



annual review
2010

A year of progress



annual review 2010

Values

We are impartial and objective.

We are accountable and strive for excellence in everything we do.

We treat everyone with dignity and respect.

We maintain and promote a positive work environment.

Vision

The Alberta Utilities Commission is a trusted leader that delivers innovative and efficient regulatory solutions for Alberta.

The AUC moved to recast and modernize utility rate-setting in Alberta by exploring in depth the broad implementation of performance-based regulation. The goal is to develop a system that creates incentives for regulated companies to improve their performance and ensure gains are shared with customers, while improving regulatory efficiency.

What we do

The Alberta Utilities Commission regulates the utilities sector, natural gas and electricity markets to protect social, economic and environmental interests of Alberta where competitive market forces do not.

The AUC handled more than 800 applications in 2009 – 2010, covering electricity and natural gas distribution and transmission rates, and terms and conditions; transmission routing, siting and facilities; siting of power plants; water utilities; interim rates; wholesale market discipline and the independent system operator.

How we do it

The Alberta Utilities Commission is fair, open and transparent in its regulatory processes and delivers sound, principled decisions.

The AUC completed the most extensive public information campaign in its history, with numerous stakeholder sessions, specialized printed materials and mail-outs to more than 130,000 Alberta addresses in adjudicating the independent system operator's Southern Alberta Transmission Reinforcement application to build \$3.5 billion in upgrades in southern Alberta.

This review covers the Alberta Utilities Commission 2009 - 2010 fiscal year; the period from April 1, 2009 to March 31, 2010.

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2009 – 2010 members of the Alberta Utilities Commission

During 2009 – 2010, the members of the Alberta Utilities Commission were:

Chair Willie Grieve	Al Maydonik, Q.C.
Vice-Chair Carolyn Dahl Rees	Tom McGee
Tudor Beattie, Q.C.	Anne Michaud
Mark Kolesar	Moin Yahya
Bill Lyttle	

Remembering Allen (Al) Maydonik, Q.C.



On May 16, 2010 the staff and members of the Alberta Utilities Commission were deeply saddened to lose a friend, leader and role model when AUC Member Al Maydonik, Q.C. passed away suddenly from illness. Al brought great technical skills, excellent legal and judicial experience, and a tremendously thoughtful and sage approach to his role at the AUC. Those attributes helped to shape our organization in many, many positive ways during its infancy. For that, we simply cannot thank Al enough. He also brought his intellect and drive to bear on numerous early AUC regulatory decisions, helping to create and then strengthen our regulatory personality and stance. Nonetheless, what we remember and miss the most is Al’s cheerful, workmanlike bearing and his obvious love of and commitment to life, family, community, friends, colleagues and his church. We are diminished by his absence.

AUC Chair Willie Grieve on principles and progress



Willie Grieve
Chair

In our first year of operation we articulated our purpose, set conduct standards and established a vision of what we aspired to be – a trusted leader that delivers innovative and efficient regulatory solutions for Alberta. We were cognizant that the structures of regulated firms and industries are different than those of the past. Some activities that were regulated are no longer regulated. Some activities that were not regulated attracted new regulations and the way more traditional approaches were applied became more complex and challenging. At the same time, the industries we regulate are continuing to evolve, requiring us to anticipate and adapt to those changes.

Our vision statement captures the spirit with which we proceeded. The AUC believes that where regulation is necessary, we can be better focused, create incentives to improve the efficiency of regulated industries and ensure that the incentives inherent in newly-competitive markets deliver benefits to Albertans. We believe in employing a multidisciplinary approach, applying sound regulatory, economic and legal principles to build innovative regulatory solutions that better serve the public interest. We believe it is our public duty to lead the development of these new, innovative and efficient approaches. We also believe that to earn the trust of Albertans we must not only conduct open and transparent processes but provide reasons for our decisions that are sound, principled, comprehensive and fully understandable.

