



EPCOR Distribution & Transmission Inc.

**2023-2025 Transmission Facility Owner General Tariff
Application Negotiated Settlement Agreement and Other Matters**

April 4, 2023

Alberta Utilities Commission

Decision 27675-D01-2023

EPCOR Distribution & Transmission Inc.

2023-2025 Transmission Facility Owner General Tariff Application Negotiated Settlement
Agreement and Other Matters

Proceeding 27675

April 4, 2023

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1 Decision summary

1. In this decision, the Alberta Utilities Commission approves EPCOR Distribution & Transmission Inc.'s 2023, 2024 and 2025 general tariff application (GTA) negotiated settlement agreement (NSA) as filed and addresses other matters. The NSA reduced EPCOR's applied-for 2023-2025 revenue requirements to \$126.58 million for 2023, \$126.69 million for 2024 and \$130.05 million for 2025 from the applied-for amounts of \$129.73 million for 2023, \$130.31 million for 2024 and \$134.11 million for 2025.

2 Introduction and background

2. EPCOR is a transmission facility owner (TFO) that provides regulated electric transmission service in Alberta. EPCOR recovers the costs of providing electric transmission service through its transmission tariff, which must be approved by the Commission. Once approved, EPCOR recovers its tariff amounts from the Alberta Electric System Operator (AESO), which collects the costs of transmission services provided to Alberta ratepayers from their respective distribution facility owners (DFOs), and from ratepayers directly connected to the transmission system.

3. On September 29, 2022, EPCOR filed its 2023-2025 GTA, seeking Commission approval of the amount of revenue it requires to provide safe and reliable transmission service for 2023, 2024 and 2025. EPCOR's applied-for revenue requirement comprised all costs forecast to be incurred by EPCOR, including operating costs and a return of, and a fair return on, its investment in its transmission assets necessary to provide regulated electric transmission service to ratepayers.

4. EPCOR requested Commission approval of the following:

- Revenue requirements of \$129.73 million for 2023, \$130.31 million for 2024 and \$134.11 million for 2025;
- The continued use of deferral and reserve accounts, including the creation of a cloud-based software as a service (SaaS) cost deferral account;
- EPCOR's Terms and Conditions of Service, under which EPCOR provides transmission service to the AESO; and
- Compliance with past Commission directions.

5. The Commission issued a notice of application that required interested parties to submit a statement of intent to participate (SIP).¹ The Consumers' Coalition of Alberta (CCA)² and the Office of the Utilities Consumer Advocate (UCA)³ filed SIPs.

6. On October 3, 2022, EPCOR filed a letter indicating its intention to explore the possibility of reaching an NSA for the application.⁴ On October 26, 2022, the Commission issued its notice of hearing and directions on procedure,⁵ which contained the process schedule for the proceeding. In that schedule, the Commission indicated that December 23, 2022, would be the start date of the designated negotiated settlement process (NSP).

7. On February 3, 2023, EPCOR filed a letter with the Commission indicating that it had reached a unanimous NSA in principle with the UCA and the CCA settling all matters arising from its 2023-2025 GTA.⁶ On February 13, 2023, EPCOR filed the 2023-2025 GTA NSA.⁷

8. A timeline of significant steps in this proceeding is attached as [Appendix 3](#).

9. The NSA reached by the parties reduces EPCOR's applied-for 2023-2025 revenue requirements from \$129.73 million to \$126.58 million for 2023, \$130.31 million to \$126.69 million for 2024 and \$134.11 million to \$130.05 million for 2025.

10. EPCOR submitted that the NSA was negotiated on the basis that the Commission must either approve the entire settlement or refuse it, in accordance with Section 135 of the *Electric Utilities Act*.⁸ In the NSA, EPCOR withdrew its request for approval of a deferral account for its forecast cloud-based SaaS costs. Instead, the NSA required interveners to support EPCOR's request for Commission approval of forecast cloud-based SaaS costs to be treated as capital costs, in the amount of \$0.16 million, \$0.10 million and \$0.22 million in 2023, 2024 and 2025, respectively, with an amortization period of 15 years. EPCOR confirmed that the Commission can still approve the NSA even if it does not approve EPCOR's proposed treatment of 2023-2025 cloud-based SaaS costs.⁹ Accordingly, the Commission will proceed on that basis for the purposes of this decision.

11. This decision is composed of four main sections: Section 3 addresses all matters related to the NSA; Section 4 addresses the Commission's decision regarding the treatment of EPCOR's 2023-2025 cloud-based SaaS costs; Section 5 addresses EPCOR's compliance with past Commission directions; Section 6 briefly addresses the regulatory policy evidence filed by the CCA with respect to "efficient planning of the system";¹⁰ and Section 7 discusses EPCOR's 2023 transmission tariff true-up.

¹ Exhibit 27675-X0091.

² Exhibit 27675-X0095.

³ Exhibit 27675-X0097.

⁴ Exhibit 27675-X0092.

⁵ Exhibit 27675-X0109.

⁶ Exhibit 27675-X0164, paragraph 1.

⁷ Exhibit 27675-X0169.01.

⁸ Section 135 of the *Electric Utilities Act* states: "If the parties negotiate a settlement on the basis that the settlement is contingent on the Commission's accepting the entire settlement, the Commission must either approve the entire settlement or refuse it."

⁹ Exhibit 27675-X0169.01, paragraphs 34 and 62; Exhibit 27675-X0176, EDTI-AUC-2023FEB21-001, PDF pages 2-3.

¹⁰ Exhibit 27675-X0155, CCA evidence.

12. This decision addresses matters that the Commission has determined to be required to be specifically addressed. If a matter is not specifically addressed in this decision, it is because the Commission finds the applied-for costs associated with the matter to be reasonable and the request is therefore approved as filed.

3 Negotiated settlement

3.1 Law and Commission requirements governing negotiated settlements

13. The Commission established Rule 018: *Rules on Negotiated Settlements* under Section 132 of the *Electric Utilities Act*.¹¹ Section 6 of Rule 018 sets out requirements for the contents of a negotiated settlement application, and provides that the onus is on the applicant to provide sufficient evidence to support the application and enable the Commission to understand and assess the agreement. Section 7 of Rule 018 includes requirements for the Commission's assessment of the agreement. The Commission structured this settlement process in accordance with Rule 018.

14. The Commission has considered negotiated settlements in rate cases where there has been unanimous agreement and has consistently indicated that the test requires consideration of three factors: (i) was the negotiation process fair, including with respect to notice and the conduct of the process itself; (ii) will the settlement result in just and reasonable rates; and (iii) are any of the settlement provisions, individually or collectively, patently against the public interest or contrary to law?¹²

15. In considering these requirements, the Commission has taken into account the direction of the Alberta Court of Appeal as set out in *ATCO Electric Limited v Alberta (Energy and Utilities Board)*¹³ (ATCO Electric decision), where the court found that the ultimate responsibility for approval of negotiated settlements must rest with the independent body. Thus, responsibility for approving negotiated settlements and ensuring that the NSP and the review process of negotiated settlements operates in a fair and reasonable manner rests with the Commission.

