Alberta Utilities Commission

AltaLink Management Ltd.

2015-2016 General Tariff Application
Second Compliance Filing

August 10, 2017

Alberta Utilities Commission
Decision 22378-D01-2017
AltaLink Management Ltd.
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Proceeding 22378

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1 Summary of decision

1. This decision provides the Alberta Utilities Commission determinations regarding AltaLink Management Ltd.'s (AltaLink or AML) compliance with the Commission's direction following the release of Decision 3524-D01-2016,[1] which determined AltaLink's 2015-2016 general tariff application (GTA) and Decision 21827-D01-2016,[2] regarding AltaLink's proposed refund of previously collected construction work in progress (CWIP)-in-rate base amounts.

2. For the reasons set out in this decision, the Commission denies AltaLink's proposal to recapitalize AFUDC (allowance for funds used during construction) in the amount of $7.1 million related to cancelled transmission projects. AltaLink is directed to refund $267.1 million related to the amount of return it collected from customers on its CWIP-in-rate base balances over the years 2011-2014. AltaLink is to refund $22.7 million related to the return earned on the accumulated CWIP-in-rate base returns in the years 2011-2014 and to refund $22.4 million related to the return earned on the accumulated CWIP-in-rate base returns in the years 2015-2016.

3. AltaLink is further directed to submit direct-assigned capital deferral account (DACDA) schedules for the years 2011 to 2014 to calculate the refund of over-collected revenue requirement that results from the tax adjustments and to adjust its future income tax (FIT) reserve pool by only the change in future tax expense that results from the change in timing differences.

2 Introduction and process

4. On January 30, 2017, AltaLink filed an application requesting approval for its 2015-2016 general tariff application second compliance filing. The application included AltaLink's proposed refund of previously collected CWIP-in-rate base amounts pursuant to Decision 3524-D01-2016 and Decision 21827-D01-2016. The Commission issued notice of the application on February 2, 2017, and requested that any statements of intent to participate (SIP) be filed by February 13, 2017. The Commission further requested parties to comment on AltaLink's proposal to hold a technical meeting.[3]

5. The Consumers' Coalition of Alberta (CCA) was the only party to submit a SIP in response to the notice, and stated that it supported AltaLink's proposal to hold a technical meeting.[4]

[1] Decision 3524-D01-2016: AltaLink Management Ltd., 2015-2016 General Tariff Application, Proceeding 3524, Application 1611000-1, May 9, 2016.
[2] Decision 21827-D01-2016: AltaLink Management Ltd., Compliance Application Pursuant to Decision 3524-D01-2016, Proceeding 21827, December 16, 2016.
[3] Exhibit 22378-X0007, Notice of application.
[4] Exhibit 22378-X0008, CCA SIP; Exhibit-X0009, CCA correspondence – technical meeting.

6. The Commission approved AltaLink's request to hold a technical meeting and hosted the technical meeting at its Calgary office on Thursday, March 9, 2017. At the conclusion of the meeting, AltaLink and the CCA decided to hold an additional technical session to discuss remaining issues that were not resolved in the technical meeting.

7. AltaLink submitted an update to its application on April 6, 2017. This update reflected a reduction to the total amount it had proposed to refund. In the application update, AltaLink revised the refund amount related to the recapitalized allowance for funds used during construction from $246.3 million to $239.2 million, which was a result of AltaLink's proposal to remove the refundable amounts related to cancelled transmission projects. Additionally, AltaLink increased the amount of tax to be refunded from $40.4 million to $44.3 million. AltaLink stated that the CCA had no objections to the updated filing.[5]

8. Following receipt of the updated application, the Commission issued the following process schedule:

Process step	Revised deadline dates
Information requests to AltaLink	April 19, 2017, by 4 p.m.
Information responses from AltaLink	April 28, 2017, by 4 p.m.
Comments on the need for further process	May 5, 2017, by 4 p.m.

9. The Commission was the only party to submit information requests (IRs). AltaLink responded to the Commission's requests within the process schedule timeline. Both AltaLink and the CCA responded to the need for further comments. AltaLink submitted that because there were no outstanding objections to its application, it should be approved as filed.[6] The CCA stated that "the Commission has everything on the record that it needs to render a decision on this compliance filing. Therefore, the CCA does not request an opportunity to file written argument and reply argument."[7]

10. Following its review of AltaLink's responses to its IRs, the Commission determined that additional information was required. The Commission issued a second round of IRs on May 30, 2017, and established the following process schedule:[8]

Process step	Deadline dates
AltaLink response to AUC IR round 2	June 13, 2017, 4 p.m.
Comments for further process	June 16, 2017, 4 p.m.

11. AltaLink submitted its responses in compliance with the process schedule while the CCA reaffirmed its previously submitted comments on the need for further process.

12. AltaLink submitted supplementary information in regards to its response to AML-AUC-2017MAY30-003. AltaLink explained that its original response to the IR provided the effects of

5 Exhibit 22378-X0001.02, application, PDF pages 1-2.
6 Exhibit 22378-X0020, AML letter to AUC - Comments on the need for further process.
7 Exhibit 22378-X0021, CCA submission on further process.
8 Exhibit 22378-X0022, AUC letter - Commission request for additional information, paragraph 4.

removing CWIP-in-rate base from the approved GTA forecasts. In its supplemental information, AltaLink explained that it provided a comparison of the approved property additions/rate base to actual property additions/rate base in response to the IR.[9]

13. The Commission considers the close of record for this proceeding to be June 26, 2017, the date the Commission received supplemental information from AltaLink.

14. In reaching the determinations set out within this decision, the Commission has considered all relevant materials comprising the record of this proceeding. Accordingly, references in this decision to specific parts of the record are intended to assist the reader in understanding the Commission's reasoning relating to a particular matter and should not be taken as an indication that the Commission did not consider all relevant portions of the record with respect to that matter.

