

# Rule 011

## Rate Application Process for Water Utilities

The Alberta Utilities Commission (AUC/Commission) has approved this rule on December 7, 2010.

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### Definitions

**1** In this rule:

- (a) “Act” means the *Alberta Utilities Commission Act*;
- (b) “Commission” means the Alberta Utilities Commission;
- (c) “staff” mean an employee or employees of the Commission.

### Application

**2** This rule applies to the rate application process for investor-owned water utilities. Municipal water utilities are not eligible for the AUC Rule 011 process. The water utilities to which this rule applies will be those with a small customer base. This will be determined at the discretion of the Commission.

### Purpose

**3(1)** The purpose of this rule is to provide an efficient, cost effective process to mitigate the full regulatory process which is often costly for small water utilities because of the small customer base over which costs are collected, and water utilities generally do not have the staffing and expertise required for complex rate hearings.

**(2)** The process detailed in this rule reduces costs by minimizing the need for parties to engage consultants and legal counsel and by making use of the expertise of staff.

### Process

**4** This rule applies in any of the following circumstances:

- a water utility contacts the Commission for assistance in developing a rate application;
- a water utility files an application with the Commission that does not meet the information requirements outlined in the AUC’s Information Required for Water Applications document (IRWAD);

- a water utility files an application with the Commission that meets the information requirements outlined in the AUC's IRWAD;
- when the Commission agrees with a customer submission that a review of a water utility's rates is warranted; or
- the Commission determines for any reason that a review of a water utility's rates is warranted.

**4(1)** If an application is provided which, in the Commission's view, meets the requirements of the AUC's IRWAD the application can move to the review process stage which will test the merits of the application.

**4(2)** In other circumstances, Commission staff may work with the water utility and customers to prepare a rate application, guided by the AUC's IRWAD. This is an information gathering process and is not a test of the merits of the information, and is described below under application development process. Once the application development process is complete, the review process starts during which the Commission reviews the application and gathers further information as required in order to make a decision on the application.

**4(3)** An applicant or the Commission may propose alternative methods to set just and reasonable rates.

### Public information session

**5(1)** As part of the application development process, staff may hold a public information session for customers to explain the overall application development and review process and provide an opportunity for customers to establish a group of one or more representatives to collectively represent all customers.

**(2)** If a customer group is formed, staff may meet with the group to obtain information for consideration in the preparation of the application or for the review process.

**(3)** Generally, there will be only be one public information session, if a public information session is not held during the application development process, it may be held as part of the application review process.

### Application development process

**6(1)** As outlined in section 4, an application will need to be developed in certain circumstances. This development process may involve the utility, Commission staff and customer representatives. The product of this process will be a complete application from which the review process can start.

**(2)** For use in developing an application, the Commission has prepared pro-forma general terms and conditions of service for water utilities to customize for their own use. In addition, Commission staff may prepare and use rate and revenue requirement models which will be made available to the utility for future use.

## Application review process

7(1) Once an application has been filed the review process will commence. At this time a Commission member will be assigned to the application. It is expected that a written process will be conducted with no oral hearings, and the application review process is to be completed within 110 days. This record development target timeline was established based on the assumption that the Commission will receive thorough and detailed information.

(2) The schedule of each of the steps for the proceeding will be determined by the Commission, on a case by case basis, and will be communicated to all participants in advance.

(3) Customers and the Commission will have the opportunity to make information requests of the applicant.

(4) Customer representatives and the applicant (utility) will be given the opportunity to provide argument and reply argument for their respective positions after the information request and information response process has concluded.

(5) If circumstances out of the ordinary, including but not limited to, motions, responses to motions or supplemental information requests exist, the designated Commission member may extend the time required for the application review process. The application provided by the utility, or the application prepared through the application development process, and the information from the review process will be part of the public record and be recorded in the AUC electronic information system.

## Decision

8 Once the review process has been completed, the Commission will issue a decision within 60 days.

## Costs

9 As noted in section 3(1), the purpose of Rule 011 is to provide an efficient and cost effective process for investor-owned water utilities. One of the ways to achieve this is through the use of Commission staff expertise during the application development process, reducing the need by water utilities and customer groups for outside consultants and legal counsel. Further, as investor-owned water utilities have a relatively small customer base over which costs can be collected; use of Commission staff expertise will reduce the costs of the regulatory process. To ensure an efficient and cost effective process, costs for outside consultants and lawyers will not be considered for cost recovery.