16. In assessing a settlement, the Commission is aware that, while one or more of the interested parties to a settlement may represent certain stakeholders, none will represent all stakeholders. Further, as noted by the court at paragraph 138 of the ATCO Electric decision, "... even a broad range of Interveners will not necessarily translate into a wide spectrum of positions since parties may make trade-offs which leave other issues unresolved, unaddressed or compromised."¹⁴ Consequently, the NSP does not replace a full and informed review by the

¹¹ Section 132 of the *Electric Utilities Act* requires that the Commission recognize or establish rules, practices and procedures to facilitate the negotiated settlement of matters arising under the act.

¹² See, for example, Decision 21149-D01-2016 (Errata): ENMAX Power Corporation, Distribution 2015-2017 Performance-Based Regulation – Negotiated Settlement Application and Interim X Factor, Proceeding 21149, October 3, 2016, paragraph 29; Decision 25726-D01-2021: ENMAX Power Corporation, 2021-2022 General Tariff Application Negotiated Settlement Agreement and Excluded Matters, Proceeding 25726, June 16, 2021, paragraph 23; Decision 23966-D01-2020 (Corrigenda): ENMAX Power Corporation, 2018-2020 General Tariff Application Negotiated Settlement Agreement and Excluded Matters, Proceeding 23966, July 30, 2020; and Decision 26207-D01-2021: Direct Energy Regulated Services, 2020-2022 Default Rate Tariff and Regulated Rate Tariff – Negotiated Settlement Agreement, Proceeding 26207, June 4, 2021, paragraph 18.

¹³ *ATCO Electric Limited v Alberta (Energy and Utilities Board)*, 2004 ABCA 215.

¹⁴ ATCO Electric decision, paragraph 138.

Commission as to what is in the overall public interest. Because EPCOR had requested and received Commission approval to negotiate a settlement; subsequently negotiated with parties representing ratepayers; executed the NSA; and then applied to the Commission for approval of the NSA in its entirety, the Commission has proceeded on the basis that the NSA satisfies EPCOR's interests and has only assessed the NSA from the point of view of ratepayers. This is consistent with the ATCO Electric decision.¹⁵

17. Given the statutory requirements, Rule 018 and the relevant case law, the Commission has considered all of the following factors in making its determination on whether the NSA should be accepted or rejected in its entirety:

- **Fairness of the NSP:** assessing whether there was procedural fairness, both with respect to adequate notice having been served and with respect to the conduct of the negotiation process itself.
- **Public interest:**
 - **Just and reasonable rates:** considering the reasonableness of the individual elements that make up the application to the extent they have been set out in the NSA.
 - **Patently against the public interest or contrary to law:** conducting a review of each of the material provisions of the NSA to determine whether these provisions, individually, appear contrary to accepted regulatory practices, or could result in undue rate and service effects on ratepayers or are clearly contrary to law.

18. The Commission's findings on the NSP and on the specific provisions of the NSA, apart from EPCOR's proposed treatment of 2023-2025 cloud-based SaaS costs (addressed in Section 4), are discussed below.

3.2 Fairness of the NSP

19. The first factor that the Commission considers is whether the NSP that resulted in the NSA was fair.

20. Starting with the conduct of the negotiation process, EPCOR submitted that the settlement negotiations were fair, and that all parties were well-informed and able to fully participate.¹⁶ The CCA and the UCA also filed correspondence with the Commission attesting to the fair and open manner in which the negotiation was conducted.¹⁷ The Commission notes that the CCA and the UCA are sophisticated parties with significant experience in negotiated settlements, and considers that they represent a reasonable cross-section of ratepayers. The Commission is satisfied that parties had the opportunity to participate meaningfully and that the negotiations were conducted in an open and fair manner.

21. Turning to the issue of adequate notice, Section 3 of Rule 018 deals with the provision of notice by a utility to parties who may be interested in participating in negotiations. Under Section 3, the Commission requires a statement in a settlement agreement confirming that proper

¹⁵ ATCO Electric decision, paragraph 146.

¹⁶ Exhibit 27675-X0169.01, paragraphs 46-50.

¹⁷ Exhibits 27675-X0166 and 27675-X0167.

notice was provided by the applicant to all interested parties. EPCOR submitted that adequate notice was provided to parties, noting that the Commission's approval of the NSP was posted on the public record of the proceeding, and that the NSA includes a statement confirming that EPCOR provided proper notice to all interested parties.¹⁸ The Commission finds that EPCOR provided adequate notice to parties.

22. Finally, Section 6(1) of Rule 018 provides that, when an agreement is reached on all or some of the issues, the text of the agreement, including a representation that no party has withheld relevant information, must be circulated to all parties to the agreement. EPCOR addressed this requirement under clause 6.0.1 of the NSA.¹⁹ The Commission accepts that Section 6(1) of Rule 018 has been met with respect to relevant information.

23. In view of the above and a review of the entire NSP, the Commission is satisfied that the NSP was fair and that EPCOR has complied with the requirements set out in Section 6(3) of Rule 018.

3.3 Public interest

24. The second factor that the Commission considers is whether the NSA is in the public interest, including whether it will result in just and reasonable rates. The Commission is guided by the *Electric Utilities Act* and Rule 018, and in particular Section 8(2) of Rule 018, which states that the Commission must intervene if it determines that a unanimous settlement agreement is patently against the public interest or contrary to law.

25. In conducting the public interest assessment and because the Commission must consider the NSA as a whole, the Commission has considered the public interest broadly from the ratepayers' perspective in accordance with the guidance provided by the Alberta Court of Appeal referred to in the ATCO Electric decision discussed above. The Commission also considered whether the effect of the NSA, taken as a whole, would lead to rates and terms and conditions of service that are just and reasonable. In addition, in considering the public interest, the Commission reviewed each of the material provisions of the NSA to determine whether any of these provisions appears to be unusual, contrary to accepted regulatory practices, or could result in undue rate effects, service concerns, preferences or other concerns in future rate applications.

26. In conducting its public interest analysis, the Commission has taken into account all information on the record. The NSA reflects information filed in this proceeding prior to the commencement of negotiations. This information provided the Commission with an additional basis upon which to conduct its public interest analysis.

27. EPCOR submitted that, "the rates that will result from the NSA meet the just and reasonable standard."²⁰ EPCOR also submitted that "the AUC process within which it took place complied with applicable law and regulatory practice."²¹ EPCOR provided a summary of the terms of the NSA for EPCOR's 2023-2025 GTA in the table below. The table also includes minor revenue requirement adjustments arising from errors identified in information request (IR)

¹⁸ Exhibit 27675-X0169.01, Section 4.6.1; Exhibit 27675-X0170, paragraph 6.