3 Background

15. In AltaLink's 2015-2016 GTA, Proceeding 3524, AltaLink proposed to refund an amount equal to the sum of the previously collected CWIP-in-rate base amounts related to system projects constructed between 2011 and 2014, the period during which the Commission approved the collection of CWIP-in-rate base for AltaLink. Instead, the amount of AFUDC that would have otherwise been charged on the system portion of projects, for each of the years 2011 to 2014, would be recalculated at the project level and added back in to the total cost of each project. AFUDC on customer projects constructed during the 2011 to 2014 period were not included in the proposal.[10]

16. AltaLink stated the refund would result in no change to the project costs in the year in which they were brought into service and would result in a proper allocation to the correct type of assets, locations and years; allowing for the proper depreciation expense to be calculated on those asset classes, and the adjustment for each project to be reflected as part of the capital expenditure additions in 2015 and 2016.[11]

17. The refund proposed would be a one-time repayment divided over two years, outside of the 2015-2016 revenue requirement. As a direct one-time refund to the AESO, the refund would not be an enduring payment or result in an extended liability. AltaLink characterized the proposal as a balance sheet transaction in each year.[12]

18. The Commission determined that the proposed refund of CWIP-in-rate base would not offend the prohibition against retroactive ratemaking, so long as the projects to which the refund applied were still subject to a deferral account and, accordingly, the costs for these projects were not yet included in final rates.[13]

[9] Exhibit 22378-X0029, AML Letter to AUC - Supplementary Information; Exhibit 22378-X0029, DACDA Schedules No Cancelled Project; Exhibit 22378-X0030, DACDA Schedules with Cancelled Projects.
[10] Exhibit 3524-X0418, October 2015 update, paragraph 862.
[11] Exhibit 3524-X0418, October 2015 update, paragraph 864.
[12] Exhibit 3524-X0418, October 2015 update, paragraph 865.
[13] Decision 3524-D01-2016, paragraph 946.

19. Accordingly, the Commission issued the following direction (Directive 47) in response to AltaLink's CWIP-in-rate base refund proposal in Decision 3524-D01-2016:[14]

> For the above reasons, the Commission finds it to be in the public interest to approve AltaLink's proposed refund of the previously collected CWIP-in-rate base amounts, subject to the following adjustments:
>
> - AltaLink is permitted to refund the CWIP-in-rate base amounts collected for DACDA projects, with the exception of those projects that have been finalized in Decision 2013-407[[15]] or in Decision 2044-D01-2016.[[16]]
>
> - The amount of the accumulated return, depreciation and taxes accruing to AltaLink on the AFUDC portion of capital additions that would have been added to rate base in the years 2012 to 2014 will be accounted for in the DACDA proceedings for each of the relevant projects. AltaLink is to adjust all DACDA projects not approved on a final basis in Decision 2013-407 or in Decision 2044-D01-2016 to include AFUDC in accordance with normal historic regulatory accounting practices in its compliance filing and file an update that includes the relevant AFUDC-related amounts in Proceeding 3585.
>
> - Customers and AltaLink are to be kept revenue neutral from any adjustment made to the above DACDA projects in AltaLink's applications, by refunding the accumulated return on CWIP balances that were paid to AltaLink, in addition to any return earned on those amounts, calculated based on the WACC for the period from the date on which the amounts were received, and accounting for any other impacts.

20. On July 19, 2016, AltaLink filed its compliance application in response to the Commission's directions set out Decision 3524-D01-2016. In its filing in response to Directive 47, AltaLink proposed the following refund amount:[17]

> The refund of the CWIP-in-rate base (Refund Amount), with the exception of those projects that have been finalized in Decision 2013-407 or in Decision 2044-D01-2016, amounts to $314.7 million. This comprises:
>
> - $268.5 million of returns on forecast projects costs as approved in AltaLink's 2011 to 2014 GTA's;
>   - From this amount ($1.4) million is deducted for projects finalized in Decision 2013-407 or in Decision 2044-D01-2016;
> - $30.9 million of income taxes related to the above; and
> - $16.7 million of compound AFUDC. Under AFUDC accounting, any amount of AFUDC remaining in CWIP at a year-end accrues additional AFUDC. This compounding effect does not apply to CWIP-in Rate Base accounting.

21. On December 16, 2016, the Commission issued Decision 21827-D01-2016. In that decision, it determined that AltaLink had not complied with Directive 47 from

[14] Decision 3524-D01-2016, paragraph 953.
[15] Decision 2013-407: AltaLink Management Ltd., 2013-2014 General Tariff Application, Proceeding 2044, Application 1608711-1, November 12, 2013.
[16] Decision 2044-D01-2016: AltaLink Management Ltd., 2010-2011 Direct Assign Capital Deferral Account, Audit of Southwest Transmission Project, Proceeding 2044, Application 1608711-1, January 20, 2016.
[17] Exhibit 21827-X0001, AML 2015-2016 GTA compliance application, PDF page 82.

Decision 3524-D01-2016. The Commission determined that concerns raised by the CCA, regarding the refund related to tax, had merit and that AltaLink had not refunded all amounts collected from customers under the CWIP-in-rate base method. Additionally, the Commission determined that as a result of AltaLink restoring the AFUDC method of accounting treatment in place of CWIP-in-rate base accounting treatment, customers effectively contributed funds in excess of what AltaLink would have required through its revenue requirement under AFUDC. This excess amount was capital from customers that AltaLink had available for use, at no cost, for the purposes of funding its operations. As such, the total amount AltaLink collected and was now refunding was no cost capital (NCC) and should be treated as such. Accumulating the refund amount in the NCC pool would provide customers the return on the amount of excess funds received by AltaLink.[18]

22. Consequently, the Commission directed AltaLink to refile its compliance with Directive 47 as follows:

> 96. It is hereby ordered that:
>
> (1) The Commission has accepted AltaLink Management Ltd.'s compliance application to Decision 3524-D01-2106 with the exception of Directive 47.
>
> (2) AltaLink Management Ltd. is to provide a second compliance application, including updated MFRs, with respect to the directives stated in this decision within 45 days of the issuance of this decision.[19]

4 Application and discussion of issues

4.1 CWIP-in-rate base refund (Directive 2)

23. In Decision 21827-D01-2016, the Commission directed AltaLink to refile its compliance with adjustments that are clearly identified and made within the minimum filing requirement (MFR) schedules as part of AltaLink's second compliance filing. This direction was designated as Directive 2 from Decision 21827-D01-2016.

24. In response to this direction, AltaLink stated the following:

> The approval of CWIP-in-Rate Base occurred over AltaLink's 2011-2012 GTA and 2013-2014 GTA. These GTAs include other elements of revenue requirements that the Commission did not contemplate changing as a result of Directive 47. For example, cost of debt is applicable to CWIP-in-Rate Base as well as CRU [capital replacement and upgrades] and other rate base components, and taking CWIP-in-Rate Base out of the MFR schedules would unintentionally change the cost of debt. In addition, AltaLink would be required to adjust multi-year forecasts within two separate GTAs. AltaLink was unable to create new revenue neutral MFR schedules to reflect adjustments from Directive 47 in its compliance filing, proceeding 21827, and is unable to create revenue neutral MFR schedules to reflect adjustments in response to Directive 2.[20]

18 Decision 21827-D01-2016, paragraph 81.
19 Decision 21827-D01-2016, paragraph 96.
20 Exhibit 22378-X0001.02, application, PDF page 11.

