



THE CITY OF EDMONTON

BYLAW 13488

EPCOR DISTRIBUTION TARIFF TRANSITION BYLAW

Whereas the Distribution Tariff of EPCOR Distribution Inc. is currently regulated by Edmonton City Council pursuant to the *EPCOR Rates Procedures Bylaw 12294* and the *EPCOR Distribution Tariff Bylaw 12367*, as amended, under a five year Incentive Regulation Plan which came into effect on January 1, 2002;

And Whereas the Government of Alberta enacted the *Electric Utilities Act*, S.A. 2003, c. E-5.1, which was proclaimed into force on June 1, 2003;

And Whereas the *Electric Utilities Act* and the *Distribution Tariff Regulation*, AR 162/2003 require that EPCOR Distribution Inc. file with the Alberta Energy and Utilities Board a distribution tariff for approval by that Board effective January 1, 2004;

And Whereas under the *Electric Utilities Act* and the *Distribution Tariff Regulation* Edmonton City Council will no longer regulate the distribution tariff of EPCOR Distribution Inc. after December 31, 2003;

And Whereas in accordance with Bylaw 12367, EPCOR Distribution Inc. implemented a rate rider referred to as the 2003 Flow-Through Rider on or about January 1, 2003, which rate rider was subsequently updated on July 1, 2003;

And Whereas it is in the interest of Edmontonians that there be a smooth transition of the regulation of EPCOR Distribution Inc.'s Distribution Tariff from Edmonton City Council to the Alberta Energy and Utilities Board, including with respect to the various Flow-Through components of the Distribution Tariff described in DT – Schedule 4 of Bylaw 12367;

Edmonton City Council enacts:

PART I - PURPOSE, DEFINITIONS AND INTERPRETATION

PURPOSE

- 1 The purpose of this bylaw is to:
- (a) to bring about the termination of the Incentive Regulation Plan previously approved by City Council in respect of the distribution tariff of EPCOR Distribution in a fair and reasonable manner effective December 31, 2003;
 - (b) to permit EPCOR Distribution to implement the adjustments to the 2003 Flow-Through Rider contemplated in this bylaw; and
 - (c) to permit EPCOR Distribution to establish and implement the Special Transmission Rider described in this bylaw.

DEFINITIONS

- 2 In this bylaw, unless the context otherwise requires:
- (a) **“2003 Flow-Through Rider”** means the 2003 Flow-Through Rider implemented by EPCOR Distribution in accordance with Bylaw 12367 on or about January 1, 2003, and updated on or about July 1, 2003;
 - (b) **“Board”** means the Alberta Energy and Utilities Board;
 - (c) **“Business Day”** means “Business Day” as defined in the Tariff of the ISO;
 - (d) **“Bylaw 12294”** means the *EPCOR Rates Procedures Bylaw 12294*, as amended;
 - (e) **“Bylaw 12367”** means the *EPCOR Distribution Tariff Bylaw 12367*, as amended;
 - (f) **“EPCOR Distribution”** means EPCOR Distribution Inc;
 - (g) **“EUA”** means the Electric Utilities Act, S.A. 2003, c.E-5.1, including the regulations enacted thereunder, as re-

enacted, amended or replaced from time to time;

- (h) **“Incentive Regulation Plan”** means the Incentive Regulation Plan approved by City Council pursuant to Bylaw 12367 for EPCOR Distribution for the period from January 1, 2002 to December 31, 2006, more particularly described in DT – Schedule 4 to Bylaw 12367;
- (i) **“ISO”** means the Independent System Operator referred to in Part 1 of the EUA;
- (j) **“ISO Rate Riders”** means Riders B and C under the ISO’s Tariffs and which are applicable to the rates for system access service paid by EPCOR Distribution to the ISO;
- (k) **“Rates”** means the rates charged by EPCOR Distribution under its Distribution Tariff approved from time to time by City Council;
- (l) **“Settlement System Code”** means the Settlement System Code established by the ISO under the EUA; and
- (m) **“Special Transmission Rider”** means the Special Transmission Rider established under this bylaw.

**RULES FOR
INTERPRETATION**

- 3 The marginal notes and headings in this bylaw are for reference purposes only.

PART II - GENERAL

**SPECIAL
TRANSMISSION
RIDER**

- 4 EPCOR Distribution is authorized to create a rate rider, to be referred to as the Special Transmission Rider, for the purpose of refunding or recovering, as the case may be:
- (a) EPCOR Distribution’s forecast as of August 29, 2003 of adjustments that will be made in respect of the ISO Rate Riders applicable to the period from October 1, 2003 to December 31, 2003; and
 - (b) the difference, if any, between the forecast refund amount of \$4,000,000 to be received by EPCOR Distribution in relation to Board Decision 2003-054 which was included in the 2003 Flow-Through Rider effective July 1, 2003 and EPCOR Distribution’s forecast as of August 29, 2003 of the refund amount.
- 5 The Special Transmission Rider will be calculated based on

estimated actual energy volume from October 1, 2003 to December 31, 2004 forecast by EDI as of August 29, 2003.

6 By not later than one Business Day following the date on which this bylaw comes into force, EPCOR Distribution will file a report with the City Manager showing the calculation of the Special Transmission Rider.

