



## ENMAX Power Corporation

2007-2016 Formula Based Ratemaking: Line Loss Proposal

Cost Awards



**ALBERTA UTILITIES COMMISSION**

Utility Cost Order 2010-002: ENMAX Power Corporation  
2007-2016 Formula Based Ratemaking: Line Loss Proposal  
Application No. 1550487  
Cost Application No. 1605494

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# ALBERTA UTILITIES COMMISSION

Calgary, Alberta

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2007-2016 Formula Base Ratemaking  
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## 1 INTRODUCTION

1. On May 11, 2007, ENMAX Power Corporation (EPC) filed a Formula Based Ratemaking Application (FBR Application) with the Alberta Energy and Utilities Board (the Board or EUB). The FBR Application sought approval to change distribution and transmission rates annually through application of a formula approved by the Alberta Utilities Commission (AUC or Commission) instead of through annual or bi-annual cost of service applications to the Commission. During the course of the proceeding, the Commission heard evidence that the FBR Application did not address the lack of incentive that EPC, as the monopoly supplier of distribution services, had to minimize the amount of electricity lost from the system (line losses) either due to technical issues or non-technical issues such as theft. Any energy lost on the distribution system is billed to energy customers. As a result, interveners appearing for customers of EPC sought assurances that the FBR plan approved by the Commission would not create incentives for EPC to reduce costs which could lead to increases in line losses and greater costs to end-use customers. In addition, interveners sought ways of creating incentives for EPC to reduce line losses.<sup>1</sup>

2. On December 11, 2008, EPC filed a Line Loss Proposal (Proposal)<sup>2</sup> with the Commission as an addition to its FBR Application.

3. On March 25, 2009, the Commission approved a Formula Based Ratemaking regulatory framework for EPC in Decision [2009-035](#).<sup>3</sup>

4. On November 24, 2009, the Commission issued Decision [2009-226](#)<sup>4</sup> with respect to the Proposal.

5. The Commission dealt with the Proposal by way of an oral proceeding. The oral hearing was held on July 21, 2009, in Calgary, Alberta before Mr. Willie Grieve, AUC Chair and Chair of the panel, Ms. Carolyn Dahl Rees, Vice-Chair of the Commission and Mr. Mark Kolesar, Commissioner.

6. Claims were submitted on September 25, 2009 by the D410 Group and by Public Institutional Consumers of Alberta (PICA). On September 30, 2009 a summary of the costs being claimed was circulated to interested parties. A revised summary of costs was circulated on

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<sup>1</sup> Decision 2009-226: ENMAX Power Corporation 2007-2016 Formula Based Ratemaking: Line Loss Proposal (Application No. 1550487, Proceeding ID. 12) (Released: November 24, 2009)

<sup>2</sup> EPC Letter, Line Loss Proposal dated December 11, 2008.

<sup>3</sup> Decision 2009-035: ENMAX Power Corporation, 2007-2016 Formula Based Ratemaking (Application No. 1550487, Proceeding ID. 12) (Released: March 25, 2009)

<sup>4</sup> Decision 2009-226 (November 24, 2009)

October 7, 2009 following the October 1, 2009 submission of a cost claim by Consumers' Coalition of Alberta (CCA). Parties were advised that any comments regarding the figures listed in the summary or the merits of the total costs claimed were to be filed by October 14, 2009. The Commission did not receive any comments. Accordingly, the Commission considers, for the purposes of this Cost Order, the cost process to have closed on October 14, 2009.

## **2 VIEWS OF THE COMMISSION – AUTHORITY TO AWARD COSTS**

7. In assessing a cost claim pursuant to section 21 of the *Alberta Utilities Commission Act* (AUC Act), the Commission applies Rule 022, *Rules on Intervener Costs* (Rule 022). Rule 022 was revised on September 30, 2008. The Commission has assessed the costs claimed in respect of the Proposal in accordance with Rule 022 and the *Scale of Costs* as it existed prior to the September 30, 2008 revision and as it existed at the time of the FBR Application.

