



Reconsideration of ATCO Electric Ltd. Z Factor Adjustment for the 2016 Wood Buffalo Fire

December 19, 2023

Alberta Utilities Commission

Decision 28320-D01-2023

Reconsideration of ATCO Electric Ltd. Z Factor Adjustment for the 2016 Wood Buffalo Fire Proceeding 28320

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The Commission may, no later than 60 days from 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.

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1 Decision summary

1. In this decision, the Alberta Utilities Commission reconsiders Decision 21609-D01-2019¹ and allows ATCO Electric Ltd. to include within rate base the net book value of the electric distribution assets destroyed in the Wood Buffalo fire. ATCO Electric is directed to reverse the adjustment made to its accumulated depreciation account, as well as reverse the adjustments made to the revenue requirements² over the 2018-2023 period, and include the associated carrying charges.

2 Background

2. In Decision 21609-D01-2019 (the Z factor decision), the Commission denied ATCO Electric the ability to recover the net book value of assets destroyed in the Wood Buffalo fire. The Commission directed ATCO Electric to retire the destroyed assets from its rate base.

3. ATCO Electric appealed the Z factor decision. In *ATCO Electric Ltd v Alberta Utilities Commission*³ (the appeal decision) the Alberta Court of Appeal allowed the appeal and returned the Z factor decision to the Commission for reconsideration. The Court held that the Commission had erred in law in thinking that its treatment of the destroyed assets was constrained by earlier decisions. The Court confirmed that the Commission has discretion to decide where a just and reasonable tariff would place those losses, having due regard to the right of the utility to a reasonable opportunity to recover its prudent costs.

4. The Commission initiated Proceeding 28320 to reconsider the Z factor decision. The Commission pre-registered parties that participated in the original Proceeding 21609, and also allowed participation from other parties who demonstrated an interest in the reconsideration, or who satisfied the Commission that their participation may assist the Commission in coming to its decision.

5. As further explained in Section 3 below, the Commission established a process for this reconsideration that involved written argument and reply argument. The Commission received submissions from the following parties: ATCO Electric, AltaLink Management Ltd., the Consumers' Coalition of Alberta (CCA), EPCOR Distribution & Transmission Inc., FortisAlberta Inc. and the Office of the Utilities Consumer Advocate (UCA). The Industrial

¹ Decision 21609-D01-2019: ATCO Electric Ltd., Z Factor Adjustment for the 2016 Regional Municipality of Wood Buffalo Wildfire, Proceeding 21609, October 2, 2019.

² Reversal of adjustments made to the 2017 notional rate base, thereby reversing impact to the K-bar funding levels for the 2018 to 2022 timeframe, and to the 2023 revenue requirement.

³ 2023 ABCA 129 [Appeal decision].

Power Consumers Association of Alberta filed a statement of intent to participate and was granted participation rights, but did not provide argument.

3 Proceeding scope

6. The scope of this proceeding was limited to reconsidering ATCO Electric's request to recover the net book value of its assets destroyed in the Wood Buffalo fire with the benefit of the Alberta Court of Appeal's guidance in the appeal decision. The other aspects of ATCO Electric's application that were decided in the Z factor decision, but not subject to the appeal decision, were not reconsidered in this proceeding.

7. The Commission conducted the proceeding based on the existing evidentiary record of Proceeding 21609. As explained by the Commission in a ruling on scope, the circumstances and key facts surrounding the Wood Buffalo fire and ATCO Electric's destroyed assets are well understood, and the existing evidentiary record provided a sufficient basis for parties to contribute meaningfully through argument and reply argument.⁴

8. The Commission also confirmed that the reconsideration proceeding is not a forum to consider issues related to stranded assets generally that are not engaged by the particular facts of ATCO Electric's application. The Commission is cognizant of the Alberta Court of Appeal's guidance on the challenges that can arise when making decisions that are not anchored to a particular fact situation.

