



- In AUC Bulletin 2013-07, the Commission also indicated that it intended to commence stakeholder consultation in 2013 on asset monitoring for owners of electric and gas distributors. Prior to those meetings, stakeholders were invited to make submissions for discussion regarding suggested approaches for asset monitoring. Subsequently, a joint utility submission was provided by distributors reflecting their position with respect to the asset monitoring framework. AUC staff then met with stakeholders individually to gain a better understanding of current asset management approaches and views. Consequently, AUC staff had committed to putting together a draft straw model before having a roundtable discussion with all stakeholders.
- Also in 2013, the concept of capital trackers was introduced along with minimum filing requirements set out in Decision 2013-435. Due to the regulatory schedule and new criteria, further development of asset management reporting was postponed.
- In 2015, the process for developing an asset management reporting plan re-commenced and AUC staff developed a draft straw model of potential asset monitoring reporting requirements, which was circulated to parties for review in December 2015. The intent of this meeting is to discuss the draft straw model in greater detail and determine at a high level, what the requirements for this reporting plan will look like.

### 3 General feedback

- Taking into consideration the differences between the electric and gas industry, one intervener asked whether there could be some independence between the two industries regarding how the asset monitoring framework is setup. AUC staff acknowledged the difference in the two industries and will be discussing the framework further with stakeholders, independent of the feedback received at the asset management consultation for electric.
- One intervener asked whether this information would be used as part of future hearings or proceeding records. AUC staff advised that similar to Rule 002 Service Quality and Reliability reports, the information will be filed as a public “report only” document. AUC staff indicated that it envisions that the first asset management report would be for 2017 only. However, since the future structure of the next generation of PBR is still yet to be determined, asset monitoring reporting is expected to evolve over time.
- As pointed out by the distributors, the majority of information being requested in the straw model is already being asked for through capital tracker applications, and they questioned if the intent going forward is to migrate away from providing this information through the capital tracker process so that the work would not be duplicated. AUC staff noted that the future structure of the next generation of PBR and the capital tracker process is unknown. As noted in Decision 2012-237, “the purpose of asset management monitoring is to provide increased visibility into the asset management practices of the companies.” AUC staff advised that in addition to information seen in various capital tracker submissions, distributors should also provide information that is being tracked on a regular basis and being used internally to make asset management decisions.
- One intervener asked whether there is anything on record relating to asset management strategies. Distributors advised that certain elements of its asset management processes can be seen in the capital tracker proceedings.
- The group discussed the templates in further detail and asked whether asset management should include the tracking of capital expenditures (as seen in the draft template) at this time, or whether this dollar amount for the proposed 2017 report would be meaningful if the context was unknown. In addition, distributors indicated that a lot of this information was already provided in other proceedings. AUC staff expressed that it would review this internally.

**ACTION: AUC staff to review internally whether capital expenditure amounts should be included at this time.**

#### 4 Discussion of straw model and templates

- Chapter 1 – Distribution system overview
  - AUC staff explained that chapter 1 – distribution system overview allows parties to provide a “company profile” which includes information about the utility, its distribution assets, number and classes of customers served, service area and map, unique features of its distribution system, etc.
  - Chapter 1 also seeks to identify how parties prioritize between the work they choose to do, and at a high level, what practices parties have in place to maintain and manage their assets.
  - AUC staff asked the group for feedback regarding the layout of Section 1 Distribution system overview.
    - Distributors expressed that providing an age profile and producing a breakdown of their assets by vintage (as seen in the draft template) would be difficult as in some cases certain historical information has not been tracked and is therefore not available. In addition, they expressed that age is not necessarily the only factor considered in its risk and engineering assessments. As such, distributors advised that rather than providing numbers related to vintage in a standard format, they could provide a narrative describing the general age of its pipelines.
    - An intervener noted seeing benefit in receiving numbers related to vintage as vintage appears to be a factor that is highly correlated to asset condition.
    - Distributors reiterated that vintage does not necessarily indicate that assets are aged and need to be replaced. Furthermore, there are numerous other factors that are taken into consideration when determining asset management decisions.
    - AUC staff and interveners indicated that they are interested in understanding what factors drive asset management practices and decisions, and when age is a factor, this information (while not necessarily presented in a standardized format) should be provided in the reporting.
    - AUC staff recognizes that each distributor is unique and practices will vary. As such, it advised parties that the purpose of asset monitoring is not to standardize practices, impose standards or metrics, or compare one utility to another. The purpose is to have visibility and gain an understanding of what distributors are doing to maintain and manage their assets.
- Chapter 2 – Asset management practices and Chapter 3 – Asset management schedule
  - Distributors provided feedback on chapter 2, indicating that the information being requested in chapter 2 is a good representation of the programs and practices that they have in place relating to major asset programs.
  - It was agreed that at this time, the following headings would not be included throughout chapter 2: emergency repairs and/or replacements and replacement completed in conjunction with other projects.
  - Based on group discussion and recognizing that application criteria has changed since 2012, AUC staff advised that it will not at this time be including the chapter 3 narrative as part of the report. While interveners were not keen on getting rid of chapter 3 entirely, AUC staff noted that while it may not be asking for the level of detail found in the templates distributed with the draft straw model at this time, distributors may be required

to provide forecasts which are driven by asset management programs and are a result of regular testing and inspection outcomes. AUC staff indicated that from its perspective, having pre-PBR and post-PBR data would be helpful and provide visibility.

- Distributors will be expected to provide information that is tracked on a regular basis and is used internally to make asset management decisions.
- In discussions, distributors committed to providing the number of repaired leaks, and ATCO Gas indicated that it would advise AUC staff in a timely manner of other information that it could provide in the template versus in the narrative.

**ACTION: ATCO Gas to provide AUC staff with data that it could provide in the template.**

- The UCA has requested that the following comments be added to the meeting summary:
  - The UCA stated that asset management reporting should provide information that is relevant, adequate, and to a level of detail that allows the Commission and consumers to track and understand the companies' practices with respect to maintaining assets.
  - The UCA recommended a reporting mechanism that provides information on asset management practices to ensure service quality and reliability is maintained, and to avoid degradation of assets.
  - The UCA pointed out that asset condition is an outcome of the utilities' maintenance practices. The utilities have information on maintenance practices the consumers' lack, and therefore the companies should be forthcoming and provide this information so that asset condition may be evaluated.
  - The UCA argued that information on capital expenditures should remain part of asset management report as it provides context.
  - The UCA did not agree with the removal from chapter 2 of the information related to emergency repairs and/or replacements and replacement completed in conjunction with other projects.
  - The UCA argued that both historical and forecast information regarding asset management should be part of the report as they provide useful information. Therefore, the UCA's is against the removal of chapter 3 of the proposed model.

## 5 Next steps

- Based on the discussions held and feedback received from the group, AUC staff will revise the table of contents and template. Once completed, AUC staff will circulate the modified straw model and template to parties for comment. As previously mentioned, AUC staff intends on finalizing at a high level, the general information needed to satisfy the requirements for this reporting plan by early March 2016.

**ACTION: AUC Staff to revise the table of contents and template, and circulate the revised straw model and template to parties for review and formal comment.**

- AUC Staff thanked parties for their continued participation and involvement with the asset management consultation process.