25. AltaLink stated that it was able to calculate and maintain revenue neutrality through the adjustments of Directive 2 without affecting other components of the 2011-2012 and 2013-2014 GTA.

26. AltaLink proposed to refund the following amounts in its application:

> The refund of the CWIP-in-rate base (Refund Amount), with the exception of those projects that have been finalized in Decision 2013-407 or in Decision 2044-D01-2016, amounts to $328.0 million. This comprises:
>
> - $268.5 million of returns on forecast project costs as approved in AltaLink's 2011 to 2014 GTA's.
>   - From this amount ($1.4) million is deducted for projects finalized in Decision 2013-407 or in Decision 2044-D01-2016;
> - $44.3 million of income taxes related to the above; and
> - $16.6 million of compound AFUDC. Under AFUDC accounting, any amount of AFUDC remaining in CWIP at a year-end accrues additional AFUDC. This compounding effect does not apply to CWIP-in Rate Base accounting.[21]

27. The Commission has addressed AltaLink's refund proposal, and each of the components that are to be refunded, below.

4.1.1 Removal of AFUDC amounts for cancelled projects

28. During the technical meeting, AltaLink brought forward a proposal to exclude a portion of its refundable amount of AFUDC associated with cancelled projects from its refund amount. The CCA did not object to the proposal brought forward by AltaLink.[22]

29. In its application update, AltaLink stated that its original refund calculation of $246.3 million included $7.1 million of recapitalized AFUDC related to DACDA projects that were cancelled by the AESO and were previously included in CWIP in rate base. In its updated application, AltaLink claimed that since the cancelled projects had not been capitalized, the AFUDC amounts were also not capitalized. AltaLink calculated the AFUDC on the cancelled projects to be $7.1 million and proposed to remove that amount from the total to be refunded. This resulted in a reduction to the proposed refund amount from the original $246.3 million to the updated amount of $239.2 million.[23]

Commission findings

30. The Commission directed the adjustments to be made in the MFR schedules for two purposes: (1) to be able to determine the change in revenue requirement related to the removal of CWIP-in-rate base; and (2) to establish the revised direct-assigned placeholders the Commission had previously approved in those respective GTAs for use in AltaLink's 2012-2013 DACDA and 2014 DACDA applications.

31. In AltaLink's 2011-2012 GTA and 2013-2014 GTA, the Commission approved AltaLink's direct-assigned forecast on a placeholder basis. Consequently, it would be necessary for AltaLink to submit a DACDA application for approval to recover its actual and prudently

21 Exhibit 22378-X0001.02, application, PDF page 20.
22 Exhibit 22378-X0001.02, application, PDF page 1.
23 Exhibit 22378-X0001.02, application, PDF page 1.

incurred costs for those projects for which a placeholder had been established. AltaLink's request to refund previously collected CWIP-in-rate base and restore AFUDC accounting treatment to these direct-assigned projects is an adjustment to those previously approved placeholders. Regardless of whether the refund is calculated within or outside of AltaLink's schedules, the Commission must approve AltaLink's refund amount and establish the revised DACDA placeholders against which AltaLink's 2012-2013 DACDA and its 2014 DACDA projects costs are to be examined.

32. In response to the Commission's IRs, AltaLink confirmed that the cancelled projects that included the $7.1 million in recapitalized AFUDC were system projects,[24] and that AltaLink would normally seek to recover costs for direct-assigned cancelled projects in a DACDA proceeding.[25] AltaLink explained that it is requesting the recovery of the $7.1 million in this application to avoid having to refund amounts in this proceeding, only to collect the same amount in its DACDA proceeding.[26] This argument presumes that all of the expenditures incurred for the cancelled projects were prudently incurred and, therefore, subject to full recovery.

33. In a DACDA proceeding, AltaLink would be responsible for demonstrating that its projects' expenses were prudently incurred. This burden of proof extends to expenditures for cancelled projects as well, including the AFUDC on those projects. AltaLink's proposal to recover these costs in a compliance filing would eliminate any opportunity to test the prudence of these project costs in a DACDA proceeding. Moreover, AltaLink, in its 2014 DACDA (Proceeding 22542), has applied for the recovery of its expenses on cancelled project expenses, as reproduced below:

> As detailed in the Application, AltaLink specifically applies for the following:
>
> - a determination of reasonable project costs for projects completed in 2014 and orders disposing of the 2014 Direct Assign Capital Deferral Account ("DACDA") balance pertaining to Direct Assign ("DA") projects completed in 2014 and the associated 2015 trailing costs;
> - a determination of reasonable project costs for six specific DA projects completed in 2015 and orders disposing of the DACDA balance for six DA projects completed in 2015 (the 2014 projects and six 2015 projects are referred to as the "DACDA");
> - the 2014 balances for other deferral accounts including long-term debt, Taxes Other than Income Taxes and annual structure payments (the "Other Deferral Accounts");
> - **<u>recovery of expenses from projects cancelled by the Alberta Electric System Operator ("AESO") in 2014, 2015 and 2016;</u>**
> - revenue true-up for 2014 from AltaLink's 2013-2014 General Tariff Application ("GTA"); and
> - such further and other orders, declarations or exemptions of the Commission that are necessary to give effect to the Application.[27]
>
> [emphasis added]

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[24] Exhibit 22378-X0017, AML IR responses to AUC, AML-AUC-2017APR19-002(b).
[25] Exhibit 22378-X0017, AML IR responses to AUC, AML-AUC-2017APR19-002(f).
[26] Exhibit 22378-X0017, AML IR responses to AUC, AML-AUC-2017APR19-002(g).
[27] Exhibit 22542-X0002.01, 2014 DACDA application redacted, paragraph 2.

34. For the reasons provided above, the Commission denies AltaLink's proposal to remove the $7.1 million from the amount it is to refund to customers. The recovery of costs attributable to cancelled projects will be determined within the scope of Proceeding 22542, AltaLink's 2014 DACDA proceeding.