¹⁹ Exhibit 27675-X0170, PDF page 8.

²⁰ Exhibit 27675-X0169.01, paragraph 55.

²¹ Exhibit 27675-X0169.01, paragraph 53.

responses from EPCOR and second order impacts.²² In total, all revenue requirement adjustments correspond to a \$10.81 million reduction to EPCOR's 2023-2025 revenue requirements.

Table 1. Impact to revenue requirement of agreed adjustments

Item	2023	2024	2025
	(\$ million)		
Tariff Application – Applied for Revenue Requirement	129.73	130.31	134.11
Corrections Identified in IR responses			
Inland Cement Load & Reliability – Local Investment Amount (EDTI-AUC-2022NOV28-033(b))	-	(0.02)	(0.03)
Lead Lag Days for Salaries (EDTI-AUC-2022NOV28-050)	-	(0.00)	(0.00)
Total of Corrections	-	(0.02)	(0.03)
Agreed Adjustments			
Mid-Term Incentive Program	(0.07)	(0.07)	(0.07)
Cloud-Based SaaS	(0.15)	(0.07)	(0.18)
Corporate Costs – Communications & Community Relations	(0.06)	(0.05)	(0.06)
Transmission Function FTE [full-time equivalent] Growth	(0.27)	(0.30)	(0.34)
Contractor Inflation Rates	(0.00)	(0.06)	(0.11)
Additional Operating and Maintenance Account Reductions	(0.15)	(0.15)	(0.15)
Power Transformer LCR Program	-	(0.37)	(0.55)
Protective Relay and Control System LCR program	-	-	(0.15)
Depreciation Service Lives and Terminal Accounts	(2.49)	(2.42)	(2.27)
Retirement Schedule and DLM	0.12	-	-
Working Capital for Inventory	(0.03)	(0.03)	(0.03)
Total of Adjustments	(3.10)	(3.52)	(3.90)
Second Order Impacts	(0.04)	(0.08)	(0.13)
Revenue Requirement Applied for in this Application	126.58	126.69	130.05
Total Variance from Tariff Application	(3.14)	(3.62)	(4.05)

Source: Exhibit 27675-X0169.01, Table 4.2.2-1, PDF page 15.

28. The scope of this proceeding is EPCOR's forecast revenue requirement for the 2023-2025 test period. In the Commission's view, the NSA represents a unanimous agreement reached as a result of a successful negotiation that typically reflects a number of compromises of different interests and positions of the parties. The signatories to the NSA represent a constituent group of Albertans that has historically participated in the testing of EPCOR's GTAs, which supports a finding that the NSA is in the public interest.

29. On the basis of the Commission's assessment of provisions of the NSA as described above, along with the detailed analysis of the application and IR responses, the Commission finds that the NSA, taken as a whole, is not patently against the public interest or contrary to law, and finds that the NSA should result in rates and terms and conditions that are just and reasonable, as required by Section 8 of Rule 018. Accordingly, the Commission approves the NSA as filed, and attached as [Appendix 4](#) to this decision.

²² Exhibit 27675-X0169.01, PDF page 15: EPCOR explained that "second order impacts occur due to allocation changes (because the agreed upon adjustments cause changes in the inputs to the allocation models), as well as changes to interest on debt and return on rate base (WACC [weighted average cost of capital]) costs (because the agreed upon adjustments cause changes to the inputs to the financial models for these amounts), which have an impact on costs and working capital that are not easy to independently quantify when assessing the impact to revenue requirement of each adjustment."

4 Treatment of cloud-based SaaS costs

30. In accordance with the NSA, EPCOR withdrew its request for approval of a deferral account for its cloud-based SaaS costs for the 2023-2025 test period.²³ EPCOR also requested that forecast cloud-based SaaS costs of \$0.16 million for 2023, \$0.10 million for 2024 and \$0.22 million for 2025 be treated as capital costs with a 15-year amortization period.²⁴ EPCOR explained that it had initially proposed a 10-year amortization period, consistent with the service life it uses for on-premise software and hardware assets, but EPCOR agreed to a 15-year amortization period due to the limited experience of EPCOR and other industry participants assessing the service life of cloud-based systems.²⁵ Under the NSA, interveners agreed to support EPCOR's request.

31. EPCOR submitted that, for International Financial Reporting Standards (IFRS) purposes, costs associated with cloud projects for items such as configuration and system set up should be treated as operating expenses and included in the revenue requirement in the year they occur.²⁶ For regulatory purposes, EPCOR requested that these costs be treated as capital expenses, which is a deviation from IFRS accounting treatment.

32. The Commission approves EPCOR's request to capitalize forecast cloud-based SaaS costs of \$0.16 million in 2024, \$0.10 million in 2024 and \$0.22 million in 2025, with an amortization period of 15 years. The Commission notes that, in accordance with Rule 026, it may approve regulatory accounting treatments that deviate from IFRS, as long as the deviation and its impact are in the public interest.²⁷ The Commission finds that EPCOR's proposed capitalization treatment of the 2023-2025 cloud-based SaaS costs is in the public interest and is reasonable because: (i) the 2023-2025 costs are immaterial and the amortization of the costs over a 15-year period will have minimal or insignificant impact to EPCOR's current or future revenue requirements; and (ii) the proposed treatment is supported by interveners who represent a cross-section of ratepayers.

33. The Commission notes that its approval of EPCOR's proposed capitalization treatment of 2023-2025 cloud-based SaaS costs pertains only to the 2023-2025 test period and recognizes that the agreed-upon treatment reflects the give and take of an NSP. The Commission will assess any future request to include cloud-based SaaS costs in revenue requirement and rates on the basis of that particular application.

²³ Exhibit 27675-X0169.01, paragraph 29.

²⁴ EPCOR noted that the effect of the change from the originally filed operating expense/deferral account treatment to the capital treatment reflected in the NSA is a decrease in the corporate services costs allocated to EPCOR's transmission function, and an increase in the corporate asset usage fees of \$0.01, \$0.03 and \$0.03 million in 2023, 2024 and 2025, respectively, charged to EPCOR's transmission function. The cloud-based SaaS amounts in Table 1 reflect this increase in corporate asset usage fees. See Exhibit 27675-X0169.01, paragraph 33, and Exhibit 27675-X0176, EDTI-AUC-2023FEB21-002(b), PDF page 6, for EPCOR's explanation.

²⁵ Exhibit 27675-X0169.01, paragraphs 30-31.

²⁶ Exhibit 27675-X0006.02, paragraph 336, PDF page 127.