9. Accordingly, the following issues were out of scope of the reconsideration proceeding. These issues relate to findings of fact that were not displaced by the appeal decision, or involve broader rate-making considerations that are not engaged by ATCO Electric's Z factor application.

- ATCO Electric's depreciation and net salvage rates at the time of the Wood Buffalo fire.
- The prudence of the destroyed assets when first acquired.
- The impact of utility asset decisions on the business risk of utilities.
- The design of performance-based regulation (PBR1), including concerns related to defrayed costs or over-recovery through the Reserve for Injuries and Damages.

10. Additionally, the Commission clarified in the ruling that it does not consider ATCO Electric's practices for preventing wildfire damages to be a relevant consideration in this proceeding. This is because of the existing factual findings that both the timing and location of the Wood Buffalo fire, and its impact to the Fort McMurray area, were unforeseen and outside of the control of ATCO Electric management. These findings were made in the context of determining eligibility for Z factor treatment, and were not subject to appeal and not disturbed by the appeal decision.

⁴ Exhibit 28320-X0017, AUC letter - Ruling and directions on procedure, paragraph 11.

4 The appeal decision

11. In the Z factor decision, the Commission applied the utility asset disposition (UAD) test to the circumstances of the Wood Buffalo fire. The UAD test was formulated in Decision 2013-417 to assess situations where an asset is retired from service before it is fully depreciated.⁵ In these situations, the UAD test draws a distinction between ordinary retirements and extraordinary retirements. The removal of an asset is considered to be an extraordinary retirement if the characteristics of the event under which the asset was removed from service have not been taken into account in determining the depreciation parameters for that group of assets. In this case, the utility and its shareholders are responsible for the remaining value of the asset, also referred to as undepreciated or net book value.

12. The Commission's use of the UAD test was upheld by the Alberta Court of Appeal in *FortisAlberta Inc v Alberta (Utilities Commission)*,⁶ but that decision was decided on a reasonableness standard and did not involve the application of the UAD test to any particular set of facts.

13. The Commission's reliance on UAD test in the Z factor decision was premised on its understanding that the principles established in *Stores Block*⁷ and other cases constrained its treatment of stranded assets. Specifically, the Commission found that it had no jurisdiction to include in rate base assets that are not presently used, or likely to be used in the future, to provide utility service. This included assets that ceased to provide service because they were destroyed by force of nature. Further, because the utility owns its assets, and is entitled to all profits and losses associated with asset ownership, the Commission found that the utility shareholders are accountable for the net book value of an asset taken out of service as a result of an extraordinary retirement.

14. In the appeal decision, the Alberta Court of Appeal rejected the Commission's conclusion that its options for determining how to treat destroyed assets was constrained by *Stores Block*. The Court held that the Commission had over-read *Stores Block* and wrongly felt that it was obliged to apply principles derived from that decision to the Wood Buffalo fire, when it was not. In returning the application to the Commission, the Court provided the following guidance:⁸

[60] To summarize, the issue is where the losses resulting from forces of nature should fall: on the utility's consumers or on the utility's shareholders:

- (a) In legal terms the issue is where a just and reasonable tariff would place those losses, having due regard to the right of the utility to a reasonable opportunity to recover its prudent costs.
- (b) This issue was not decided by *Stores Block* or *FortisAlberta*.
- (c) The analysis cannot start with an assumption that it is inherently fair to place the burden on one group or the other. That is the answer, not the premise of the question.

⁵ Decision 2013-417: Utility Asset Disposition, Proceeding 20, November 26, 2013.

⁶ 2015 ABCA 295 [*FortisAlberta*].

⁷ *ATCO Gas & Pipelines Ltd v Alberta (Energy & Utilities Board)*, 2006 SCC 4 [*Stores Block*].

⁸ *Appeal decision*, paragraph 60.

(d) It is relevant that the utilities stopped buying insurance to save the consumers money. The Commission apparently decided that it was prudent for the consumers to self-insure.