4.1.2 Refund of the return on CWIP-in-rate base balances that were paid to AltaLink

35. AltaLink stated that it had collected $268.5 million of returns on the CWIP-in-rate base balances between 2011 and 2014. Of the $268.5 million collected, $1.4 million was to be excluded as it was related to projects that were approved as final and were therefore not eligible to be refunded.[28] This results in a net amount eligible to be refunded of $267.1 million.

36. In AltaLink's refund schedules, AltaLink has proposed to refund $246.4 million, of which $229.7 million[29] is related to the return calculated on CWIP. AltaLink explained that the $229.7 million was the amount of AFUDC it calculated to be attributed to the actual project costs for the years 2011-2014.[30]

37. The difference between the amount that AltaLink had collected in its GTA-approved forecast and the amount AltaLink proposed to refund in this application is $37.4 million. AltaLink stated it transferred that amount to its deferral account and refunded it in an unspecified DACDA compliance filing.[31]

Commission findings

38. The amount of AltaLink's proposed refund, $229.7 million, is based on the actual AFUDC that would have been earned by AltaLink on CWIP balances.

39. The Commission did not direct AltaLink to refund the amount of AFUDC that would have been earned on its actual CWIP balances on its 2011 to 2014 direct-assigned projects.

40. AltaLink incorrectly excluded the $37.4 million as part of the refundable amount in compliance with the Commission's directions in Decision-3524-D01-2016 and Decision 21827-D01-2016 by moving those amounts to its DACDA compliance application.

41. The Commission agrees with AltaLink's calculation that the amount collected and, therefore, the amount eligible to be refunded by AltaLink was $267.1 million, as shown in Table 1 below. AltaLink is directed to refund the $267.1 million of CWIP-in-rate base return it collected from customers in the years 2011 to 2014.

Table 1. Return collected from CWIP-in-rate base balances

	2011	2012	2013	2014	Total
	($ million)				
Return collected on CWIP	24.2	54.1	79.5	109.3	267.1

Source: Exhibit 22378-X0001.02, [Directive 47] Table 2 CWIP-in-rate base, line 17, PDF page 23.

28 Exhibit 22378-X0001.02, application, PDF page 20.
29 $231.1 million minus $1.4 million related to projects already finalized and not eligible to be refunded.
30 Exhibit 22378-X0001.02, application, PDF pages 20-21.
31 Exhibit 22378-X0001.02, application, PDF page 13.

4.1.3 Refund related to tax adjustments from the removal of CWIP-in-rate base return

42. In Decision 21827-D01-2016, the Commission determined AltaLink had not complied with Directive 47, that the concerns raised by CCA regarding the refund of tax had merit and that AltaLink had not refunded all amounts collected from customers under the CWIP-in-rate base method.[32]

43. The CCA argued, in Proceeding 21827, that AltaLink's calculations resulted in a refund amount that was less than what AltaLink had collected from ratepayers. The CCA stated that the Commission should order AltaLink to incorporate the following adjustments to comply with Directive 47:[33]

- The refunded tax amounts should be grossed up to reflect the amounts AltaLink collected.
- The amount of FIT to be refunded should equal what customers were charged, and be in proportion to the amount of CWIP in rate base relative to the total capital balance that the returns and the taxes were calculated on. The CCA added that AltaLink has assumed that all taxes are future, and exceed the amount customers were charged, and results in a reduction to the no cost capital balance, to the disadvantage of the customers.
- The UCC [undepreciated capital cost] pools should be restored for any UCC utilized to calculate any future taxes associated with the CWIP in rate base that was originally charged to customers. [footnotes removed]

44. In its second compliance filing application, AltaLink stated that by refunding current taxes, AltaLink would not be revenue neutral and AltaLink's return on equity would be retroactively diluted. AltaLink proposed to increase the amount of tax to be refunded from $30.9 million to $40.4 million, all of which would be refunded through FIT. AltaLink correspondingly increased the amount restored back into the UCC pool so that current income taxes in the future would be lower. AltaLink claimed that this would keep customers and AltaLink neutral with respect to the current income tax effect.

45. AltaLink stated its tax refund proposal was based on the following:[34]

- The capital cost allowance claim against CWIP-in-Rate Base is increased such that current income taxes under CWIP-in-Rate Base become 0. This increases future income tax refund from $30.9 million to $40.4 million.
- Concurrently, the UCC pool is increased such that current income taxes in the future will be lowered.
- There is no retroactive adjustment and Customers and AltaLink are kept revenue neutral.

46. AltaLink and the CCA held further discussions after the March 9, 2017 technical meeting regarding this issue and, as a result of those meetings, AltaLink amended its refund of tax from $40.4 million to $44.3 million.

32 Decision 21827-D01-2017, paragraphs 74-82.
33 Decision 21827-D01-2017, paragraph 66.
34 Exhibit 22378-X0001.02, application, PDF page 15.

47. AltaLink explained the reason for the increase in the refund related to tax as follows:

> During the technical meeting, the CCA suggested that the allocation of capital cost allowance deductions between DACDA and existing rate base should be more appropriately allocated based on relative taxable income rather than AltaLink's normal approach of reducing DACDA taxable income to zero. After additional discussions with the CCA following the technical meeting, AltaLink agrees that for the purpose of determining the amount of income taxes associated with the previously collected return on CWIP-in-rate base, the approach suggested by the CCA is acceptable and would provide ratepayers an additional refund of $3.9 million of income taxes. Accordingly, AltaLink has amended its second compliance filing to increase the refund of income taxes from $40.4 million to $44.3 million.[35]

48. The CCA had no objection to either the updated filing refund amount of $43.9 million or having the entire refund of tax being refunded through the FIT reserve pool.

Commission findings

49. In IR AML-AUC-2017APR19-004(b), the Commission asked AltaLink to explain why the refund of current tax expense must be refunded through future income tax, as well as to confirm and explain why it did not qualify to have its prior year tax returns reassessed by the Canada Revenue Agency. In response, AltaLink stated the following:

> (b) For the 2011-2014 tax years, CWIP-in-rate base was approved by the Commission as the final determination of revenue requirement. The returns on CWIP-in-rate base in those years were taxable income in those years. The regulatory decisions approving the CWIP-in-rate base were not ambiguous and the refund amount is not a result of an error in those decisions. As a result, there is no basis for AltaLink to seek a re-assessment of the income tax returns filed with Revenue Canada.[36]

50. In Decision 3524-D01-2016, the Commission determined the refund of CWIP balances on the 2012-2014 capital projects did not offend the prohibition against retroactive ratemaking, because the project costs were not yet final and were still subject to deferral account treatment.

