff request. ATCO Electric then removed the net impact² related to the 2023 Jasper Palisades Isolated Generation depreciation adjustment because of the potentially contentious nature of this item, resulting in an interim TFO tariff of \$666.5 million.

4. The applied-for 2023 interim TFO tariff of \$666.5 million is lower than the approved final 2022 TFO tariff of \$700.7 million³ primarily due to the applied-for discontinuation of the collection of future income tax (FIT). ATCO Electric advised that it will true up any difference between the 2023 interim TFO tariff and its final 2023 TFO tariff once the Commission approves ATCO Electric's 2023-2025 general tariff application in Proceeding 27062.

5. The Commission issued notice of application on December 5, 2022, advising interested parties to file a statement of intent to participate (SIP) by December 12, 2022. No SIPs were filed.

¹ Proceeding 27062, Exhibit 27062-X0350, Schedule 3-1, ATCO Electric Transmission 2023-2025 General Tariff Application.

² The \$7.5 million reduction included the secondary impacts to income tax and return on rate base.

³ Decision 26477-D01-2021: ATCO Electric Ltd., 2020-2022 General Tariff Application Compliance Filing, Proceeding 26477, September 1, 2021.

3 Commission findings

6. When evaluating interim rate applications, the Commission has consistently applied the two-part test established by its predecessor in Decision 2005-099.⁴ The first part of the test relates to the 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?⁵

7. 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 basis.⁶

8. 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 the requested tariff, approve only some of the portion of the requested tariff, or set the tariff to an amount that it deems just and reasonable.⁷

9. In this case, the applied-for interim TFO tariff is five per cent or \$34.2 million lower than the currently approved 2022 final TFO tariff of \$700.7 million. As Proceeding 27062 is not yet concluded, final rates will not be in place for January 1, 2023, and the Commission accepts that it is reasonable in the circumstances to establish interim rates that will apply in the meantime.

10. Further, the Commission considers the approval of ATCO Electric's 2023 interim TFO tariff of \$666.5 million will assist ATCO Electric in continuing to meet its financial obligations and ensure safe utility operations, while also providing customers rate stability and intergenerational equity when compared to ATCO Electric's proposed 2023 revenue requirement of \$676.2 million.

⁴ Decision 2005-099: ATCO Gas, 2005-2007 General Rate Application, Interim Rate Application, Application 1404168, August 29, 2005.

⁵ Decision 2005-099, PDF page 11.

⁶ Decision 2005-099, PDF page 12.

⁷ *Electric Utilities Act*, Section 124(1).

11. As noted earlier, ATCO Electric has excluded the one-time adjustment related to the depreciation of the Jasper Palisades Isolated Generation assets. Given the potentially contentious nature of this item, the Commission considers the removal of this item by ATCO Electric from its proposed 2023 interim TFO tariff is reasonable.

12. Accordingly, the Commission approves a monthly interim tariff of \$55,545,333 effective January 1, 2023. The interim transmission rate will be trued up after the Commission approves ATCO Electric's final 2023-2025 revenue requirement. The approved rate schedule is attached to this decision as [Appendix 2](#).

4 Order

13. It is hereby ordered that:

- (1) ATCO Electric Ltd.'s 2023 transmission facility owner tariff in the amount of \$55,545,333 per month is approved on an interim basis effective January 1, 2023, until otherwise directed by the Commission.

Dated on December 19, 2022.

Alberta Utilities Commission

(original signed by)

Kristjana Kellgren
Executive Director, Rates
On behalf of the Alberta Utilities Commission

Appendix 1 – Proceeding participants

Name of organization (abbreviation) Company name of counsel or representative
ATCO Electric Ltd. (ATCO Electric)

Alberta Utilities Commission
Delegated authority K. Kellgren, Executive Director, Rates
Commission staff M. McJannet A. Starkov C. Meulenbroek

Appendix 2 – 2023 interim TFO tariff[\(return to text\)](#)**Effective January 1, 2023**

**ATCO ELECTRIC LTD.
2023 RATE SCHEDULE
INTERIM TRANSMISSION TARIFF**

AVAILABLE: To the Alberta Electric System Operator (AESO)

APPLICABLE: To the AESO for use of the Company's transmission facility for the 2023 calendar year.

RATE: Interim Charges to the Transmission Administrator for the 2023 calendar year shall be:

Annual Tariff: \$666,543,992

Monthly Charges: \$55,545,333