(e) The answer does not lie in whether the loss was or was not anticipated in the survivor curve behind the depreciation schedules, or whether the loss was therefore ordinary or extraordinary.

(f) The answer also does not arise from “fundamental property and corporate law principles” or property ownership of the destroyed assets. Loss by fire is not a part of disposition law.

Ultimately the question lies within the discretion of the Commission, to be exercised consistently with the words of the Electric Utilities Act, having regard to all relevant considerations, while disregarding irrelevant ones.

4.1 Submissions

15. ATCO Electric submitted that the Commission should reverse its direction in the Z factor decision, and allow it to recover the full balance of the net book value of the destroyed assets and associated carrying costs. Specifically, ATCO Electric requested that the Commission:

(i) reverse the adjustment made to accumulated depreciation of \$3.177 million; (ii) allow ATCO Electric to recover revenue requirement and carrying costs for the period 2018 to 2023 where the \$3.177 million was removed from accumulated depreciation and rate base; and (iii) adjust 2024 going-in rate base for the \$3.177 million.

16. ATCO Electric emphasized that the costs of the destroyed assets were prudently incurred, and submitted that a utility has a right to recover prudently incurred costs. Had the Commission not intervened in the Z factor decision by applying the UAD test, ATCO Electric would have continued to recover the cost of the assets through depreciation in the ordinary course. In ATCO Electric’s view, it should be returned to that position.

17. The utilities that participated in this proceeding supported the relief sought by ATCO Electric. These parties emphasized that utilities are obligated to construct facilities to serve customers. Several of these parties also discussed the potential harm that may result to both utilities and customers if a utility is unable to recover its prudent costs, particularly those costs associated with capital.

18. Fortis suggested that, in addition to considering whether the costs were prudently incurred, the Commission may wish to consider whether the assets were in active service prior to their destruction, and whether the force of nature event that destroyed the assets was outside the control of the utility’s management.⁹ In the case of the Wood Buffalo fire, these factors would support ATCO Electric’s recovery of the net book value of the destroyed assets.

19. Other utilities disagreed with the framework advanced by Fortis. AltaLink argued that, with the exception of whether the costs were prudently incurred, the other factors suggested by Fortis have no basis in law, are inconsistent with the *Electric Utilities Act* and appear to be derived from the Z factor eligibility criteria rather than statutory provisions governing the setting

⁹ Exhibit 28320-X0019, 2023-09-07 Written Argument of Fortis Alberta Inc., paragraph 18.

of just and reasonable rates.¹⁰ Similarly, ATCO Electric stated that the factors advanced by Fortis are unnecessary to resolve the issues in this proceeding.¹¹

20. The UCA submitted that it “is not advocating for the net book value of assets destroyed by the Wildfire to be borne by ATCO’s shareholders” in part due to what it characterized as limitations in the evidentiary record.¹² Instead, the UCA focused its submissions on ensuring that, should the costs be borne by customers, the Commission remain mindful of energy affordability issues and direct ATCO Electric to amortize the unrecovered net book value over the remaining life of the group assets, as determined at the time of the Wood Buffalo fire, rather than recovering the costs in a single year.

21. In order to implement this recommendation, the UCA suggested that the Commission direct ATCO Electric to track the unrecovered net book value separately by asset account, for both plant in service and accumulated depreciation, and by vintage of the destroyed assets. The UCA submitted that the regulatory burden associated with this approach would be minor, and would be outweighed by the benefits of increased transparency and gradual recovery. In reply, ATCO Electric submitted that the methodology it proposed to recover the costs, namely by reversing the adjustment made to accumulated depreciation, would be sufficient to address the UCA’s affordability concerns. ATCO Electric further submitted that individually tracking assets would be inconsistent with the approved amortization of reserve differences (ARD) mechanism, which treats retired assets on a group-account basis, and not an individual asset-by-asset basis.

22. The CCA questioned the need to examine the destroyed assets in a Z factor proceeding, noting that under normal depreciation practices, customers and utilities are kept whole by way of updated depreciation studies and the ARD mechanism. The CCA discouraged the Commission from implementing any accounting measures that would track gains or losses on individual assets.