51. AltaLink's response to IR AML-AUC-2017APR19-004(b) suggested that its tax expense was determined to be final. The Commission asked AltaLink to explain the contradiction between taxes being final and the refund of CWIP as interim and, further, why AltaLink's ability to refund current tax has not been an issue for other direct-assigned projects that have been included in prior DACDA applications.

52. In response, AltaLink provided the following explanation:

> (a)–(c) There is no contradiction between "…these project costs were not yet final as they were subject to deferral account treatment" and AltaLink's response to Information Request (IR) AML-AUC-2017APR19-004(b). To clarify, when AltaLink stated "For the 2011-2014 tax years, CWIP-in-rate base was approved by the Commission as the final determination of revenue requirement"1 it was confirming that the revenue requirement including CWIP-in-rate base had been finalized for the purposes of Income tax returns filing with Revenue Canada. AltaLink understands that project costs are not final until the

35 Exhibit 22378-X0001.02, application, PDF page 2.
36 Exhibit 22378-X0017, IR responses to AUC round 1, AML-AUC-2017APR19-004(b).

Commission has rendered its decision on the prudence of incurred costs through a DACDA proceeding.

AltaLink's financial statements report the actual project costs incurred during that particular year; however, DACDA proceedings have not yet occurred. This means adjustments are recorded in those financial statements in order to record the amount of revenue requirement for that year based on those actual results. Any differences arising between the revenue requirement (based on the approved GTA Direct Assign Projects forecast) and the actual revenue requirement (based on actual project cost results) are recorded within the financial statements. These differences appear as either shortfalls (accounts receivables) or surpluses (accounts payables) on AltaLink's balance sheet to be later reconciled and adjusted in future DACDA proceedings.

If a refund of current income taxes were to occur, it would impact the current year's financial results. In the event a DACDA reconciliation process took place and the Commission's decision approved AltaLink's application and adjustments as filed, AltaLink's financial statements would be kept whole due to the adjustments it had provided for (as either a payable or receivable) on its financial statements and the current period financial results would be kept whole and would not be impacted.

The annual filings with Revenue Canada are based on AltaLink's annual financial statements and are not dependent on the Commission's finalization of AltaLink's DACDA proceeding or GTA proceeding. The Commission's approvals of AltaLink's 2011-2014 revenue requirements included taxable revenues arising from the inclusion of CWIP-in-rate base as a final determination of revenue requirements for those years, and the corresponding filings with Revenue Canada included the revenues arising from the actual level of CWIP-in-rate base. Therefore, those filings that reflected the CWIP-in-rate base revenues with Revenue Canada are correct. No adjustments were contemplated to AltaLink's financial statements during those historical years to account for any adjustments arising from a change from CWIP-in-rate base to AFUDC accounting. The refund of future income taxes and the corresponding increase in UCC pools keep both ratepayers and AltaLink whole.

53. In AltaLink's 2011-2012 GTA and 2013-2014 GTA, the Commission approved AltaLink's direct-assigned forecast on a placeholder basis. For regulatory purposes, these placeholder amounts are not final until they have been approved in a DACDA. AltaLink's CWIP-in-rate base refund is an adjustment to those previously approved placeholders. Adjustments made in DACDA applications are intended to keep customers and the utility whole by settling the over or under-collected revenue requirement that results from changes to the various components of revenue requirement, such as tax, and, as such, the Commission is not persuaded by AltaLink's argument that the refund of current taxes would not be revenue neutral and would retroactively dilute AltaLink's return on equity.

54. The Commission requested AltaLink to calculate the refund using its DACDA schedules.[37] In response, AltaLink provided DACDA schedules that resulted in a FIT refund of $40.4 million, which was the amount AltaLink provided in its compliance filing refund application schedules.[38] The Commission reviewed the response, and noticed that AltaLink did not calculate the taxable income in the same manner as it had in its 2012-2013 DACDA

[37] Exhibit 22378-X0023, AUC IR Round 2 to AltaLink, AML-AUC-2017MAY30-003(c).
[38] Exhibit 22378-X0001.02, application, line 21, PDF page 33.

application and did not adjust its capital cost allowance claim to the point where taxable income is zero, as it does in its DACDA applications.

55. In addition, the Commission compared AltaLink's DACDA schedules provided in its IR response to AltaLink's submission in its 2012-2013 DACDA compliance filing. The Commission has provided a comparison of the year 2012 values, for each of the applications below.

Table 2. Comparison of DACDA schedules filed in response to IR AML-AUC-2017MAY30-003(c)ii

AltaLink Submission to Commission IR - Refund Calculation through DACDA schedule

2012 Forecast with no CWIP-in-rate base

Description	Depreciation and Amortization Rates	Gross Balance as at Jan 1, 2012	Balance as at Jan 1, 2012 Net of Depreciation	Additions	Depreciation Provision	Net Balance as at Dec 31, 2012	Net Mid-Year Balance
Property, Plant and Equipment	(a)	(b)	(c)	(d)	(e) =[(b)+(d)/2]x(a)	(f) =(c)+(d)-(e)	(g) =[(c)+(f)]/2
352 STRUCTURES AND IMPROVEMENTS	2.36%	12.2	12.1	1.2	0.3	12.9	12.5
353 STATION EQUIPMENT	2.76%	91.1	89.8	124.8	4.2	210.4	150.1
353.1 SYSTEM COMMUNICATION AND CONTROL	5.27%	18.3	17.8	24.5	1.6	40.8	29.3
354 TOWERS AND FIXTURES	2.32%	12.2	12.1	67.9	1.1	78.9	45.5
355 POLES AND FIXTURES	3.36%	31.8	31.3	58.0	2.0	87.3	59.3
356 OVERHEAD CONDUCTORS AND DEVICES	1.79%	14.2	14.1	6.5	0.3	20.3	17.2
350.1 LAND RIGHTS	1.56%	3.4	3.3	4.0	0.1	7.2	5.3
350 LAND	0.00%	2.6	2.6	0.8	-	3.4	3.0
		185.8	183.1	287.7	9.7	461.1	322.1
CWIP in Rate Base	1.00	-	-	-	-	-	-
Less: Customer Contributions	3.35%	31.2	30.6	111.2	2.9	139.0	84.8
		154.6	152.5	176.4	6.8	322.1	237.3
CCA Claim							
Class 47	8.00%	217.2	128.4	151.1	(16.0)	463.0	
Class 46	30.00%		15.6	24.5	8.4	31.7	
Interest cost associated with Debt AFUDC			-	-	-	-	
			144.0	175.6	(7.7)	494.7	
			Timing Difference		14.5		
			Taxable Income		46.8		

Source: Exhibit 22378-X0026, AML-AUC-2017MAY30-003 Attachment 2, worksheet 3-2.2012 (ii).