8. In exercising its discretion to award costs, the Commission will, in accordance with section 11 of Rule 022, consider whether an eligible participant acted responsibly and contributed to a better understating of the issues before the Commission, and whether the costs claimed are reasonable and directly and necessarily related to the proceeding. The Commission considers these factors in light of the scope and nature of the issues in question.

9. In the Commission's view, the responsibility to contribute positively to the process is inherent in the choice to intervene in a proceeding. The Commission expects that those who choose to participate will prepare and present a position that is reasonable in light of the issues arising in the proceeding and necessary for the determination of those issues. To the extent reasonably possible, the Commission will be mindful of participants' willingness to co-operate with the Commission and other participants to promote an efficient and cost-effective proceeding.

10. As the costs of a utility proceeding are generally passed on to customers, it is the Commission's duty to ensure that customers receive fair value for a party's contribution. As such, the Commission only approves those costs that are reasonable and directly and necessarily related to the party's participation in the proceeding.

## **3 VIEWS OF THE COMMISSION – ASSESSMENT**

11. Various participants submitted cost claims totaling \$20,252.94 including actual GST of \$240.50 with respect to the Proceeding.

### **3.1 D410 Group**

12. On September 25, 2009, the D410 Group submitted a cost claim totaling \$14,189.94. The claim was comprised of legal fees incurred by Lewis L. Manning of Lawson Lundell LLP in the amount of \$7,747.50, together with disbursements of \$142.44; and consulting fees incurred by Dale Hildebrand of Desiderata Energy Consulting Inc. in the amount of \$6,300.00.

13. The Commission considers the amount claimed by the D410 Group to be reasonable. The Commission also notes that the claims for professional fees and other claims were in accordance

with the *Scale of Costs*. Accordingly, the Commission approves the claims for fees and disbursements for the D410 Group in the amount of \$14,189.94.

### **3.2 Public Institutional Consumers of Alberta**

14. On September 25, 2009, PICA submitted a cost claim totaling \$2,298.75. The claim is comprised of consulting fees incurred by Energy Management & Regulatory Consulting Ltd; and legal fees incurred by Nancy J. McKenzie Professional Corporation in the amount of \$1,225.00, together with GST of \$61.25.

15. The Commission notes that PICA has claimed GST. PICA is not entitled to claim GST, as they are eligible for a GST credit. Accordingly, the Commission denies PICA's GST claim of \$61.25.

16. With the exception of the GST reduction, the Commission considers the amount submitted by PICA to be reasonable and finds that their claims for professional fees and other claims were in accordance with the *Scale of Costs*. Accordingly, the Commission approves an award for PICA in the amount of \$2,237.50.

### **3.3 Consumers' Coalition of Alberta**

17. The Commission received a cost claim from the CCA on October 1, 2009. The CCA submitted their cost claim totaling \$3,764.25. The claim is comprised of legal fees incurred by Wachowich & Company in the amount of \$625.00, together with GST of \$31.25; and consulting fees incurred by Regulatory Services Inc. in the amount of \$2,960.00, together with GST of \$148.00.

18. The Commission considers the amount claimed by the CCA to be reasonable. The Commission also finds that their claim for professional fees and other claims were in accordance with the *Scale of Costs*. Accordingly, the Commission approves an award for the CCA in the amount of \$3,764.25.

## **4 GST**

19. In accordance with the Commission's treatment of the GST on cost awards, EPC is required to pay only that portion of the GST paid by interveners that may not be recoverable through the GST credit mechanism. Accordingly where parties are eligible for a GST credit the Commission has reduced this particular portion of their claim. Eligible GST approved by the Commission amounts to \$179.25. The GST allowed by the Commission may also be charged against EPC's Hearing Cost Reserve Account.

20. The Commission emphasizes that its treatment of the GST claimed in no way relieves participants or their lawyers and consultants from their GST obligations pursuant to the *Excise Tax Act*, R.S.C. 1985, c. E-15.