²⁷ Rule 026: *Rule Regarding Regulatory Account Procedures Pertaining to the Implementation of the International Financial Reporting Standards*, Appendix 1 – Guiding principles.

5 Compliance with Commission directions

34. EPCOR’s compliance with Commission directions is a matter excluded from the NSA. The Commission finds that EPCOR has complied with Commission directions²⁸ and requires that the directions related to the Heartland Damper Replacement costs²⁹ and the Garneau Switchgear Replacement³⁰ be addressed in EPCOR’s next GTA as discussed below.

35. In its GTA, EPCOR identified two directions pertaining to the Heartland Damper Replacement costs and Garneau Switchgear Replacement that were not complied with or required further comment. With respect to the Heartland Damper Replacement costs direction, EPCOR noted the damper repair dispute with AltaLink Management Ltd. has not been resolved. As litigation for the damper repair costs is still ongoing, EPCOR’s share of the replacement costs continues to be included on a placeholder basis.³¹ Therefore, the Commission directs EPCOR to update the damper placeholder costs upon resolution of litigation in its next GTA.

36. Regarding the Garneau Switchgear Replacement direction, EPCOR explained that it is not anticipating that the Garneau substation load will reach the level at which the switchgear would normally be replaced during the 2023-2025 test period. As such, EPCOR is not forecasting a refund to the University of Alberta during the 2023-2025 test period.³² The Commission therefore reiterates its direction that in EPCOR’s next GTA, where the University of Alberta refund is expected to be applied, EPCOR is directed to provide the refund and the proposed net book value of the assets to be recovered through rates.

37. The Commission also approves EPCOR’s request to discontinue addressing certain directions and to discontinue complying with certain directions, as listed below:

Table 2. Ongoing directions

Subject	Direction #	Decision reference	Proposal
Business Cases	17	2004-067, Page 105	Discontinue Addressing
	2, 3	2014-269, Paras. 45-46	
Succession Planning FTEs	10	2006-054, Page 31	Discontinue Addressing
	4	2014-269, Para. 47	
Post Implementation Reviews (PIRs)	28	2006-054, Page 70	Discontinue Addressing
	5	2014-269, Para. 48	
Impact of Project Delays on Safety	22	2010-505, Para. 416	Discontinue Addressing
	6	2014-269, Para. 51	
Capital Continuity Schedules	1	2012-272, Para. 23	Discontinue Addressing
Direction Numbers	1	2014-269, Para. 27	Discontinue Addressing
Account Naming and Numbering	22	23165-D01-2018, Para. 483	Discontinue Addressing
Composite Cost Causation Allocator	21	2012-272, Para. 426	Relief from Complying
	10	2014-269, Para. 62	

Source: Exhibit 27675-X0006.02, Table 2.0-2, PDF page 160.

38. With respect to the directions that EPCOR sought to discontinue addressing, EPCOR explained that compliance with these directions has become ingrained in its applications such

²⁸ Exhibit 27675-X0006.02, Table 2.0-1, PDF page 159.

²⁹ Direction 2, Decision 24798-D01-2020: EPCOR Distribution & Transmission Inc., 2020-2022 Transmission Facility Owner Tariff Application, Proceeding 24798, April 17, 2020, paragraph 60.

³⁰ Direction 13, Decision 24798-D01-2020, paragraph 212.

³¹ Exhibit 27675-X0130, EDTI-AUC-2022NOV28-025(c), PDF page 134.

³² Exhibit 27675-X0006.02, paragraph 443, PDF page 169.

that it has become unproductive and unnecessary for EPCOR to continue addressing these directions. EPCOR submitted that its proposed relief is consistent with the Commission's efforts to reduce regulatory burden and improve efficiency.³³

39. The Commission agrees with EPCOR that the directions that it is requesting relief from addressing compliance with are already included in EPCOR's GTA filings (for example, information related to post-implementation reviews or continuity schedules) or are redundant based on the minimum filing requirements (MFRs) of the Commission. As such, EPCOR's requested relief to discontinue reporting compliance with these directions is reasonable as it does not reduce the information required to assess EPCOR's GTAs. EPCOR's requested relief is granted.

40. With respect to EPCOR's request that it should no longer be required to comply with directions regarding composite cost causation allocators from Decision 2012-272³⁴ (Direction 21), and Decision 2014-269³⁵ (Direction 10), the Commission is satisfied with EPCOR's explanation that the difference between using headcount (or FTEs) versus payroll to determine the allocator is minimal and has been stable for the last five proceedings covering 10 years.³⁶ A comparison of payroll, headcount, or FTEs as inputs into the composite cost allocator is no longer required as the difference between inputs has an immaterial impact on revenue requirement. The Commission finds that EPCOR's use of headcount as the labour component of its composite cost allocator is reasonable. EPCOR is no longer required to comply with the composite cost causation allocator directions in future GTAs.

6 Commission's comments on the regulatory policy evidence filed by the CCA

41. In this section of the decision, the Commission addresses the evidence filed by the CCA,³⁷ which discusses the "electricity transition and its implications for system planning" in Alberta, and which the CCA referenced as regulatory policy evidence.

42. The CCA submitted that optimization of costs across the interconnected system through distribution or non-wires solutions may not be possible due to the difference in regulatory regimes for TFOs (cost of service) and DFOs (performance-based regulation (PBR)) in Alberta. In the regulatory policy evidence, the CCA recommended that the Commission consider a generic proceeding to establish a regulatory regime for TFOs such as PBR, where "EDTI and other TFOs are incented to jointly optimize with DFOs, costs for the interconnected system, over the long term."³⁸ The CCA submitted that the regulatory policy evidence should be dealt with outside of the NSP for EPCOR,³⁹ and subsequently advised by letter:

CCA recommends that the Commission consider the regulatory policy recommendations made in the CCA sponsored evidence within the context of proceeding 27675 and make

³³ Exhibit 27675-X0006.02, paragraph 415, PDF page 159.

³⁴ Decision 2012-272: EPCOR Distribution & Transmission Inc., 2012 Phase I and II Distribution Tariff 2012 Transmission Facility Owner Tariff, Proceeding 1596, Application 1607944, October 5, 2012.

³⁵ Decision 2014-269: EPCOR Distribution & Transmission Inc., 2013 and 2014 Transmission Facility Owner Tariff, Proceeding 2758, September 18, 2014.

³⁶ Exhibit 27675-X0007.01, Appendix A, tables A.8-1 and A.8-2, PDF pages 6-7.

³⁷ Exhibit 27675-X0155.

³⁸ Exhibit 27675-X0155, paragraph 24.