Table 3. AltaLink's 2012-2013 DACDA compliance filing

AltaLink Submission in 2012-2013 DACDA compliance filing
Appendix 1 Schedule 7-1-B (REV) (Update 2016AUG15)

Description	Depreciation and Amortization Rates	Gross Balance as at Jan 1, 2012	Balance as at Jan 1, 2012 Net of Depreciation	Additions	Depreciation Provision	Net Balance as at Dec 31, 2012	Net Mid-Year Balance
			2012 Actuals				
Property, Plant and Equipment	(a)	(b)	(c)	(d)	(e) =[(b)+(d)/2]x(a)	(f) =(c)+(d)-(e)	(g) =[(c)+(f)]/2
352 STRUCTURES AND IMPROVEMENTS	2.36%	12.2	12.1	45.4	0.8	56.6	34.3
353 STATION EQUIPMENT	2.76%	91.1	89.8	148.6	4.6	233.9	161.9
353.1 SYSTEM COMMUNICATION AND CONTROL	5.27%	18.3	17.8	46.3	2.2	61.9	39.9
354 TOWERS AND FIXTURES	2.32%	12.2	12.1	23.3	0.6	34.8	23.4
355 POLES AND FIXTURES	3.36%	31.8	31.3	64.0	2.1	93.1	62.2
356 OVERHEAD CONDUCTORS AND DEVICES	1.79%	14.2	14.1	62.0	0.8	75.2	44.7
350.1 LAND RIGHTS	1.56%	3.4	3.3	5.2	0.1	8.5	5.9
350 LAND	0.00%	2.6	2.6	2.6	0.0	5.2	3.9
		185.8	183.1	397.3	11.2	569.2	376.2
CWIP in Rate Base	1.00						
Less: Customer Contributions	3.35%		30.6	127.2	3.2	154.7	92.7
		155.1	152.5	270.1	8.0	414.5	283.5
CCA Claim							
Class 47	8.00%		128.4	217.1	5.7	49.2	
Class 46	30.00%		15.6	45.4	11.5	49.5	
Interest cost associated with Debt AFUDC			-	0	0	0	
			144.0	262.5	17.2	98.8	
			Timing Difference		(9.2)		
			Taxable Income		0		

Source: Exhibit 21914-X0003, AML 2012-13 DACDA Compliance - DACDA Calculations 2012, worksheet Schedule 7-1-B Compliance.

56. The two schedules above should be reconcilable. They are not. The capital cost allowance claim AltaLink took in compliance to its DACDA application is $24.9 million higher than the capital cost allowance claim in AltaLink's IR response schedules. The increase in net mid-year rate base of $46.2 million[39] would result in an increase of return on equity of only $1.5 million,[40] while the depreciation expense is only $1.2 million[41] higher. In other words, an increase of $2.7 million in taxable income appears to require an additional $24.9 million in capital cost allowance deductions, yet AltaLink's entire capital cost allowance claim on its whole 2012 DACDA revenue requirement only required a claim of $17.2 million to make the taxable income zero. The Commission is not persuaded that this outcome could be reasonable or correct.

39 283.5million – 237.3 million.
40 46.2 million * 37 per cent * 8.75 per cent.
41 8.0 million – 6.8 million.

57. AltaLink is directed to refile its compliance with DACDA schedules, for the years 2011 to 2014, as part of AltaLink's third compliance filing as ordered at the end of this decision. The DACDA schedules are to account for the effects of removing CWIP-in-rate base from the approved direct-assigned GTA forecast. AltaLink is to use the same calculation of taxable income that it uses in its DACDA applications, as well as adjusting its capital cost allowance claim such that the taxable income is zero, or until the maximum allowable capital cost allowance claim is reached. AltaLink is to refund the revenue requirement effect that results from the tax adjustments and is to only adjust its FIT reserve pool by the change in future tax expense that results from the change in timing differences.

4.1.4 Return earned on the accumulated CWIP-in-rate base return

58. AltaLink proposed to refund $246.4 million in its refund schedules. $229.7 million of this amount was the amount of AFUDC AltaLink attributed to the actual project costs for the years 2011-2014. AltaLink explained that the remaining $16.6 million is related to the compounding effect of AFUDC, or the amount of AFUDC that is earned on the AFUDC that was not capitalized and remains in CWIP. AltaLink calculated the $16.6 million of compounded AFUDC based on the actual AFUDC amounts that remained in its CWIP balances.[42]

Commission findings

59. In Decision 3524-D01-2016, the Commission provided the following direction to AltaLink:

> …
> • Customers and AltaLink are to be kept revenue neutral from any adjustment made to the above DACDA projects in AltaLink's applications, by refunding the accumulated return on CWIP balances that were paid to AltaLink, **in addition to any return earned on those amounts, calculated based on the WACC for the period from the date on which the amounts were received,** and accounting for any other impacts.[43]
> [emphasis added]

60. In Decision 21827-D01-2016 (AltaLink 2015-2016 compliance filing), the Commission gave AltaLink further direction on the treatment of these refundable amounts, as follows:

> 81. As a result of AltaLink restoring the AFUDC method in place of CWIP in rate base, customers effectively contributed funds in excess of what AltaLink would have required through its revenue requirement under AFUDC. This excess amount is capital from customers that AltaLink had available for use, at no cost, for the purposes of funding its operations. As such, the total amount AltaLink collected and is now refunding is no cost capital and should be treated as such. Accumulating the refund amount in the no cost capital pool provides customers the return on the amount of excess funds received by AltaLink.[44]

61. AltaLink calculated the return it earned on the accumulated CWIP-in-rate base return as the compounding of AFUDC (AFUDC on AFUDC) it was entitled to receive as a result of reverting to the AFUDC accounting methodology. Similar to AltaLink's calculation of the return

[42] Exhibit 22378-X0001.02, application, PDF pages 20-21.
[43] Decision 3524-D01-2016, paragraph 953.
[44] Decision 21827-D01-2016, paragraph 81.

it proposed to refund customers, AltaLink used its actual CWIP balances and the actual AFUDC amounts it would have received to calculate the $16.6 million.