In 2009 - 2010, we moved forward in pursuit of our vision and launched new initiatives; some to deal with new regulatory functions, some to reform old regulatory approaches.

To improve the efficiency of rate regulation and create stronger incentives for efficiency for rate-regulated companies, the Commission began a process to introduce performance-based regulation and review regulatory approaches through which current rates were established. We expect that, with sound principles, we can develop new, innovative approaches to rate regulation that recognize the unique structures of Alberta's regulated industries and companies, and deliver benefits to firms and their customers.

To facilitate a more open, transparent and efficient facilities review process, the AUC developed new approaches for an anticipated Heartland Transmission Project application. We reached out to potentially-affected Albertans to explain how they can be involved. We simplified standing, eased access for interveners, provided added opportunity for timely preparation and sought to explain both the AUC's procedures and its role. We intend to adapt these techniques as necessary for future applications.

We took the lead in examining the procedures we use to consider cases brought to us by the Market Surveillance Administrator on contraventions of rules and regulations governing competitive electricity and natural

gas markets. This new AUC function differs from our more traditional regulatory functions. We drew on experiences of other agencies and recent court decisions to produce guidelines on who can participate, burden of proof, and standard of proof in these cases.

Also in 2009 - 2010, we began to examine the principles applied in the scrutiny of independent system operator rules, and the processes and approaches of our review of facilities applications. This was done to better mesh with the powers we carry for different types of facilities, along with the way in which we regulate rates of investor-owned water utilities.

The government entrusted the Commission with conducting three inquiries to inform policy development. The first is a review of the regulatory processes for hydroelectric development projects with a view to improving the process. We will provide a review of the advantages and disadvantages of various approaches the government may adopt and the legislative or other tools that might be required to implement the government's chosen path. The second inquiry will investigate the application of smart grid technologies to the Alberta electricity system. Our report will enumerate experiences in other jurisdictions, examine the pros and cons of various approaches to smart grid development and discuss the tools required to implement the government's chosen direction. The third inquiry will review approaches that might be adopted to harmonize the determination of regulated retail rates for electricity and natural gas service. We will discuss the advantages and disadvantages of different approaches to harmonizing rate setting. The issues being considered in these inquiries and the government policies that follow will help shape Alberta's energy future. We are privileged to be a part of this.

I am grateful for the dedication shown by my fellow Commission members as well as our dedicated and talented staff led by Chief Executive Bob Heggie. We all know there is much to be accomplished as we continue to move forward in pursuit of our vision.

Finally, this past year we lost our friend and colleague Al Maydonik to a sudden illness. We cherish the time we had to work with him and we miss him every day.

Willie Grieve



“ We believe in employing a multidisciplinary approach, applying sound regulatory, economic and legal principles to build innovative regulatory solutions that better serve the public interest. ”

Chief Executive Bob Heggie on the AUC's second full fiscal year



Robert D. Heggie
Chief Executive

In 2008 - 2009 the AUC completed its transition to a stand-alone agency with new, expanded responsibilities, a new organizational structure, new and renovated offices in Calgary and Edmonton, new staff and Commission members and a new accountable, performance-based culture. Our latest fiscal year, 2009 - 2010, was one of significant achievement as we worked to reinforce the progress we had made, address new challenges and improve our organization.

We revamped our management and organization structure by creating separate facilities and rates divisions and redistributing the responsibilities of the former public affairs division. These changes allowed for a clearer focus on organizational objectives by senior-level staff and executives. There were immediate dividends in our communications strategy and in rate setting, a central dimension of our mandate. It also allowed for improvements in our complaint functions, helping us to deal successfully with a 38-per-cent increase in inquiry and complaint volume. This year saw a continuation of our efficiency and accountability agenda as we established full-cycle performance measures for both facility- and rate-related applications. As a result, stakeholders now have even greater confidence that their issues will be dealt with in a timely, consistent and predictable manner.