4.2 Findings

23. For the reasons that follow, the Commission will allow ATCO Electric to recover the net book value of the electric distribution assets destroyed in the Wood Buffalo fire, in the manner proposed in ATCO Electric’s application.

24. In arriving at this decision, the Commission has not adopted a new framework or test for the treatment of assets destroyed by force of nature. Instead, the Commission has based its decision on the relevant provisions of the *Electric Utilities Act* and the guidance of the Court of Appeal, as applied to the particular circumstances of the Wood Buffalo fire.

25. As a preliminary matter, the Commission wishes to address the arguments advanced by the CCA regarding the eligibility of the destroyed assets for Z factor treatment. For clarity, the Commission confirms that it has not applied the Z factor eligibility criteria to the destroyed assets because ATCO Electric is not seeking an adjustment or “additional funds” by way of a Z factor for the destroyed assets.

26. The Commission’s original direction to ATCO Electric, to retire the destroyed assets from rate base, was made in the context of adjudicating a Z factor application. In the Z factor

¹⁰ Exhibit 28320-X0027, AML Reply Submission - ATCO Z-factor Reconsideration, paragraph 13.

¹¹ Exhibit 28320-X0026, ATCO Electric Distribution Reply Argument, paragraph 28.

¹² Exhibit 28320-X0022, 2023-09-07 UCA Cover Letter and Argument, paragraphs 10 and 14.

application, ATCO Electric sought approval of costs arising from the Wood Buffalo fire, including capital costs to replace destroyed assets, operating and maintenance costs incurred responding to the fire, and compensation for lost revenue. However, the costs associated with the net book value of the destroyed assets were not applied for as part of that Z factor application. Rather, at the time ATCO Electric filed its Z factor application, the net book value of the destroyed assets was included in its rate base and ATCO Electric did not seek any relief or direction in relation to the destroyed assets, beyond confirmation that the assets continue to be retired through depreciation practices in the normal course. The Commission applied the UAD test and directed that ATCO Electric remove the costs. That decision has been returned to the Commission for reconsideration. As such, arguments regarding the eligibility of the destroyed assets for treatment under the Z factor criteria are not engaged by this proceeding, as no Z factor adjustment is being granted.

27. The issue to be decided in this proceeding is where a just and reasonable tariff would place losses associated with the ATCO Electric assets destroyed by the Wood Buffalo fire.¹³ In returning this question to the Commission, the Court of Appeal provided the following guidance:¹⁴

To summarize again, the ultimate issue is whether the destroyed assets were prudently acquired, whether they were related to the provision of the utility service to customers, and whether the utility had been given a reasonable opportunity to recover those costs.

28. The first two factors identified by the Court – whether the destroyed assets were prudently acquired, and whether they were related to the provision of utility service to customers – are not in dispute. Accordingly, the Commission has focused its attention in this decision on the third factor: whether ATCO Electric has been provided with a reasonable opportunity to recover its costs.

29. The issue of whether ATCO Electric had been given a reasonable opportunity to recover its costs relates to Section 122(1) of the *Electric Utilities Act*.

30. Section 122(1) provides that, when considering a tariff application, the Commission must have regard to the principle that a tariff approved by it must provide the owner of an electric utility with a reasonable opportunity to recover its costs, including costs and expenses associated with prudent investments in capital:

Costs and expenses recovered under a tariff

122(1) When considering a tariff application, the Commission must have regard for the principle that a tariff approved by it must provide the owner of an electric utility with a reasonable opportunity to recover

- (a) the costs and expenses associated with capital related to the owner's investment in the electric utility, including
 - (i) depreciation,
 - (ii) interest paid on money borrowed for the purpose of the investment,

¹³ *Appeal decision*, paragraph 60: “In legal terms the issue is where a just and reasonable tariff would place those losses, having due regard to the right of the utility to a reasonable opportunity to recover its prudent costs.”

