

Rule 011

(Formerly EUB Directive 053)

Rate Application Process for Water Utilities

The Alberta Utilities Commission (AUC/Commission) has approved this rule on January 2, 2008.

Definitions

1 In these rules:

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

Application

2 These rules apply to the rate application process for investor-owned water utilities.

Purpose

3(1) The purpose of these rules 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 the complex rate hearings.

(2) The process detailed in these Rules 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(1) After a water utility contacts the Commission respecting approval of its rates by filing an application, in anticipation of filing an application, or a customer requests a review of the utility’s rates, or the Commission determines for any reason that a review of a water utility’s rates is required, staff will then work with the water utility to arrive at a recommendation for just and reasonable rates that are in the public interest.

(2) The assistance provided by staff is intended to reduce the time for processing an application and reduce the need for outside consultants and legal counsel.

- (3) To expedite the review, staff may provide a list of information items required to determine a rate recommendation.
- (4) In addition, the Commission has prepared pro-forma General Terms and Conditions of Service for water utilities to customize for their own use.
- (5) Staff will meet with the water utility to review the status of current operations and work with the utility to recommend acceptable solutions based on information audits and staff expertise.
- (6) If an application has been filed and further information is required, staff will work with the water utility to compile the required information.
- (7) In developing its recommendation on tolls and tariffs, staff will prepare and use rate and revenue requirement models which will be made available to the utility for future use once a staff recommendation has been prepared.

Public Information Session

- 5(1) As part of the rate application process, staff will hold a public information session for customers to explain the process and provide an opportunity for customers to establish a group of one or more representatives to collectively represent all customers.
- (2) The Office of the Utilities Consumer Advocate may serve as the customers' representative.
- (3) If a customer group is formed, staff will meet with the group to obtain information for consideration in the preparation of its recommendation.

Meeting

- 6(1) After staff has prepared its recommendation, it will meet with the utility and the customer group together to review and answer any questions about the staff recommendation.
- (2) If the utility and customer group agree with the recommendation of staff, it will be filed as a staff-facilitated agreement accompanied by letters of acceptance from the parties with the Commission.
- (3) The Commission will assess whether the filed staff-facilitated agreement results in rates and terms and conditions that are just and reasonable and whether the agreement is in the public interest.

Objection

- 7 If the utility or customer group does not agree with the recommendation of staff, the utility or customer group dissenting may file an objection with the Commission.

Opportunity to Comment

8(1) If a customer group is not formed, staff will rely upon information provided by the utility, in the preparation of a recommendation, and customers will have an opportunity to comment on the recommendation if it is accepted by the utility.

(2) If a customer group is not formed and staff has filed its recommendation, the Commission will provide notice of the filing of the recommendation to all customers.

(3) The Commission will consider objections to the recommendation; however, generally only majority acceptance of the staff recommendation by customers is required.

Written Objection

9(1) An objection to a staff recommendation must be in writing and state the reasons for the objection.

(2) For the Commission to hold a hearing into the matter, the party objecting must satisfy the Commission that a significant concern exists with the staff recommendation.

(3) The Commission will review the objection to identify whether, in its opinion, a significant concern has been identified and assess the magnitude of the impact on the party objecting or on overall rates.

(4) A minimal impact on the party or on rates will not be sufficient to satisfy the Commission that a significant concern exists.

(5) If the Commission dismisses the objection, one additional meeting between staff and the parties will be held to see if an agreement can be reached.

(6) If the meeting does not result in an agreement, the Commission makes a decision on the staff recommendation based on whether the recommendation results in rates and terms and conditions that are just and reasonable and whether the recommendation is in the public interest.

Hearing

10(1) In the event that a person objecting satisfies the Commission that a serious concern exists with the staff recommendation, a hearing will be held.

(2) Where a hearing is held, the staff who prepared the recommendation appears as a party at the hearing to support its recommendation.

(3) The staff involved in preparing the staff recommendation must not assist the Commission in the hearing process.

Costs

11(1) In the event a party disagrees with the staff recommendation and seeks a hearing, if the party's objection is dismissed, the party's costs related to filing an objection are not be recoverable.

- (2) In considering a party's costs related to the staff recommendation process, the Commission will consider observations from the staff involved in the process as to the contribution, effectiveness, and efficiency of the parties.
- (3) These observations of staff will be provided to the parties for comment prior to the Commission making its cost decision.