62. The Commission's direction was to calculate the return on the amounts received from customers, and to refund the return earned on those amounts. The Commission gave further direction that those accumulated return amounts were to be treated as no cost capital. As identified in Table 3 above, AltaLink collected $267.1 million of return on its forecast CWIP-in-rate base balances. It is the $267.1 million that AltaLink received from customers through its tariff revenue requirements that it was able to re-invest in capital projects and use to fund its operations that is to be treated as no cost capital.

63. The Commission has calculated the return on the accumulated returns AltaLink collected, using the NCC treatment, in Table 4 below.

Table 4. Return on accumulated CWIP-in-rate base returns [treated as NCC]

		2011	2012	2013	2014	Total
		($ million)				
NCC balances	Open	0.0	24.2	78.3	157.8	
	Add	24.2	54.1	79.5	109.3	
	Close	24.2	78.3	157.8	267.1	
	Mid-year	12.1	51.2	118.0	212.4	
WACC (1)		6.58%	6.37%	5.73%	5.59%	
Return on accumulated CWIP-in-rate base returns		0.8	3.3	6.8	11.9	22.7

Note (1): Exhibit 22378-X0001.02, [Directive 47] Table 2 CWIP-in-rate base, line 10, PDF page 23.

64. As a result of reverting to the AFUDC method of accounting from the CWIP-in-rate base methodology, AltaLink is to refund $22.7 million of return that it would have earned as a result of having customers effectively contributing $267.1 million funds in excess of what AltaLink would have collected through its revenue requirement without CWIP-in-rate base in the years 2011 to 2014.

4.1.5 Return earned on the accumulated CWIP-in-rate base return in 2015 and 2016

65. AltaLink proposed the CWIP-in-rate base refund as a "one-time repayment divided over two years, outside of the 2015- 2016 revenue requirement and as a direct refund to the AESO [Alberta Electric System Operator]"[45]

66. The Commission created Table 5 below, submitted the table to AltaLink and inquired whether a return on the amounts that have not been refunded to customers in 2015 and 2016 should receive NCC treatment as described in paragraph 81 of Decision 21827-D01-2016.

[45] Exhibit 3524-X0418, AML 2015-2016 GTA update, PDF page 267.

Table 5. Return on revenue collected under CWIP-in-rate base but not refunded to customers

	2015	2016
	($ million)	
Opening balance	246.4	123.2
CWIP-in-rate base refunded amount (Schedule 3-1)	-123.2	-123.2
Closing balance	123.2	0.0
Mid-year balance	184.8	61.6
WACC (Schedule 28-1)	5.57%	5.59%
Amount of return earned on amounts not refunded to customers	10.3	3.4

Source: Exhibit 22378-X0017, AUC IR Round 1 to AltaLink, IR AML-AUC-2017APR19-005(c).

67. In response to the Commission's IR, AltaLink stated the $10.3 million and $3.4 million calculated by the Commission should not be included in the refund. AltaLink referred the Commission to $43.2 million of revenue requirement the recapitalized AFUDC would generate over the years 2012-2016. AltaLink stated it deducted this amount from its 2015-2016 GTA revenue requirement, an amount of $28.8 million, that is related to return on the recapitalized $264.4 million over the years 2012 to 2016.[46]

68. AltaLink claimed that as a result of collecting the $246.4 million in the CWIP-in-rate base over the years 2011-2014, the benefit of lower debt and equity was passed on to customers by AltaLink, reducing its debt and equity requirements by $246.4 million. Additionally, AltaLink stated that it reflected the refund amounts appropriately in its interim rate adjustments.[47]

69. In a follow-up IR,[48] the Commission asked AltaLink to explain the mechanics employed to refund the CWIP-in-rate base amounts, including when the one-time payment was made to the AESO, the interim rate application(s) that included the refund amounts, and the significance of the refund being included in interim rates.

70. In response, AltaLink provided the schedule provided in Table 6 below, that demonstrated when the refund was incorporated into its interim tariff. AltaLink stated the significance of the refund being included in its interim rates was as follows:

> (1) AltaLink does not apply a carrying charge to interim tariff true-ups or deferral account settlements. In the event of regulatory lag, it is the practice to true-up the difference between the interim refundable tariff collected and the final approved revenue requirement without including an amount earned (in case of interim tariff being greater than approved revenue requirement) or an amount lost (in case of interim tariff being less than approved revenue requirement).
>
> (2) AltaLink's interim tariff included $62.8M of refunds to customers for returns and income taxes in relation to DACDA accounts for the years 2012-2016 (see Exhibit 22378-X0001.02, pdf page 8, Lines #6 to #10).

46 Exhibit 22378-X0017, IR responses to AUC Round 1, AML-AUC-2017APR19-005.
47 Exhibit 22378-X0017, IR responses to AUC Round 1, AML-AUC-2017APR19-005.
48 Exhibit 22378-X0023, AUC IR Round 2 to AltaLink, AML-AUC-2017MAY30-002(a).

(3) The $729,450,000 Interim tariff collected in 2015 does not include any amount in relation to the capitalization of AFUDC corresponding to the refund of CWIP-in-rate base.[49]

Table 6. Reconciliation of AltaLink 2015-2016 second compliance transmission tariffs versus 2015-2016 interim tariff revenues

Description	2015	2016	2015-2016 Total
Compliance Filing Transmission Tariffs - Revenue Neutral			
Compliance transmission tariffs - per Decision 3524-D01-2016 (2015) and Decision 3524-D01-2016 (2016) (A)	$ 599,400,000	$ 674,900,000	$ 1,274,300,000
Total interim tariff billings to AESO (Jan 2015 - Dec 2016)			
2015 monthly billings per Decision 3504-D01-2015, 12 months (B)	$ 60,787,500		
2016 monthly billings per Decision 21168-D01-2016, 7 months (C)		$ 60,787,500	
2016 revised monthly billings per Decision 21828-D01-2016, 5 months (D)		$ 11,907,500	
Total annual interim tariff billings			
2015 interim billings (12 months Jan 1, 2015 - Dec 31, 2015) (B) x 12 = (E)	$ 729,450,000		
2016 interim billings (7 months Jan 1, 2016 - July 31, 2016) (C) x 7 = (F)		$ 425,512,500	
2016 revised billings (5 months Aug 1, 2016 - Dec 31, 2016) (D) x 5 = (G)		$ 59,537,500	
Total annual interim tariff billings: 2015 (E) and 2016 (F) + (G) = (H)	$ 729,450,000	$ 485,050,000	$ 1,214,500,000
Surplus/Deficit as of December 31, 2016			
Interim billings versus compliance transmission tariffs (H) - (A) = (I)	$ 130,050,000	$ (189,850,000)	$ (59,800,000)

Source: Exhibit 22378-X0024, IR responses to AUC Round 2, AML-AUC-2017MAY30-002(a).