¹⁴ *Appeal decision*, paragraph 56.

- (iii) any return required to be paid to preferred shareholders of the electric utility relating to the investment,
- (iv) a fair return on the equity of shareholders of the electric utility as it relates to the investment, and
- (v) taxes associated with the investment,

if the costs and expenses are prudent and if, in the Commission's opinion, they provide an appropriate composition of debt and equity for the investment,

- (b) other prudent costs and expenses associated with isolated generating units, transmission, exchange or distribution of electricity or associated with the Independent System Operator if, in the Commission's opinion, they are applicable to the electric utility,
- (c) amounts that the owner is required to pay under this Act or the regulations,
- (d) the costs and expenses applicable to the electric utility that arise out of obligations incurred before the coming into force of this section and that were approved by the Public Utilities Board, the Alberta Energy and Utilities Board or other utilities' regulatory authorities if, in the Commission's opinion, the costs and expenses continue to be reasonable and prudently incurred,
- (e) its prudent costs and expenses of complying with the Commission rules respecting load settlement,
- (f) its prudent costs and expenses respecting the management of legal liability,
- (g) the costs and expenses associated with financial arrangements to manage financial risk associated with the pool price if the arrangements are, in the Commission's opinion, prudently made, and
- (h) any other prudent costs and expenses that the Commission considers appropriate, including a fair allocation of the owner's costs and expenses that relate to any or all of the owner's electric utilities.

31. On previous occasions, courts have provided guidance on the meaning of Section 122(1) and the content of a reasonable opportunity to recover prudent costs. The Supreme Court of Canada has confirmed that rates approved by the Commission must allow the utility the opportunity to recover, over the long run, its operating costs and capital costs.¹⁵ Recovering these costs ensures that the utility can continue to operate and can earn its cost of capital in order to attract and retain investment in the utility. Customers must pay rates that reflect what the Commission expects it to cost to efficiently provide the services customers receive such that, overall, they are paying "no more than what is necessary" for those services.¹⁶

32. In this proceeding, several utilities characterized Section 122(1) as providing a utility with a statutory right to recover all prudent costs in rates. For example, ATCO Electric characterized the Court of Appeal as having made a "direction that the utility has a right to recover prudently incurred costs."¹⁷ AltaLink submitted that a tariff will fail to provide a utility

¹⁵ *ATCO Gas and Pipelines Ltd v Alberta (Utilities Commission)*, 2015 SCC 45, paragraph 7 [*ATCO Pensions*].

¹⁶ *ATCO Pensions*, paragraph 7.

¹⁷ Exhibit 28320-X0020, ATCO Electric Distribution Argument, paragraph 7.

with a reasonable opportunity to recover prudently incurred costs if it disallows any part of those costs.¹⁸

33. ATCO Electric and AltaLink also rejected the idea that the Commission may wish to assess factors beyond the prudence of the costs when first incurred. This is sometimes referred to as a no-hindsight prudence test. For example, of the factors proposed by Fortis, AltaLink asserted that the prudence of costs when first incurred is the only factor grounded in the *Electric Utilities Act*. In AltaLink's view, by considering factors such as whether the assets' destruction was within the control of a utility's management, the Commission would be unlawfully importing irrelevant considerations.¹⁹

34. The Commission disagrees with the suggestion that, for the purpose of determining how to treat the net book value of destroyed assets, it must limit its consideration to assessing the prudence of the capital costs when first incurred. As noted by the Court of Appeal, the *Electric Utilities Act* leaves broad discretion to the Commission to deal with depreciation and assets destroyed by force of nature.²⁰ Further, while a no-hindsight prudence test may be appropriate when determining whether to permit committed capital costs to enter the rate base, the *Electric Utilities Act* does not impose a no-hindsight prudence test.²¹

35. The Commission also disagrees with the suggestion that providing a reasonable opportunity to recover costs requires that costs be included in revenue requirement, and remain in revenue requirement until fully recovered, regardless of intervening events. As an example, there could be a situation where prudently acquired capital assets cease to provide utility service because they are poorly maintained or improperly operated. In that case, the circumstances of the asset retirement, including whether the asset stranding could have been avoided or mitigated, may be relevant to the question of where a just and reasonable tariff would place the losses.