³⁹ Exhibit 27675-X0155, paragraph 31.

its determinations respecting how it may choose to use that evidence, as it provides support for the viability of alternative approaches to enabling EDTI and possibly other Transmission Facility Owners to achieve cost control in future test years.⁴⁰

43. The issues raised by the CCA in its regulatory policy evidence are not relevant to assessing EPCOR's 2023-2025 GTA NSA. The Commission is committed to ensuring customers receive safe and reliable service at just and reasonable rates, which may include exploring alternative ratemaking approaches in the future. However, if the Commission wishes to explore an incentive-based approach to address cost optimization in the future, a broader consultation or generic process would be required.

7 EPCOR's rate schedules and 2023 transmission tariff true-up

44. EPCOR is currently providing transmission service under its 2023 interim tariff of \$121.15 million, or \$10.10 million monthly, approved by the Commission in Decision 27696-D01-2022.⁴¹

45. The 2023, 2024 and 2025 final tariffs of \$126.58 million, \$126.69 million and \$130.05 million, respectively, approved by the Commission in this decision, result in monthly tariffs to be charged to the AESO as follows:

- For the period May 1, 2023, to December 31, 2023, a monthly charge of \$10.55 million.
- For the period January 1, 2024, to December 31, 2024, a monthly charge of \$10.56 million.
- For the period January 1, 2025, to December 31, 2025, a monthly charge of \$10.84 million.⁴²

46. EPCOR calculated the required January 2023 through April 2023 true-up amount as a one-time true-up charge to the AESO of \$1.81 million.⁴³

47. The Commission finds that the annual tariff and monthly rates for the 2023-2025 test years correspond to the respective revenue requirements and are approved on a final basis. The Commission also approves a one-time true-up charge to the AESO of \$1.81 million for the revenue shortfall resulting from the difference between EPCOR's interim and approved monthly tariffs between January 1, 2023, and April 30, 2023. The Commission also approves the 2023, 2024 and 2025 final tariffs and monthly charges noted above, arising from the negotiated settlement between EPCOR and interested parties.

48. EPCOR's 2023-2025 rate schedules are attached as [Appendix 5](#).

⁴⁰ Exhibit 27675-X0174, paragraph 3.

⁴¹ Decision 27696-D01-2022: EPCOR Distribution & Transmission Inc., 2023 Interim Transmission Facility Owner Tariff, Proceeding 27696, November 17, 2022.

⁴² Exhibit 27675-X0182.

⁴³ Calculated as the difference between EPCOR's 2023 final monthly tariff of \$10.55 million and EPCOR's 2023 interim monthly tariff of \$10.10 million, multiplied by four months.

8 Order

49. It is hereby ordered that:

- (1) EPCOR Distribution & Transmission Inc.'s transmission facility owner revenue requirements are approved in the amount of \$126,584,885 for the year 2023, \$126,689,513 for the year 2024 and \$130,053,298 for the year 2025.
- (2) The 2023-2025 rate schedules attached as Appendix 5 to this decision are approved on a final basis, effective May 1, 2023.
- (3) EPCOR Distribution & Transmission Inc. is to collect, on a one-time basis, the amount of \$1,810,505 from the Alberta Electric System Operator to true up the difference between the existing interim rates and final rates for the period from January 1, 2023, to April 30, 2023, as described in Section 7 of this decision.

Dated on April 4, 2023

Alberta Utilities Commission

(original signed by)

Vera Slawinski
Panel Chair

(original signed by)

Matthew Oliver, CD
Commission Member

Appendix 1 – Proceeding participants

Name of organization (abbreviation) Company name of counsel or representative
EPCOR Distribution & Transmission Inc. (EPCOR or EDTI) Borden, Ladner Gervais LLP
Consumers' Coalition of Alberta (CCA)
Office of the Utilities Consumer Advocate (UCA) Brownlee LLP

Alberta Utilities Commission
Commission panel V. Slawinski, Panel Chair M. Oliver, CD, Commission Member
Commission staff J. Graham (Commission counsel) F. Alonso L. Mullen M. McJannet E. Davis D. Lucas K. O'Neill L. Zhang

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 its GTA, EPCOR identified two directions pertaining to the Heartland Damper Replacement costs and Garneau Switchgear Replacement that were not complied with or required further comment. With respect to the Heartland Damper Replacement costs direction, EPCOR noted the damper repair dispute with AltaLink Management Ltd. has not been resolved. As litigation for the damper repair costs is still ongoing, EPCOR’s share of the replacement costs continues to be included on a placeholder basis. Therefore, the Commission directs EPCOR to update the damper placeholder costs upon resolution of litigation in its next GTA..... paragraph 35
2. Regarding the Garneau Switchgear Replacement direction, EPCOR explained that it is not anticipating that the Garneau substation load will reach the level at which the switchgear would normally be replaced during the 2023-2025 test period. As such, EPCOR is not forecasting a refund to the University of Alberta during the 2023-2025 test period. The Commission therefore reiterates its direction that in EPCOR’s next GTA, where the University of Alberta refund is expected to be applied, EPCOR is directed to provide the refund and the proposed net book value of the assets to be recovered through rates. paragraph 36

Appendix 3 – Significant process steps

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Date	Description
September 29, 2022	EPCOR files its 2023-2025 GTA.
October 3, 2022	EPCOR files letter communicating its intent to enter a NSP for its GTA. Commission issues notice of application.
October 14, 2022	Commission requests EPCOR to provide an updated application and MFR schedules to address certain errors and omissions.
October 17, 2022	Deadline for SIPS. SIPS are received from the CCA and the UCA.
October 26, 2022	The Commission establishes the process schedule for this proceeding and issues preliminary issues list.
October 31, 2022	Parties file comments on the preliminary issues list.
November 7, 2022	Commission issues ruling on final issues list.
November 17, 2022	EPCOR files application and MFR schedules updates.
November 28, 2022	Commission and interveners file IRs to EPCOR.
December 12, 2022	EPCOR files IR responses.
December 23, 2022	Intervenors file evidence. NSP commences.
February 3, 2023	EPCOR files NSP results, indicating that a full NSA was reached.
February 10, 2023	EPCOR files a letter requesting an extension to file the NSA to February 13, 2023. The UCA files a letter containing comments regarding the fairness of the NSP.
February 13, 2023	EPCOR files the NSA. The CCA files a letter containing comments regarding the fairness of the NSP.
February 21, 2023	The Commission issues IRs on the NSA to EPCOR.
March 3, 2023	EPCOR files IR responses on the NSA.
March 7, 2023	The Commission issues a letter cancelling oral argument and reply argument for the proceeding and indicating a close of record date of March 3, 2023.

Appendix 4 – NSA

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Appendix 4 - NSA

(consists of 13 pages)

Appendix 5 – 2023-2025 rate schedules

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Appendix 5 -
2023-2025 rate schedules
(consists of 3 pages)

SETTLEMENT AGREEMENT

THESE TERMS OF SETTLEMENT for the negotiated settlement of the 2023-2025 Transmission Facility Owner Tariff (“**2023-2025 TFO Tariff**”) Application of EPCOR Distribution & Transmission Inc. are made and entered into as of February 8, 2023.