**REPORT OF FINAL
ADJUSTMENTS**

7 By not later than one Business Day following the date on which this Bylaw comes into force, EPCOR Distribution will file with the City Manager a report setting out final adjustments to be made to the 2003 Flow-Through Rider for the period from October 1, 2003 to December 31, 2003.

8 The final adjustments referred to in section 7 will consist of those adjustments which are necessary to allow EPCOR Distribution to refund or recover, as applicable, its forecast of the surplus or shortfall it will incur during 2003 in respect of:

- (a) the difference, if any, between the forecast inflation rate that was used in the calculation of EPCOR Distribution's Rates for 2003 and EPCOR Distribution's reforecast as of August 29, 2003 of the Inflation Rate for 2003;
- (b) the difference, if any, between the forecast federal, provincial and municipal taxes, franchise fees and levies that was used in the calculation of EPCOR Distribution's Rates for 2003 and EPCOR Distribution's reforecast as of August 29, 2003 of federal, provincial and municipal taxes, franchise fees and levies for 2003;
- (c) the difference, if any, between the forecast of EUA compliance costs which were reflected in the calculation of the 2003 Flow-Through Rider and EPCOR Distribution's reforecast as of August 29, 2003 of its EUA compliance costs for 2003;
- (d) EPCOR Distribution's forecast as of August 29, 2003 of the costs it will incur in 2003 to comply with changes to the Alberta Settlement System Code;
- (e) EPCOR Distribution's forecast as of August 29, 2003 of the surplus or shortfall, as the case may be, that will be present in its Flow-Through Reconciliation Account as of December 31, 2003;
- (f) EPCOR Distribution's forecast as of August 29, 2003 of the amount of rewards or penalties, as the case may be, that will apply to EPCOR Distribution in respect of 2003 under

the Incentive Regulation Plan; and

- (g) the difference, if any, between the forecast transmission costs which were included in the calculation of EPCOR Distribution's Rates for 2003 and EPCOR Distribution's reforecast as of August 29, 2003 of the transmission costs it will incur in 2003, with the exception of:
 - (i) any amounts related to adjustments that may be made, if any, in respect of the ISO Rate Riders applicable to the period from October 1, 2003 to December 31, 2003; and
 - (ii) any refund or charge that may be incurred by EPCOR Distribution in relation to or arising from Board Decision 2003-054.

**COMPLIANCE
REVIEW**

- 9 If the City Manager is of the view that the calculations provided in a report described in section 6 or 7 comply in all material respects with this bylaw, then the City Manager will, with respect to the report, issue a compliance letter to that effect to EPCOR Distribution not later than two Business Days following receipt of the report.

For the purposes of this section, the City Manager will rely on an Audit Report prepared by a reputable accounting firm stating its view that the calculation of the two distribution rate riders described in the Bylaw are in compliance with the Bylaw.

- 10 If the City Manager is of the view that a report does not comply in all material respects with this bylaw, then the City Manager will notify EPCOR Distribution as soon as possible, but not later than two business days following receipt of the report. In that event, EPCOR Distribution may amend and re-file the report for the City Manager's consideration under section 9.

**IMPLEMENTATION
OF ADJUSTED 2003
FLOW-THROUGH
RIDER**

- 11 Upon issuance by the City Manager of a compliance letter referred to in section 9, EPCOR Distribution will be authorized to charge, as applicable:
 - (a) the 2003 Flow-Through Rider, adjusted to reflect the final adjustments set out in the report referred to in section 6, over the period from October 1, 2003 to December 31, 2003; and
 - (b) the Special Transmission Rider, over the period from October 1, 2003 to December 31, 2004.

**ADJUSTMENTS TO
SPECIAL
TRANSMISSION
RIDER**

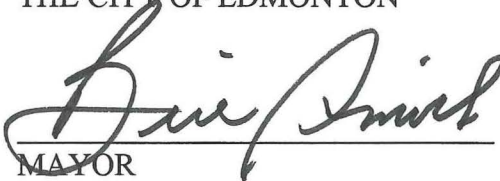
12. EPCOR Distribution will adjust the amount of the Special Transmission Rider to reflect EPCOR Distribution's actual costs within one month following notification of final amounts from the Board or the ISO, as applicable, in respect of:
- (a) adjustments made in relation to the ISO Rate Riders applicable to the period from October 1, 2003 to December 31, 2003; and
 - (b) the refund or charge to be incurred by EPCOR Distribution in relation to Board Decision 2003-054.

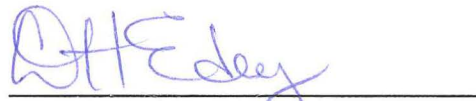
**TERMINATION OF
INCENTIVE
REGULATION PLAN**

13. The Incentive Regulation Plan approved in Bylaw 12367 will terminate at Midnight on December 31, 2003.

READ a first time this 8th day of September 2003;
READ a second time this 8th day of September 2003;
READ a third time this 8th day of September 2003;
SIGNED and PASSED this 8th day of September 2003.

THE CITY OF EDMONTON


MAYOR


CITY CLERK