



Regulatory Law Chambers (“RLC”) is a Calgary based boutique law firm, specializing in energy and utility regulated matters. RLC works at understanding clients’ business objectives and develops legal and business strategies with clients, consistent with the legislative scheme and public interest requirements. RLC follows a team approach, including when working with our clients and industry experts. [Visit our website to learn more about RLC.](#)

ALBERTA UTILITIES COMMISSION

EPCOR Distribution & Transmission Inc. 2024 Annual Performance-Based Regulation Rate Adjustment, AUC Decision 28581-D02-2024 Rates - Electricity

Application

EPCOR Distribution & Transmission Inc. (“EDTI”) submitted its 2024 annual performance-based regulation (“PBR”) rate adjustment filing pursuant to the provisions of the third generation PBR (“PBR3”) plan. EDTI requested approval of its 2024 electric distribution access service (“DAS”) rates and riders, 2024 transmission distribution rates, including the system access service (“SAS”) rates, and billing determinants and corresponding rate schedules in accordance with the parameters of the PBR3 plan. EPCOR also requested approval of its customer and retailer terms and conditions (“T&Cs”) of electric distribution service. Additionally, EPCOR included in the application its 2022 transmission access charge deferral account (“TACDA”) true up, and requested the related true up amounts be collected or refunded through Rider J.

Decision

The AUC found that EDTI’s 2024 distribution rates proposed in this application were determined in accordance with the provisions of the PBR3 plan approved in Decision 27388-D01-2023.2023. The AUC determined that no changes were required to the 2024 distribution rates, including the SAS rates and riders, as well as the T&Cs for electric

distribution service previously approved on an interim basis in Decision 28581-D01-2023.

Pertinent Issues

The first year of the PBR3 plan is 2024. It follows the cost-of-service 2023 rebasing year. The PBR3 framework approved in Decision 27388-D01-2023 provides a rate-setting mechanism (price cap for electric distribution utilities and revenue per customer cap for gas distribution utilities). During the PBR3 term, rates are adjusted annually using a formula that includes an indexing mechanism that tracks the rate of inflation (“I”) that is relevant to the prices of inputs the utilities use, less a productivity offset (“X”). Except for specifically approved adjustments, a utility’s revenues are not linked to its costs during the PBR term.

In Decision 27388-D01-2023, the AUC approved the continuation of certain PBR rate adjustments to enable the recovery of specific costs where certain criteria have been satisfied. These include an adjustment for certain flow-through costs that should be recovered from, or refunded to, customers directly (Y factors) and an adjustment to account for the effect of exogenous and material events for which the distribution utility has no other reasonable cost recovery or refund mechanism within the PBR plan (Z factor).

For the PBR3 plan, the AUC continued to divide capital into Type 1 and Type 2 capital. For Type 1 capital, the AUC approved a modified capital tracker mechanism with defined eligibility criteria, with the



AUC re EPCOR 2024 PBR Rate Adjustment

revenue requirement associated with approved amounts to be collected from ratepayers by way of a “K factor” adjustment to the annual PBR rate-setting formula. For Type 2 capital, the AUC approved a K-bar mechanism that provides an amount of capital funding each year of the PBR3 plan based, in part, on capital additions made during the PBR2 term.

Each distribution utility’s annual PBR rate adjustment filing addresses all applicable parameters relevant to the establishment of the PBR rates and T&Cs for that utility for a given year and relies on certain filed information to establish rates.

The AUC ordered EDTI’s 2024 distribution rates, including the SAS rates and riders, approved in Decision 28581 D01 2023, shall continue to apply. The AUC approved EDTI’s T&Cs for electric distribution service on a final basis.