AMONG:

EPCOR Distribution & Transmission Inc. (“EDTI”),

and

**OFFICE OF THE UTILITIES CONSUMER
ADVOCATE (the “UCA”),**

and

**CONSUMERS’ COALITION OF ALBERTA
(the “CCA”),**

each, a “**Party**” and collectively, the “**Parties**”.

WHEREAS:

- A. EDTI filed its application for approval of its 2023-2025 TFO Tariff with the Alberta Utilities Commission (the “**AUC**”) on September 29, 2022 (Exhibit 27675-X0006.01 and related appendices and schedules);
- B. the AUC established Proceeding 27675 to consider the application;
- C. in its Notice of Hearing and Directions on Procedure letter dated October 26, 2022 (“**Notice of Hearing**”) the AUC approved a negotiated settlement process (“**NSP**”) for EDTI with the CCA and UCA (collectively, the “**Intervenors**”), pursuant to Section 4 of Rule 018: *Rules on Negotiated Settlements*, directed at achieving a settlement of the application;
- D. the AUC directed in its Notice of Hearing that EDTI submit the results of the NSP by no later than February 3, 2023, and to file any Negotiated Settlement Agreement (“**NSA**”) for approval by no later than February 10, 2023;

- E. on November 17, 2022, in accordance with directions of the Commission, EDTI filed a revised version of its application (Exhibit 27675-X0006.02 and related appendices and schedules);
- F. on December 12, 2022, EDTI filed its responses to information requests and identified two corrections to its re-filed Application that will be reflected in its compliance filing in this proceeding (Exhibit 27675-X0130, EDTI-AUC-2022NOV28-033(b) and EDTI-AUC-2022NOV28-050) (the revised version of the application filed on November 17, 2022 as corrected by these two information request responses is referred to in this NSA as the “**Application**”);
- G. on December 15, 2022, the Commission determined that it would not exclude any items from the NSP;
- H. the Parties engaged in an NSP from December 23, 2022 to January 30, 2023; and
- I. on January 30, 2023, the Parties reached an agreement in principle for a negotiated settlement of the Application.

IN CONSIDERATION of the mutual promises made in this Settlement Agreement and for other good and valuable consideration, the receipt and sufficiency of which are hereby expressly acknowledged by each of the Parties, and subject to the conditions hereinafter set out, the Parties agree as follows:

1.0 Scope of this Settlement Agreement

- .1 This Settlement Agreement settles all aspects of the Application.

2.0 Approval of the Application as modified by this Settlement Agreement

- .1 The Parties agree that the AUC should approve the 2023-2025 forecast revenue requirement reflected in the Application (the “**Forecast Revenue Requirement**”), subject only to the specific adjustments and modifications provided in Article 3.0. The Interveners agree not to oppose EDTI’s application to the AUC for approval of this Settlement Agreement.

3.0 Agreed Adjustments

3.1 General

- .1 The Parties acknowledge that the dollar amounts of the agreed-upon adjustments to the Forecast Revenue Requirement identified in this Settlement Agreement are reasonable estimates only, and that the actual amounts will be calculated by EDTI using the financial models on which its Application was based. The Parties agree that EDTI will file with its Application for Approval of this Settlement Agreement revised MFR Schedules incorporating the agreed-upon adjustments.

3.2 Mid-Term Incentive Program

- .1 EDTI's Mid-Term Incentive Program costs (Application, Table 1.5.5.3-3, Row 4) will be removed from the Forecast Revenue Requirement, in the amount of \$0.07 million for each of 2023, 2024 and 2025.

3.3 Cloud-Based Software as a Service ("SaaS")

- .1 EDTI agrees to withdraw its request for approval of a deferral account for the 2023-2025 test period in respect of cloud-based SaaS costs (Application, section 1.6.4). The Interveners agree to support a request by EDTI for a direction from the AUC to allow EDTI's 2023-2025 forecast cloud-based SaaS costs (Application, Table 1.6.4-1) to be capitalized, and amortized over 15 years, despite the IFRS requirement that they be treated as operating rather than capital costs. The parties agree that the foregoing points of agreement are without prejudice to EDTI's ability, in future tariff applications for future test periods, to request approval of a different amortization period and/or to request deferral account treatment for cloud-based SaaS costs.

3.4 Corporate Costs – Communications & Community Relations

- .1 EDTI's Forecast Revenue Requirement for Corporate Communications costs (Application, Table 25.0-1, Row 27) will be reduced by \$0.06, \$0.05 and \$0.06 million in 2023, 2024 and 2025, respectively. These amounts represent the estimated Forecast Revenue Requirement amounts associated with the ESG Senior Manager position, the Digital Advisor position and the use of a net income allocator of 8.4% in each year of the test period instead of 9.8%, 9.3% and 9.3%, respectively, for these costs.

3.5 Transmission Function FTE Growth

- .1 EDTI's Forecast Revenue Requirement for salary, labour, fringe and burden costs (the sum of Rows 6 plus 10 of Table 1.5.4.2-1 in the Application) will be reduced by \$0.53 million in each year of the test period. Approximately 49% of this reduction (or \$0.26 million per year) will relate to operating labour costs, and 51% (or \$0.27 million per year) will relate to capital costs (which will reduce EDTI's forecast capital additions), in alignment with the overall proportion of forecast operating and capital FTEs. The Forecast Revenue Requirement decrease associated with the capital addition reductions is estimated to be approximately \$0.02, \$0.03 and \$0.04 million in 2023, 2024 and 2025, respectively.
- .2 The Parties agree that EDTI will use its discretion to adjust its forecast operating costs and capital additions within the accounts and capital projects/programs in which it considers it is most likely to be able to achieve the agreed upon reductions.

3.6 Contractor Inflation Rates

- .1 EDTI will reduce its Forecast Revenue Requirement to reflect a 0.1%, 1.4% and 0.8% reduction to its applied-for contractor escalation factors for 2023, 2024 and 2025, respectively (Application, Table 1.5.6.1-1, Row 3), to align these escalation factors with EDTI's applied-for "other" average escalation factors of 3.3%, 2.2% and 2.0% for each of those years, respectively (Application, Table 1.5.6.2-1, Row 9). The Forecast Revenue Requirement reductions are estimated to be:
 - (a) a reduction in operating costs of \$0.00 million, \$0.06 million and 0.09 million in 2023, 2024 and 2025, respectively; and
 - (b) a reduction in capital additions of \$0.01 million, \$0.12 million and \$0.15 million in 2023, 2024 and 2025, respectively, resulting in an estimated decrease to the Forecast Revenue Requirement of \$0.00, \$0.01 and \$0.01 million in 2023, 2024 and 2025, respectively.
- .2 The Parties agree that EDTI will use its discretion to adjust its forecast operating costs and capital additions within the accounts and capital projects/programs in which it considers it is most likely to be able to achieve the agreed upon reductions.