36. With that said, in the current circumstances, the Commission is satisfied that it is just and reasonable to allow ATCO Electric to recover the costs associated with the net book value of the assets destroyed by the Wood Buffalo fire. The Commission agrees with parties who identified that normal course depreciation practices are designed to ensure that customers pay no more and no less than the costs related to assets used or required to be used to provide utility service. The Commission accepts that, in the circumstances of the Wood Buffalo fire, isolating and directing the removal of the entirety of the net book value of the destroyed assets had the effect of rescinding the reasonable opportunity previously afforded to ATCO Electric to recover these costs, and did so for reasons beyond ATCO Electric's control.

37. Further, the Commission is satisfied that, in the current circumstances, permitting recovery of the costs results in a just and reasonable tariff. As described above, a just and reasonable tariff is one that is fair to the utility, and fair to customers in the sense that customers pay no more and no less than what it costs to provide service. The Commission takes guidance from the Court of Appeal's comment that wildfires are an inherent risk of providing utility service in an environment subject to uncontrollable and unpredictable forces of nature.

¹⁸ Exhibit 28320-X0024, AML Argument Submission, paragraph 29

¹⁹ Exhibit 28320-X0027, AML Reply Submission - ATCO Z-factor Reconsideration, paragraphs 14-15.

²⁰ *Appeal decision*, paragraphs 42-45.

²¹ *ATCO Pensions*, paragraph 46.

38. Having determined that it will permit ATCO Electric to recover the net book value of the destroyed assets, the Commission must assess the particular methodology to be applied to give effect to this decision.

39. ATCO Electric requested that the Commission reverse the \$3.177 million adjustment previously applied to the accumulated depreciation account. Given that the group of assets in question had not reached full depreciation, ATCO Electric emphasized that the ARD calculation would true up any deficiencies over the remaining life of the affected asset categories during the next depreciation study.

40. ATCO Electric also noted that the original removal of \$3.177 million resulted in a lower rate base for the period of 2018 to 2022, effectively eliminating this amount from the 2017 notional rate base and K-bar calculations throughout the time frame. ATCO Electric further submitted that its 2023 revenue requirement, operating under the cost-of-service framework, continued to exclude the \$3.177 million.

41. To ensure full recovery, ATCO Electric proposed collection of annual revenue requirement adjustments for the 2018-2023 period through a Y factor incorporated into its 2024 rates, as outlined in the table below:

Table 1. 2018 to 2023 ATCO Electric excluded revenue requirement

	2018	2019	2020	2021	2022	2023	Total
	(\$ million)						
Revenue requirement	0.233	0.232	0.229	0.227	0.225	0.217	1.364
Carrying costs							0.177
Total							1.540

Source: Exhibit 28320-X0020, PDF page 8.

42. The Commission considers that the method proposed by ATCO Electric is efficient, straightforward and has the effect of placing ATCO Electric in the same position as it would have been, had the Commission had not erred in law by applying the UAD test in the Z factor decision. The Commission is also satisfied that the method proposed by ATCO Electric involving the true-up of assets not fully depreciated over their remaining life through the ARD calculation, upholds the UCA’s interest in promoting energy affordability, while recovering disallowed costs over the group assets’ remaining life.

43. A full depreciation study provides estimates of recommended depreciation parameters²² as well as a calculation of what the theoretical (or calculated) accumulated depreciation balance in respect of assets still in service would be, when applying the depreciation parameters and corresponding depreciation rate determined in the new depreciation study from the day the assets were placed into service. When the theoretical accumulated depreciation balance is compared to the actual (or book) accumulated depreciation balance, the resulting difference represents an amount, at that specific point in time, that must be additionally collected or refunded to customers on a prospective basis as a component of the depreciation expense. This amount is called the ARD or the reserve differences true-up.