The AUC used Resinnova Research Inc., a recognized leader in human resources consulting, to survey AUC employees. The survey found that our results had softened compared with year-earlier results - which was not surprising given the positive energy generated during our start-up period. Nevertheless, we placed above the average of comparable employers and were encouraged that we achieved an impressive 87-per-cent response rate. That said, we realize that issues were identified that require a response and we are identifying strategies to address concerns.

We engaged Meyers Norris Penny LLP as an independent auditor to review how well we achieved the performance measures set out in our 2009 - 2010 business plan. This year's audit showed we met 81 per cent of our performance measures. This compared to 92 per cent for last year. The lower score was a result, in all cases, of factors within our control. However, setting challenging targets is a key part of achieving strong organizational results. I think it is important to set targets that are tight but attainable and I am confident that our goals are not beyond the capability of our people or processes. Our objective going forward is to bring greater discipline to the way we review and monitor our ongoing performance.

I am pleased that we exceeded our targets in 12 of 27 performance measures. Those measures apply to all divisions of our organization. Equally impressive is we successfully completed 71 of 88 initiatives contained in our operational plan. In all cases, where the initiative was not completed it was due to factors outside our direct control.

Improving communications with our stakeholders is another key objective of the AUC. The fiscal year saw the AUC embark on extensive consultation efforts with a goal of understanding stakeholder issues and concerns, and improving stakeholder understanding and confidence in how the AUC functions. The Southern Alberta Transmission Reinforcement needs and Heartland Transmission Project files are particularly good examples of our improved communications efforts.

All of this was accomplished while we kept our eye on the ball of our core adjudicative responsibilities. The sheer volume of the work undertaken by staff and commission members was impressive. We processed nearly 800 rate and facility applications, 63 market files, held 116 proceedings and issued numerous rule and code amendments. In addition, our markets division processed 55 administrative and specified penalties totaling \$148,750.

We continued to build our organization through new information technology, human resource and financial initiatives. We worked cooperatively with stakeholders on our administration fee and successfully adopted a two-assessment-per-year model at their request. Most impressive however, is we managed our agenda and delivered at a high level while operating 30 staff full-time equivalents and \$5.1 million below approved budgets.

I am indebted to our staff, my executive team and the Commission. I continue to be amazed at the public service commitment of the AUC. That commitment will be instrumental as we rise to the unprecedented challenges of the year ahead.

Robert D. Heggie
Chief Executive



“As a result, stakeholders now have even greater confidence that their issues will be dealt with in a timely, consistent and predictable manner.”

AUC story 2009 – 2010

The AUC began its second full fiscal year in April 2009 with organization-wide goals to build on the accomplishments that had been achieved in its infancy. It was important to us to demonstrate that, having built capacity, knowledge, and sophistication since being launched in January 2008, that we moved forward materially to demonstrate excellence as an organization and rational change to promote efficiency as a utilities regulator.

The achievement of these goals was accomplished in the broad areas of administrative policy development, AUC process enhancement and the development and issuance of some key regulatory decisions. There was also a necessity and desire to deal with legacy regulatory challenges, while building a path to and capacity for simpler and more effective ways of regulation in the future.

We began 2009 – 2010 with a considerable focus on our rates work, and with our attention on clearing

a backlog of rate application filings for distribution and transmission rates for electricity and natural gas for periods going back as far as 2007. In addition, we attended to the complex administration of as many as 130 utility deferral or reserve accounts and, in some cases, associated rate riders that had been created in regulatory decisions prior to the establishment of the AUC. (Those accounts have since been cut to approximately 100.)

Although we are a new organization with a new mandate, new legislation, new personnel and new approaches, we oversee areas with regulatory regimes, structures and conventions that stretch back to the middle of the last century and even earlier. In this regard we were pleased to make progress on a potentially broader application of formula-based, or performance-based, regulation (PBR) in Alberta. We believe such a change in utility rate regulation from the traditional cost-of-service model could deliver many benefits if structured to create efficiency incen-

tives for utilities, ensure gains are shared with customers, maintain ratepayer safety and service levels and, importantly, improve regulatory efficiency. We made considerable headway on this critical file in 2009 – 2010, including refining our most immediate focus to be on distribution utilities, organizing and holding a productive stakeholder roundtable and defining our foundational principles for moving forward.