Commission findings

71. AltaLink has calculated what it would have earned using the AFUDC methodology as though the reversion back to AFUDC already took place when it removed the $28.8 million from its 2015-2016 GTA revenue requirement. However, based on directions provided in AltaLink's compliance filing for its 2015-2016 GTA, this approach is incorrect, since AltaLink was directed to refund any amounts that were affected by the removal of CWIP-in-rate base and was to apply and account for the effects of recapitalizing AFUDC in its DACDA applications.

72. Customers have not saved the debt and equity payments as claimed by AltaLink, since customers will be responsible for paying the increased debt and equity payments when the DACDA applications are trued up. The Commission notes that AltaLink's 2012-2013 DACDA application ran parallel to its 2015-2016 GTA, and was approved in Decision 21914-D01-2016.[50] AltaLink has already recovered the revenue requirement for 2012, 2013 and the 2014 Heartland project that would have accounted for the additional return, depreciation, and tax effects of capitalized AFUDC.

49 Exhibit 22378-X0024, IR Responses to AUC Round 2, AML-AUC-2017MAY30-002(a).

50 Decision 21914-D01-2016: AltaLink Management Ltd., Application for Approval of 2012 and 2013 Deferral Accounts Reconciliation Compliance Filing, Proceeding 21914, December 22, 2016.

73. As demonstrated in Table 6 above, AltaLink did not refund amounts related to the CWIP-in-rate base refund until the final five months of 2016. Therefore, the excess funds collected on the CWIP-in-rate base remained invested in AltaLink's capital projects. Consistent with the Commission's direction, AltaLink was to calculate the return on the accumulated CWIP-in-rate base returns using the NCC method. This results in the returns calculated by the Commission in Table 7 below.

Table 7. Return on revenue collected under CWIP-in-rate base but not refunded to customers

	2015	**2016**
	($ million)	
Opening balance	267.1	267.1
CWIP-in-rate base refunded amount (Schedule 3-1)	0	-267.1
Closing balance	267.1	0.0
Mid-year balance	267.1	133.5
WACC (Schedule 28-1)	5.57%	5.59%
Amount of return earned on amounts not refunded to customers	14.9	7.5

74. The return calculated by the Commission is not a calculation of carrying cost charges. The amounts related to AltaLink's refund of previously collected CWIP-in-rate base amounts are an adjustment to previously approved GTA placeholders. The return on the accumulated CWIP-in-rate base returns accounts for the returns that AltaLink earned on revenue requirement that it was not entitled to receive through its 2011 to 2014 GTA revenue requirement, as a result of reverting to the AFUDC accounting methodology.

75. As a result of reverting to the AFUDC method of accounting from the CWIP-in-rate base methodology, AltaLink is to refund $22.4 million of return earned in 2015 and 2016, that results from customers contributing $267.1 million of funds in excess of what AltaLink would have collected through its revenue requirement without CWIP-in-rate base in the years 2011 to 2014.

5 Order

76. It is hereby ordered that:

(1) AltaLink Management Ltd. is to refund the following amounts related to the refund of previously collected CWIP-in-rate base amounts:

- AltaLink is to refund $267.1 million related to the amount of return it collected from customers on its CWIP-in-rate base balances over the years 2011-2014.
- AltaLink is to refund $22.7 million related to the return earned on the accumulated CWIP-in-rate base returns in the years 2011-2014.
- AltaLink is to refund $22.4 million related to the return earned on the accumulated CWIP-in-rate base returns in the years 2015-2016.

(2) AltaLink is to provide a third compliance application that includes DACDA schedules for the years 2011 to 2014 to calculate the refund of over-collected revenue requirement that results from the tax adjustments and is to adjust its future income tax reserve pool by only the change in future tax expense that results from the change in timing differences. AltaLink is to provide a third compliance filing application within 30 days of the issuance of this decision.

Dated on August 10, 2017.

Alberta Utilities Commission

(original signed by)

Mark Kolesar
Vice-Chair

(original signed by)

Bill Lyttle
Commission Member

(original signed by)

Henry van Egteren
Commission Member

Appendix 1 – Proceeding participants

Name of organization (abbreviation) Company name of counsel or representative
AltaLink Management Ltd. (AltaLink or AML)
Consumers' Coalition Of Alberta (CCA)

Alberta Utilities Commission Commission panel M. Kolesar, Vice-Chair B. Lyttle, Commission Member H. van Egteren, Commission Member Commission staff C. Wall (Commission counsel) C. Strasser D. Ward

Appendix 2 – Summary of Commission directions

This section is provided for the convenience of readers. In the event of any difference between the directions in this section and those in the main body of the decision, the wording in the main body of the decision shall prevail.

1. For the reasons set out in this decision, the Commission denies AltaLink's proposal to recapitalize AFUDC (allowance for funds used during construction) in the amount of $7.1 million related to cancelled transmission projects. AltaLink is directed to refund $267.1 million related to the amount of return it collected from customers on its CWIP-in-rate base balances over the years 2011-2014. AltaLink is to refund $22.7 million related to the return earned on the accumulated CWIP-in-rate base returns in the years 2011-2014 and to refund $22.4 million related to the return earned on the accumulated CWIP-in-rate base returns in the years 2015-2016. .... Paragraph 2
2. AltaLink is further directed to submit direct-assigned capital deferral account (DACDA) schedules for the years 2011 to 2014 to calculate the refund of over-collected revenue requirement that results from the tax adjustments and to adjust its future income tax (FIT) reserve pool by only the change in future tax expense that results from the change in timing differences. .... Paragraph 3
3. AltaLink is directed to refile its compliance with DACDA schedules, for the years 2011 to 2014, as part of AltaLink's third compliance filing as ordered at the end of this decision. The DACDA schedules are to account for the effects of removing CWIP-in-rate base from the approved direct-assigned GTA forecast. AltaLink is to use the same calculation of taxable income that it uses in its DACDA applications, as well as adjusting its capital cost allowance claim such that the taxable income is zero, or until the maximum allowable capital cost allowance claim is reached. AltaLink is to refund the revenue requirement effect that results from the tax adjustments and is to only adjust its FIT reserve pool by the change in future tax expense that results from the change in timing differences. .... Paragraph 57