²² While specific depreciation parameters can vary depending on the accounting standards and individual company policies, some of the common factors that are typically considered in a depreciation study include: asset cost, useful life, salvage value, depreciation methods and tax considerations.

44. The Commission finds that ATCO Electric's proposed accounting treatment aligns with the approved ARD mechanism, ensuring surplus or deficiency in accumulated depreciation is trued up over the remaining life of the specific account when an asset is retired. The UCA's proposal to isolate and separately track costs in question appears inconsistent with the ARD calculations for retired assets, which are presented at the group life account level. The Commission is therefore satisfied that ATCO Electric's proposed treatment is consistent with existing depreciation practices and provides an adequate level of transparency for the UCA and other parties to test those amounts in a future ATCO Electric depreciation study.

45. ATCO Electric is directed to provide an update as part of its next depreciation study that clearly illustrates how the amortization of reserve difference calculation will true up any deficiencies over the remaining life of the affected asset categories given that the group of assets destroyed by the Wood Buffalo fire were not fully depreciated.

46. Accordingly, the Commission approves ATCO Electric's request to recover the net book value of assets destroyed in the 2016 Wood Buffalo fire. The granted relief includes the reversal of the adjustment made to accumulated depreciation of \$3.177 million and the corresponding recovery of revenue requirement adjustments presented in Table 1 and associated carrying costs for 2018 to 2023, and an adjustment to the 2024 going-in rate base for the \$3.177 million. ATCO Electric is authorized to collect \$1.540 million, representing undercollected annual revenue requirement resulting from the removal of the \$3.177 million, through a Y factor in 2024 rates.

Dated on December 19, 2023.

Alberta Utilities Commission

(original signed by)

Douglas A. Larder, KC
Vice-Chair and Panel Chair

(original signed by)

Kristi Sebalj
Vice-Chair

(original signed by)

Vera Slawinski
Commission Member

Appendix 1 – Proceeding participants

Name of organization (abbreviation) Company name of counsel or representative
ATCO Electric Ltd. (ATCO Electric) Bennett Jones LLP
AltaLink Management Ltd. (AltaLink)
EPCOR Distribution & Transmission Inc.
FortisAlberta Inc. (Fortis)
Industrial Power Consumers Association of Alberta
Office of the Utilities Consumer Advocate (UCA) Reynolds, Mirth, Richards & Farmer LLP Russ Bell & Associates Inc.
Consumers' Coalition of Alberta (CCA)

<p>Alberta Utilities Commission</p> <p>Commission panel</p> <p style="padding-left: 20px;">D.A. Larder, KC, Vice-Chair and Panel Chair</p> <p style="padding-left: 20px;">K. Sebalj, Vice-Chair</p> <p style="padding-left: 20px;">V. Slawinski, Commission Member</p> <p>Commission staff</p> <p style="padding-left: 20px;">M. Anderson (Commission counsel)</p> <p style="padding-left: 20px;">A. Jukov</p> <p style="padding-left: 20px;">A. Spurrell</p> <p style="padding-left: 20px;">S. Sharma</p> <p style="padding-left: 20px;">C. Young</p>
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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 this decision, the Alberta Utilities Commission reconsiders Decision 21609-D01-2019 and allows ATCO Electric Ltd. to include within rate base the net book value of the electric distribution assets destroyed in the Wood Buffalo fire. ATCO Electric is directed to reverse the adjustment made to its accumulated depreciation account, as well as reverse the adjustments made to the revenue requirements over the 2018-2023 period, and include the associated carrying charges. paragraph 1
2. ATCO Electric is directed to provide an update as part of its next depreciation study that clearly illustrates how the amortization of reserve difference calculation will true up any deficiencies over the remaining life of the affected asset categories given that the group of assets destroyed by the Wood Buffalo fire were not fully depreciated. paragraph 45