The early months of fiscal 2009 – 2010 were also dominated by the Commission's examination of the need for substantial electricity transmission in southern Alberta. Our consideration of the need for as much as \$3.5 billion in transmission upgrades in the region was marked by unprecedented AUC communication and public information efforts that saw the Commission reach out to several hundred thousand Albertans via plain-language print and radio advertising, direct-addressed and general mail outs, web-based and email communications and in person by Commission staff during information sessions held in 10 southern

Shailaz Dhalla
Law



Geoff Scotton
Communications



Tom Chan
Facilities



Alberta communities. The new strategies we adopted and the valuable lessons we learned in this exercise have been used to hone and strengthen our approach to other major applications.

As an example, many of these same techniques – along with new thinking and new regulatory approaches – were evident in our handling of an anticipated spring 2010 facility application for an Edmonton-area electricity transmission reinforcement known as the Heartland Transmission Project. The well-received regulatory enhancements we customized for this effort included streamlined standing procedures, pre-registration of interested parties, flexible opportunities for participant involvement and a raft of landowner information sessions.

Nonetheless, the AUC's most substantial, most prominent and most far-reaching regulatory effort in the year was our issuance in November 2009 of the Generic Cost of Capital decision. After 21 days of oral hearings, 31 witnesses, 13,000 pages of evidence and testimony, and hearing from 14 regulatory, financial and economics experts, the AUC chose to discontinue the existing annual-adjustment formula, establish a generic return-on-equity level for Alberta's regulated

utilities and increase the allowed equity ratios for regulated firms. Along with recognizing the strains imposed by the global credit crunch, this proceeding was also notable for being the first to be held in the AUC's new state-of-the-art hearing room in Calgary, and for utilizing a panel of five Commission members rather than the traditional three. The decision will largely define the financial landscape for Alberta utilities through 2011.

Within our crucial markets mandate, the AUC issued a series of letters, held consultations – including public roundtables – and issued bulletins throughout the year to ensure regulatory transparency and deliver several milestone initiatives. These efforts established our approach to procedural issues in AUC proceedings initiated by the Alberta Market Surveillance Administrator, prompted revisions to our Rule 019 on specified penalties for contravention of independent system operator (ISO) rules and ensured the publication of specified penalties for contraventions of ISO rules. We also recast our Rule 017 on how ISO rules are developed and filed, and as a result of the Fair, Efficient and Open Competition Regulation in September 2009, we took on added responsibilities around sharing of preferential records.

Todd Davison Facilities



“The AUC’s most substantial, most prominent and most far-reaching regulatory effort in the year was our issuance in November 2009 of the Generic Cost of Capital decision.”

“ We believe the AUC is demonstrating the value of a stand-alone utilities regulator, while recognizing continued improvement is essential and working toward it. ”



Andrew Davison
Markets

Since then, the AUC has adjudicated eight applications on preferential records.

Similarly, we refined and improved, developed or established rules on the electricity settlement system code, on noise control, on reliability standards, on International Financial Reporting Standards, and on gas utility pipelines, among others. We also improved and clarified to our stakeholders our own process for adopting or changing AUC rules.

In measuring our regulatory effectiveness we are focused both on the quality of our decisions and on timeliness and consistency. Improving our performance in this latter area is an organizational priority and we took significant steps forward in this regard. These steps, which have put the AUC in the forefront of regulatory practice in Canada, included:

- Making changes to AUC Rule 001 – Rules of Practice to shorten the overall timeline required for processing rate-related applications and to provide reader-friendly published notice to the public;
- Establishing new and comprehensive full-cycle timelines for processing facility applications; and
- Finalizing similar new and comprehensive full-cycle timelines for processing standard rate-related applications.