3.7 Additional Operating and Maintenance Account Reductions

- .1 In addition to all other agreed reductions, EDTI will reduce the Forecast Revenue Requirement for operating and maintenance costs (amongst accounts USA 560, 561, 562, 563, 564, 566, 567, 575, 577) by a total of \$0.15 million in each year of the Test Period.
- .2 The Parties agree that EDTI will use its discretion to adjust its forecast operating costs within the accounts in which it considers it is most likely to be able to achieve the agreed upon reductions.

3.8 Power Transformer LCR Program

- .1 EDTI will make the following changes to the timing of its applied-for forecast capital additions in the Power Transformer LCR Program for the following projects:
 - (i) delay the capital addition for Clover Bar Tx1 from 2024 to 2025;
 - (ii) delay the capital addition for the replacement of Woodcroft Tx2 from 2024 to 2025; and
 - (iii) remove the capital addition for the replacement of Woodcroft Tx3 from the test period.
- .2 These changes will result in the following changes to EDTI's forecast capital additions for the Power Transformer LCR Program (Application, Table 10.2.2.12-1, Row 3):
 - (a) 2023: No change;
 - (b) 2024: Reduction of \$9.54 million; and
 - (c) 2025: Increase of \$4.93 million.

The Forecast Revenue Requirement decrease associated with these changes is estimated to be \$0.38 and \$0.55 million in 2024 and 2025, respectively.

- .3 The Interveners acknowledge that EDTI's agreement to delay the timing of the capital additions will not result in the delay of the forecast lifecycle replacement work on these transformers, but is strictly a financial concession by EDTI for purposes of reaching a negotiated settlement with the Interveners.

3.9 Protective Relay & Control System LCR Program

.1 EDTI will make the following adjustments to its forecast capital additions for the Protection Relay & Control System LCR Program (Application, Table 10.2.2.1-1, Row 6):

- (a) 2023: No change;
- (b) 2024: No change; and
- (c) 2025: Reduction of \$2.7 million.

The Forecast Revenue Requirement decrease associated with these changes is estimated to be \$0.15 million in 2025.

.2 The Parties agree that EDTI will use its discretion to adjust its forecast capital additions within the Protection Relay & Control System LCR Program categories and projects in which it considers it is most likely to be able to achieve the agreed upon reductions.

3.10 Depreciation Service Lives and Terminal Accounts

.1 EDTI will make the following adjustments to its estimated service lives for depreciation purposes:

- (a) the service life for Account 352 – Structures and Improvements (Exhibit 27675-X0057, Appendix G-05, PDF p 15 and 18, Table 2) will be revised to 55 years;
- (b) the service life for Account 353 – Station Equipment – Switchgear (Exhibit 27675-X0057, Appendix G-05, PDF p 15 and 18, Table 2) will be revised to 50 years;
- (c) the service life for Account 353.1 – System Communications and Control – Communications (Exhibit 27675-X0057, Appendix G-05, PDF p 16 and 18, Table 2) will be revised to 20 years;
- (d) the service life for Account 353.1 – System Communications and Control – SCADA (Exhibit 27675-X0057, Appendix G-05, PDF p 16 and 18, Table 2) will be revised to 15 years;

- (e) the service life for Account 354 – Towers and Fixtures (Exhibit 27675-X0057, Appendix G-05, PDF p 16 and 18, Table 2) will be revised to 60 years, with the exception of 500kV assets/ATS accounts within Account 354 that have a service life of 67 years, which will remain at 67 years;
 - (f) the service life for Account 355 – Poles and Fixtures (Exhibit 27675-X0057, Appendix G-05, PDF p 17 and 18, Table 2) will be revised to 55 years;
 - (g) the service life for Account 356 – Overhead Conductors and Devices (Exhibit 27675-X0057, Appendix G-05, PDF p 17 and 18, Table 2) will be revised to 60 years, with the exception of 500kV assets/ATS accounts within Account 356 that have a service life of 65 years, which will remain at 65 years; and
 - (h) the service life for Account 358 – Underground Conduit, Conductors and Devices (Exhibit 27675-X0057, Appendix G-05, PDF p 17 and 18, Table 2) will be revised to 48 years.
- .2 EDTI will apply the service lives noted in section 3.10.1, and its applied-for service lives for all other assets/ATS accounts, as applicable, to the undepreciated asset balances remaining in each of its current and terminal asset/ATS accounts, on a go-forward basis.
- .3 Subject to Section 3.11.1, EDTI will adjust its applied-for depreciation rates to reflect the changes identified in section 3.10.2 for all current and terminal undepreciated asset/ATS account balances and will adjust its Forecast Revenue Requirement to reflect those depreciation rates.

3.11 Retirement Schedule and DLM

- .1 The Parties acknowledge and agree that EDTI will not update its retirement schedule to reflect the service life changes described in section 3.10.2 for purposes of calculating its revised Forecast Revenue Requirement under this Settlement Agreement, but will in its next TFO Tariff Application incorporate an updated retirement schedule that reflects those changes.
- .2 EDTI will increase its operating costs in its 2023 Forecast Revenue Requirement for USA 923 by \$0.12 million to enhance its DLM model to accommodate on an ongoing basis the changes described in sections 3.10.2 and 3.11.1 of this Settlement Agreement.

3.12 Working Capital for Inventory

- .1 EDTI will adjust its forecast mid-year inventory (Application, Table 11.1.1-1, Row 1) to \$0.98 million for each test year.

4.0 Without Prejudice

- .1 The NSA reflected in this Settlement Agreement is a compromise and was reached in part as a result of the Parties' desire to avoid the significant resources and costs associated with a fully litigated process.
- .2 This Settlement Agreement applies for the purpose of the determining EDTI's transmission revenue requirement and rates for EDTI's 2023-2025 TFO Tariff only, and is without prejudice to the positions that any of the Parties may take on other issues in any subsequent mediations, negotiations, or regulatory proceedings.

5.0 Confidentiality

- .1 All discussions among the Parties during the mediation are privileged and confidential and, except as set out in this Settlement Agreement, no matter discussed or information disclosed during the settlement negotiations may be disclosed to any person or to the AUC without the express written consent of all Parties.

