



ATCO Electric Ltd.

Sale and Transfer of Waskatenau
Rural Electrification Association

July 19, 2010



ALBERTA UTILITIES COMMISSION

Decision 2010-333: ATCO Electric Ltd.

Sale and Transfer of Waskatenau Rural Electrification Association

Application No. 1606156

Proceeding ID. 628

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ALBERTA UTILITIES COMMISSION

Calgary Alberta

**ATCO ELECTRIC LTD.
SALE AND TRANSFER OF WASKATENAU
RURAL ELECTRIFICATION ASSOCIATION**

**Decision 2010-333
Application No. 1606156
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1 INTRODUCTION

1. On April 30, 2010, ATCO Electric Ltd. (ATCO) filed Application No. 1606156 (Application) with the Alberta Utilities Commission (AUC or Commission) pursuant to sections 25, 27, 29, and 32 of the *Hydro and Electric Energy Act*. ATCO seeks approval of the sale from the Waskatenau Rural Electrification Association Limited (WREAL) to ATCO of the Electrical Facilities and Related Land Rights, also referred to as the electrical distribution system (Assets) and the transfer of customers as defined in the Sale of Distribution System and Termination of Services Agreement, dated March 10, 2010, between WREAL and ATCO.

2. Commission staff reviewed the Application and requested additional information on May 28, 2010. On July 14, 2010, ATCO filed responses to the Commission's requests for additional information. A Notice of Application was not issued and a hearing was not required as the Commission considered that its decision or order would not directly and adversely affect the rights of a person pursuant to section 9 of the *Alberta Utilities Commission Act*.

2 DISCUSSION

3. The WREAL is the holder of Approval HE 75146A that allows it to own and operate an electric distribution system within a defined service area.

4. The members of WREAL were notified of the proposed sale of Assets and transfer of customers by way of a Notice of Special General Meeting held on February 27, 2010.

5. On February 27, 2010, the Special General Meeting of the WREAL was held, at which time the members of WREAL approved the transfer of the WREAL's Assets and transfer of WREAL's customers to ATCO. WREAL approved the winding up and dissolution of WREAL, in accordance with the *Rural Utilities Act*, following the sale of Assets and transfer of customers.

6. WREAL agreed to accept, and ATCO agreed to pay, the sum of \$3,346,285.00 (or no less than \$17,520.00 per site), on terms approved by the Board of Directors of WREAL, for the Assets and transfer of customers.

7. On April 7, 2010, the Director of Rural Electrification Associations for the Province of Alberta approved WREAL's resolution to sell its Assets and transfer its customers to ATCO. WREAL's service area is within ATCO's service area; therefore, ATCO already has the right to provide service to WREAL customers.

3 FINDINGS

8. The Commission hereby finds that, since WREAL no longer requires an approval to operate an electrical distribution system, the existing approval HE 75146A is no longer required.

9. The Commission emphasizes that while ATCO and the WREAL have agreed on a purchase price of \$3,346,285.00 for the sale of the WREAL's electrical distribution system, the Commission is not making any determination on the prudence of the purchase with respect to the inclusion of that amount into ATCO's rate base. The Commission expects to review the prudence of the purchase price in ATCO's next Phase I, General Tariff Application.

4 DECISION

10. The Commission, pursuant to sections 25, 26, 27, 29 and 32 of the *Hydro and Electric Energy Act*, approves Application No. 1606156 for the sale of the WREAL's electrical distribution system and transfer of customers to ATCO. The existing approval to operate an electrical distribution system HE 75146A is hereby rescinded, as set out in Appendix 1 – Discontinuation of Distribution System Approval No. U2010-281 – July 19, 2010 (Appendix 1 will be distributed separately).

Dated on July 19, 2010

ALBERTA UTILITIES COMMISSION

(original signed by)

Thomas McGee
Commissioner