The AUC also reached a number of milestones in its operations and activities that were not as visible outside the organization, but no less important to our

success. Among them was a structural reorganization in the fall of 2009 to allow the Commission to be better able to address workflow and demands, particularly in our rates and communications areas. As active builders of the communities in which we work and live, we set a United Way fundraising record for the second straight year and were recognized with a Spirit of Gold Award for our efforts. We implemented procedure and information system improvements to protect personal information filed with the Commission and we completed an office modernization at our Edmonton facility.

Throughout the year we continued to examine our own thinking and approaches to identify changes that could improve the timeliness and substance of regulatory results, while ensuring we thoroughly engage and consider those affected by our decisions. All of these improvements were made and initiatives launched as our application workload increased materially from a year earlier. We believe the AUC is demonstrating the value of a stand-alone utilities regulator, while recognizing continued improvement is essential and working toward it.

As the 2009 - 2010 year drew to a close, we were pleased to be asked by the provincial government to examine three important topics of utility regulation. Along with a continued focus on improving regulatory efficiency, work on these order-in-council inquiries is a major feature of our current activities.

Three inquiries

Smart grid inquiry

The government considers an adequate, resilient, flexible, efficient and modern electricity system – generation, transmission, distribution and retail – to be a key tool in cultivating clean energy production, sustaining economic prosperity and consuming energy wisely.

The AUC has been asked to look into an array of advanced control and information technologies known broadly as smart grid technologies, to assist the provincial government and Albertans to understand how they can be used to modernize the province's electricity system and the relevant issues surrounding and emerging from the technologies and their application.

Led by a panel that includes AUC Chair Willie Grieve, Commission Member Moin Yahya and acting member Roy Billinton, the inquiry has been charged with better identifying smart grid technologies and how they can and should be applied, bearing in mind characteristics such as inclusivity, reliability, security, cost, environmental considerations and accessibility. The inquiry will also consider regulatory steps needed to facilitate smart grid implementation.

The inquiry, which plans to deliver a report to Energy Minister Ron Liepert by December 25, 2010, is required to provide findings, as well as pros, cons and options on relevant issues, but not to make recommendations.

Hydroelectric development inquiry

As a result of growing interest in facilitating renewable energy generation in Alberta and to improve understanding of how hydroelectric projects are regulated, with an eye to improvements, the AUC has been asked to investigate the hydroelectric development regulatory process in this province.

The Commission is expected to deliver a report by December 25, 2010 to Energy Minister Ron Liepert that will help the government and Albertans understand the relevant legislation, stakeholders, the existing regulatory process, the differences in process for differing types of developments such as run-of-river or dam, the interplay of interprovincial and intergovernmental jurisdictional regulatory issues and opportunities for regulatory improvement. No recommendations are to be provided.

The inquiry is led by a panel that includes Commission members Tudor Beattie and Tom McGee, along with acting AUC member and Alberta Natural Resources Conservation Board Chair Vern Hartwell. Among its goals is an examination of the overlaps, barriers, conflicts and other impediments of regulatory approval requirements, from the view that it is in the public interest to have an effective and efficient regulatory approval process that considers the interests of all Albertans.

Rate harmonization inquiry

Currently in Alberta the retail provision of default natural gas energy services, and of default electricity energy services, is determined by two separate and distinct provincial regulations. The AUC has been tasked to investigate the harmonization of the two regulations, the Regulated Rate Option Regulation and the Default Gas Supply Regulation.

This public inquiry is aimed at researching potential harmonization based on goals that include consistency between energy sources; accessibility in terms of comprehensible and effective regulations; regulatory certainty and predictability; support of fair, efficient and openly competitive retail energy markets for electricity and natural gas; and informed customer choice. Streamlining of customer classification and pricing plans, between energy sources and between providers, are also to be examined.

