

INTERVENOR FUNDING
if its not broken - don't fix it

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First thing we do it get rid of the intervenors

- A dream come true for the utilities
- The perception is not the reality
- Intervenors are not solely or primarily responsible for driving up regulatory hearing costs
- Main driver on the electric side has been restructuring under the electric utilities act
- In many respects the AEUB was left to fill in many of the details not addressed in the legislation or directly through government policy

1995 –2003 EUA 1995

“RESTRUCTURING” the ELECTRIC INDUSTRY

- 73(1) The Board may make rules respecting funding for the purpose of assisting any person
- (a) to apply or become an intervenor at an application under section 49 (transmission) or 56 (distribution) or at a proceeding under section 57, (rate review)
- (b) to make a complaint or become an intervenor at the hearing of a complaint under section 16, or
- (c) to become a party under Part 6 for the purpose of negotiating the settlement of an issue.

Restructuring Costs outside the hearing process

- 78(1) The Minister may approve the professional and other costs relating to the development and implementation of this Act, amendments to this Act and the regulations, including the costs relating to the independent assessment team under Part 4.1.
- (2) In determining the aggregate reservation price to apply for 1998, 1999 and 2000, the Board shall include the costs approved under subsection (1) in respect of those years.

Hearing Costs are only part of the story

- s. 78 costs allowed utilities to recover substantial costs outside the hearing process
- Intervenors had limited s. 78 funding
- Resulted in many issues being addressed through the hearing process
- Many of these were “one time” costs driven by restructuring

Examples of applications driven by restructuring

- 1996 transmission administrator created (Gridco) need to establish rate structure, rate design principles, cost allocation etc.
- Affiliate transactions/ code of conduct
- IAT Process' Determination of PPA's
- Sale of transmission, distribution and retail assets from regulated utilities to new market entrants
- Transmission related applications such as Industrial systems, IBOC, LBC SO, system support contracts etc.

- Deferral accounts proceeding (how should we collect the \$700 million or so of deferred energy costs??????)

Do Intervenors add value?

- 1996-2002 Costs on the Electric side
- Are approximately \$ 48 million
- Total Reduction in applied for revenue requirement?
- What amount would justify the expense as being reasonable?

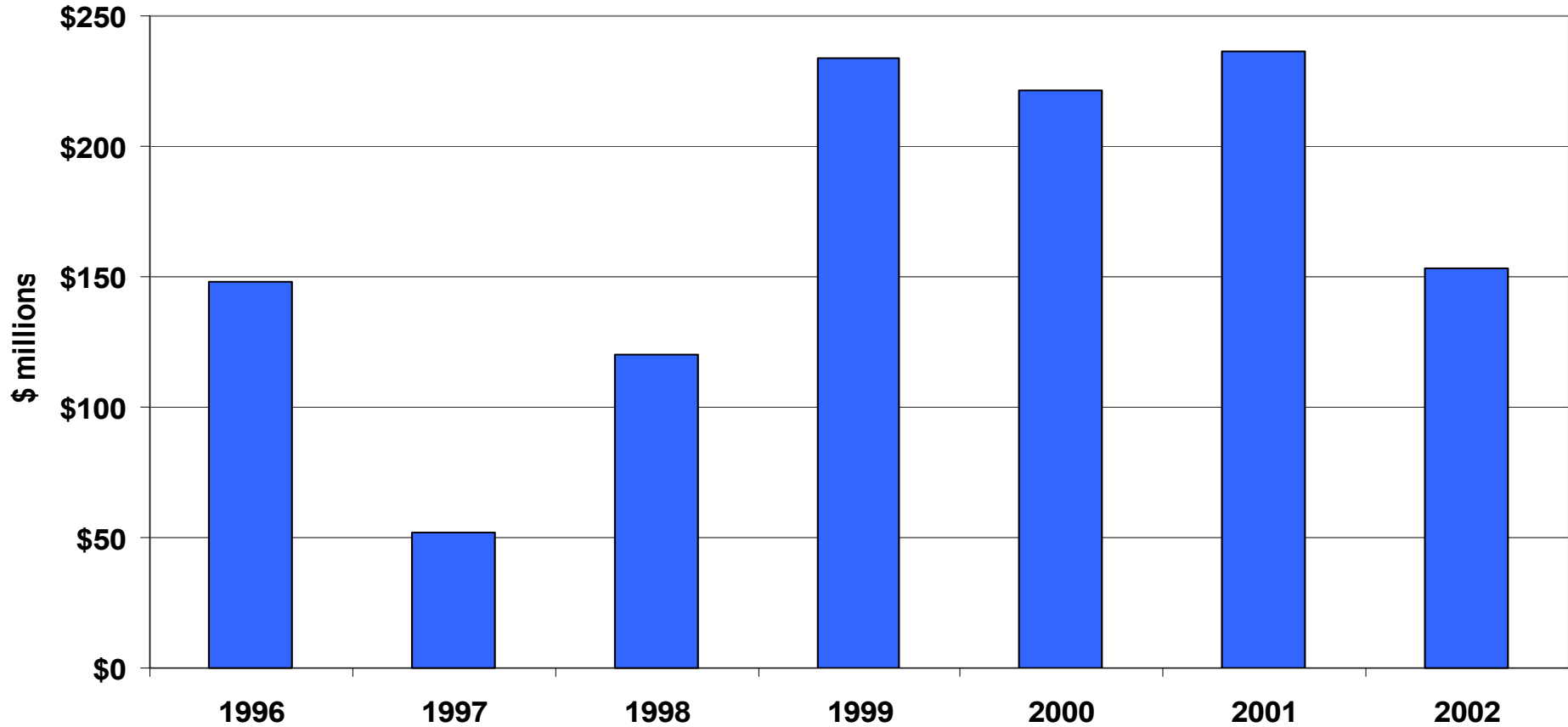
Reduction
of \$1.1 BILLION

20:1 ratio of dollars saved per
dollar spent in total hearing costs

Gas side

- ATCO Gas Sale of Viking field
- Difference between Board award to customers and one of the many positions taken by ATCO
- Approximately \$300 million net to customers

Reductions to Applied to Revenue Requirements 1996 to 2002 Alberta Electric Applications



Process is working

- Numerous settlements on electric side in 97, 98 and 99 resulted in reduced hearing costs
- High level of co ordination and cooperation among intervenor groups
- Large amount of costs in traditional GRA process relate to capital structure and rate of return
- Generic Capital process has been initiated at customers request – this was strongly resisted by the utilities

- AEUB has the “tools” necessary to do the job of controlling costs
- System is functioning well
- The public interest has and is being served under the present intervenor funding process