6.0 Representations and Warranties

- .1 Each Party represents that it has not withheld relevant information.
- .2 EDTI represents that all information it provided to the interveners during the settlement negotiations was true and accurate, to the best of EDTI's knowledge.
- .3 The Parties are not aware of any factual errors in the Application, including its various attachments, appendices and schedules, that were not corrected by EDTI in IR responses filed on the record of Proceeding 27675.
- .4 EDTI represents, after due inquiry, that to EDTI's knowledge, the information provided by it in all of its filings with the AUC and its correspondence with other Parties during the negotiation of this Settlement Agreement does not omit any statement of material fact necessary to make the information provided accurate and true.

- .5 In the event that EDTI discovers any material errors in calculations and/or facts related to the revenue requirement set forth in the Application, EDTI will disclose them forthwith to the other Parties and to the AUC.
- .6 EDTI confirms, and the Parties agree, that proper notice of the mediated settlement process was provided to all interested parties by way of the Notice of Application, issued on October 3, 2022, and the AUC's Notice of Hearing of October 26, 2022 filed on the record of Proceeding 27675. EDTI further confirms that proper notice of its forthcoming application for approval of this Settlement Agreement will be effected in accordance with the AUC's directions and practice, including the notice provisions of AUC Rule 001.

7.0 General

- .1 The division of this Settlement Agreement into headings and paragraphs is for convenience and reference only and should not affect the interpretation or construction of this Settlement Agreement.
- .2 Capitalized terms not defined in this Settlement Agreement have the meaning given to them in the Application.
- .3 This Settlement Agreement sets out the entire understanding and agreement of the Parties and there are no representations, warranties, covenants, conditions or other agreements, express or implied, collateral, statutory or otherwise, among the Parties in connection with the subject matter of this Settlement Agreement except as specifically set out in this Settlement Agreement.
- .4 This Settlement Agreement is of no force and effect unless and until the AUC approves it in its entirety in accordance with Section 135 of the *Electric Utilities Act*.
- .5 Any alteration or amendment of this Settlement Agreement must be in writing and signed by each of the Parties.
- .6 This Settlement Agreement will be binding upon and enure to the benefit of the Parties and each of their respective successors and permitted assigns. A Party may not assign its rights and/or obligations under this Settlement Agreement without the consent of all other Parties, provided that such consent shall not be unreasonably withheld. This Settlement Agreement may be executed in any number of counterparts.

- .7 This Settlement Agreement is to be interpreted pursuant to the laws of the Province of Alberta.
- .8 If any provision of this Settlement Agreement is found by a court of law to be invalid, this Settlement Agreement will be read and interpreted as if that provision were omitted.
- .9 The failure of any Party to exercise any right, power or option given to it under this Settlement Agreement or to insist upon the strict compliance with any of the terms or conditions in this Settlement Agreement will not constitute a waiver of any provision with respect to any other or subsequent breach.
- .10 Unless otherwise stated, any dollar amounts, prices or amounts stated under this Settlement Agreement are in the lawful currency of Canada.
- .11 References to any statute, legislation or regulation include all subsequent additions, amendments, re-enactments or replacements enacted from time to time during the period covered by this Settlement Agreement.

IN WITNESS WHEREOF, the Parties have duly executed this Settlement Agreement as of the date set out above.

**EPCOR DISTRIBUTION &
TRANSMISSION INC.**

Per: 

Name: Amanda Rosychuk
Title: Senior Vice President
Electricity Services

**OFFICE OF THE UTILITIES
CONSUMER ADVOCATE**

Per: _____

Name:
Title:

**CONSUMERS' COALITION OF
ALBERTA**

Per: _____


Name:
Title:

IN WITNESS WHEREOF, the Parties have duly executed this Settlement Agreement as of the date set out above.

**EPCOR DISTRIBUTION &
TRANSMISSION INC.**

Per: _____
Name: Amanda Rosychuk
Title: Senior Vice President
Electricity Services

**OFFICE OF THE UTILITIES
CONSUMER ADVOCATE**

Per:  _____
Name: Chris Hunt
Title: Executive Director, UCA

**CONSUMERS' COALITION OF
ALBERTA**

Per: _____
Name:
Title:

IN WITNESS WHEREOF, the Parties have duly executed this Settlement Agreement as of the date set out above.

**EPCOR DISTRIBUTION &
TRANSMISSION INC.**

Per: _____

Name: Amanda Rosychuk
Title: Senior Vice President
Electricity Services

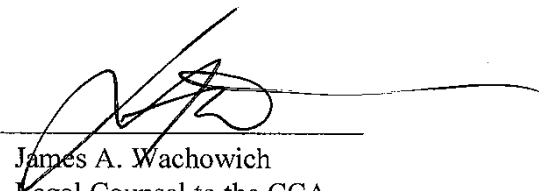
**OFFICE OF THE UTILITIES
CONSUMER ADVOCATE**

Per: _____

Name:
Title:

**CONSUMERS' COALITION OF
ALBERTA**

Per: _____

Name: 
Title: James A. Wachowich
Legal Counsel to the CCA
Signed on instructions from
Client Liason-
ID 27675
Feb. 13, 2023

SCHEDULE TFO-A

Effective May 1, 2023

**EPCOR DISTRIBUTION & TRANSMISSION INC.
2023 RATE SCHEDULE
TRANSMISSION TARIFF**

AVAILABLE: To the Alberta Electric System Operator

APPLICABLE: To the Alberta Electric System Operator for use of EPCOR Distribution & Transmission Inc.'s transmission facilities for the 2023 calendar year.

RATE: The transmission tariff charged to the Alberta Electric System Operator for the 2023 calendar year shall be:

Annual Tariff: \$126,584,885

Monthly Charge: \$10,548,740

The tariff amount billed in the month of May 2023 shall consist of the Monthly Charge and the following additional one-time true-up charge:

True-up Charge: \$1,810,505

SCHEDULE TFO-A

Effective January 1, 2024

**EPCOR DISTRIBUTION & TRANSMISSION INC.
2024 RATE SCHEDULE
TRANSMISSION TARIFF**

AVAILABLE: To the Alberta Electric System Operator

APPLICABLE: To the Alberta Electric System Operator for use of EPCOR Distribution & Transmission Inc.'s transmission facilities for the 2024 calendar year.

RATE: The transmission tariff charged to the Alberta Electric System Operator for the 2024 calendar year shall be:

Annual Tariff: \$126,689,513

Monthly Charge: \$10,557,459

SCHEDULE TFO-A

Effective January 1, 2025

**EPCOR DISTRIBUTION & TRANSMISSION INC.
2025 RATE SCHEDULE
TRANSMISSION TARIFF**

AVAILABLE: To the Alberta Electric System Operator

APPLICABLE: To the Alberta Electric System Operator for use of EPCOR Distribution & Transmission Inc.'s transmission facilities for the 2025 calendar year.

RATE: The transmission tariff charged to the Alberta Electric System Operator for the 2025 calendar year shall be:

Annual Tariff: \$130,053,298

Monthly Charge: \$10,837,775