This inquiry is led by a panel that includes AUC Vice-Chair Carolyn Dahl Rees, and members Anne Michaud and Mark Kolesar. While the AUC has been instructed not to make recommendations, it is charged with providing findings, along with pros and cons on various issues it deems appropriate. The AUC is expected to submit a report to Energy Minister Ron Liepert by March 25, 2011.

By the numbers

Progress was made in introducing higher performance standards, stakeholder certainty in the application process and in shorter decision times.



Darek Kogut
Strategic Planning

Broad

The Alberta Utilities Commission received more than 900 applications and in excess of 3,000 utility complaints or customer service inquiries in fiscal 2009 – 2010. These figures were significantly higher than those experienced a year before. The applications ranged from natural gas, electricity and water rate applications, and facility requests, to applications for review and variance of earlier AUC decisions, cost applications, micro-generation applications, settlement system code applications, independent system operator rules applications, Market Surveillance Administrator applications and reliability standards applications. The AUC also conducted initiatives into general matters it considered important. Lastly, it was assigned three order-in-council inquiries by the provincial government.

The number of decisions the AUC issued in 2009 – 2010 was 435. A year earlier the AUC issued 157 decisions, however the two figures are not directly comparable due to a consolidation of AUC decision instruments in the earlier year.

Many applications received by the AUC are straightforward and uncontroversial, and we can process them without objections. However when there are objections to an application that cannot be otherwise resolved, a written or oral proceeding takes place. The AUC conducted 116 proceedings in 2009 – 2010, roughly the same number as a year earlier. Of the 116 proceedings we held, 93 were written and 23 were oral.

Clear

The AUC took significant strides to ensure our core functions of adjudicating rate applications and facility applications were handled more effectively, with much greater timing predictability and process transparency for applicants, interveners and other stakeholders.

We instituted and committed to demanding internal performance standards for processing all stages of these types of applications, which together account for more than 85 per cent of the applications we receive. As a result, new, shorter time frames now apply to the issuance of many of our rate and facility decisions, keeping the AUC at the forefront of Canadian utility regulation and bringing greater certainty to how standard applications are administered, when steps will be completed and when stakeholders can expect decisions to be issued.

The AUC also moved aggressively to hone its public communications to be more reader friendly, ensuring that those who may be affected by our decision understand their rights and exactly how our process works. In addition, we conducted dozens of public information and stakeholder information sessions – for specific applications – to make sure our processes, systems and procedures were transparent, predictable and accessible.



Janet Abel
Information Systems



Darrin Low
Human Resources

Timely

The AUC has worked diligently to improve its decision performance beyond the statutory requirements under which it operates. Under our internal deadlines, we expect to issue decisions within 90 days of the close of the record of the proceeding. Under our governing legislation, electric facility need decisions must be issued within 180 days of the application being deemed complete. In 2009 – 2010 the AUC was able to exceed both these targets substantially on almost all occasions, particularly in the key areas of our mandate dealing with facilities, rates and wholesale energy markets.

- In our rates division, the average time to issue a rate decision was 37 days, and 71 of 103 decisions, or 69 per cent, were issued in fewer than 50 days.
- In our facilities division the average number of days required to issue a 90-day decision was 25.6, and 146 of 178 decisions, or 82 per cent, were issued in fewer than 50 days. For 180-day decisions, the average number of days to issue a decision was 69.9, and 62 of 89, or 70 per cent, were accomplished in fewer than 90 days.
- In our markets division the average amount of time needed to issue a decision was 26.8 days and 20 of 23 decisions, or 87 per cent, were issued in fewer than 50 days.

Sound

A guiding ethic of the AUC is to issue sound, principled decisions. Since the AUC was founded in January 2008, it has issued about 600 decisions - of which only two have been overturned by the courts.

In 2009 – 2010 the AUC continued to sharpen its decision making and decision writing. The success of our efforts can be seen in the declining number of decisions that attracted review and variance applications, or leaves to appeal, and in how those appeals were disposed.

In 2009 – 2010 the AUC received just eight review and variance applications; a year earlier it was 12.