## **5 ORDER**

IT IS HEREBY ORDERED:

1. ENMAX Power Corporation shall pay intervener costs in the amount of \$20,191.69 as set out in column (h) of [Appendix A](#).
2. ENMAX Power Corporation shall record in its Hearing Cost Reserve Account the allowed intervener costs in the amount of \$20,191.69 as set out in column (h) of [Appendix A](#).

Dated in Calgary, Alberta on this 7<sup>th</sup> day of January, 2010.

**ALBERTA UTILITIES COMMISSION**

*(Original signed by)*

Willie Grieve  
Chair

*(Original signed by)*

Carolyn Dahl Rees  
Vice-Chair

*(Original signed by)*

Mark Kolesar  
Commissioner

## **APPENDIX A – SUMMARY OF COSTS CLAIMED AND AWARDED**



Appendix A

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**ENMAX Power Corporation  
Cost Application No. 1605494**

**Amended 2007-2016 Distribution General Tariff/FBR Application  
(1550487)**

**Costs Claimed and Awarded**

	Total Fees Claimed (a)	Total Expenses Claimed (b)	Total GST Claimed (c)	Total Amount Claimed (d)	Total Fees Awarded (e)	Total Expenses Awarded (f)	Total GST Awarded (g)	Total Amount Awarded (h)
<b>APPLICANT</b>								
<b>ENMAX Power Corporation</b>								
No Applicant Costs	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
<b>Sub-Total</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>
<b>INTERVENERS</b>								
<b>D-410 Group</b>								
Lews L. Manning	\$7,747.50	\$142.44	\$0.00	\$7,889.94	\$7,747.50	\$142.44	\$0.00	\$7,889.94
Dale Hildebrand	\$6,300.00	\$0.00	\$0.00	\$6,300.00	\$6,300.00	\$0.00	\$0.00	\$6,300.00
<b>Sub-Total</b>	<b>\$14,047.50</b>	<b>\$142.44</b>	<b>\$0.00</b>	<b>\$14,189.94</b>	<b>\$14,047.50</b>	<b>\$142.44</b>	<b>\$0.00</b>	<b>\$14,189.94</b>
<b>Public Institutional Consumers of Alberta</b>								
Energy Market & Regulatory Consulting Ltd.	\$1,012.50	\$0.00	\$0.00	\$1,012.50	\$1,012.50	\$0.00	\$0.00	\$1,012.50
Nancy J. McKenzie Professional Corporation	\$1,225.00	\$0.00	\$61.25	\$1,286.25	\$1,225.00	\$0.00	\$0.00	\$1,225.00
<b>Sub-Total</b>	<b>\$2,237.50</b>	<b>\$0.00</b>	<b>\$61.25</b>	<b>\$2,298.75</b>	<b>\$2,237.50</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$2,237.50</b>
<b>Consumers Coalition of Alberta</b>								
Regulatory Services Inc.	\$2,960.00	\$0.00	\$148.00	\$3,108.00	\$2,960.00	\$0.00	\$148.00	\$3,108.00
Wachowich & Company	\$625.00	\$0.00	\$31.25	\$656.25	\$625.00	\$0.00	\$31.25	\$656.25
<b>Sub-Total</b>	<b>\$3,585.00</b>	<b>\$0.00</b>	<b>\$179.25</b>	<b>\$3,764.25</b>	<b>\$3,585.00</b>	<b>\$0.00</b>	<b>\$179.25</b>	<b>\$3,764.25</b>
<b>TOTAL INTERVENER COSTS</b>	<b>\$19,870.00</b>	<b>\$142.44</b>	<b>\$240.50</b>	<b>\$20,252.94</b>	<b>\$19,870.00</b>	<b>\$142.44</b>	<b>\$179.25</b>	<b>\$20,191.69</b>
<b>TOTAL INTERVENER AND APPLICANT COSTS</b>	<b>\$19,870.00</b>	<b>\$142.44</b>	<b>\$240.50</b>	<b>\$20,252.94</b>	<b>\$19,870.00</b>	<b>\$142.44</b>	<b>\$179.25</b>	<b>\$20,191.69</b>