In fiscal 2008 – 2009, leaves to appeal were sought for 12 decisions of the AUC or its predecessor. Of those 12 cases, five were denied, one was stricken, four were discontinued and two were granted. Of the two cases that went to an actual appeal, one was granted and one was denied.

In our latest year, although substantially more AUC decisions were issued, leave to appeal was sought for fewer cases – just nine. Of these, two were discontinued, two were denied, one was adjourned, one was abandoned, one awaits a ruling and two were granted. Of the two that went to appeal, one was granted and one was denied.

Challenges made and met

David Mitchell,
Regulatory Specialist



Each year the AUC establishes aggressive, stretch performance targets tied directly to our business plan and operational plan. The AUC's performance is then measured using independent third-party assessment services of Meyers Norris Penny LLP. Here are the results for 2009 – 2010.

Markets

Ensure market rules are fairly applied, competitive markets are supported and competitive rules and principles are enforced where necessary.

- ✓ One hundred per cent of decisions are issued within 90 days after the conclusion of a hearing or other proceeding.
- ✓ Seventy-five per cent of Market Surveillance Administrator proceedings reach hearing stage within 60 days of a completed application.
- ✓ Seventy-five per cent of objection and complaint applications reach hearing stage within 75 days of a completed application.
- ✓ The AUC will establish a Markets Regulatory Advisory Committee and deliver four sessions by March 31, 2010.
- ✓ Eighty per cent of participants in markets proceedings indicate they understand the hearing process based on the average of the individual survey results from each hearing.
- ✓ Version 2.0 of AUC Rule 021 (Settlement System Code) issued and implemented with an effective date of January 1, 2010.
- ✓ One hundred per cent of decisions issued within 30 days after the close of record for micro-generation disputes.
- ✓ Revisions to AUC rules 002, 003, 019 and 025 delivered for approval of the Commission by March 31, 2010.

Facilities

Ensure meaningful participation, understanding and public confidence in the impartiality and transparency of the Commission for review and oversight of energy projects.

- ✓ The AUC will conduct a minimum of one information session for each major facility application.
- ✓ Eighty per cent of facility applications processed within established timelines (effective October 1, 2009).
- ✓ Seventy per cent of hearing participants indicate they understand the needs and facilities application processes.
- ✓ Participants indicate that they were treated fairly (target to establish a baseline).
- ✗ One hundred per cent of decisions for all applications are issued within 90 days of the hearing conclusion. (Although 82 per cent of decisions were issued in fewer than 50 days, four files of 178 exceeded the 90-day deadline.)
- ✗ The AUC will determine 100 per cent of needs and facility applications within 180 days of the application being deemed complete. (Two decisions of 89 were issued late. The average was 69.9 days and 70 per cent were issued in fewer than 90 days.)
- ✗ One hundred per cent of application response letters are sent within 15 working days of the application being filed. (One response letter, of 390, was issued late.)

Christine Richards,
Rates



Silvia Danchuk,
Financial Reporting Analyst



Paul Dmytruk and Chris Burt,
Complaints Group



Organization

Promote excellence, learning and communication throughout the AUC.

- ✓ The employee engagement index as measured in the corporate employee survey is greater than 74 per cent.
- ✓ The quality of work environment index as measured in the corporate employee survey is greater than 78 per cent.
- ✓ The internal communications effectiveness index as measured in the corporate employee survey is greater than 60 per cent.
- ✓ Regrettable staff turnover is less than five per cent.
- ✓ Seventy-five per cent of AUC employees invest 12 hours or more per year on professional development.
- ✓ Ninety per cent of requests for information from Customer Information Services are fulfilled within one working day.
- ✓ Ninety-five per cent of complaints are responded to within one working day.
- ✓ AUC employees are able to access business systems 95 per cent of the time on business days.

Rate regulation

Ensure rate making responsibilities are carried out in a principled, effective and efficient manner.

- ✓ One hundred per cent of application response letters are sent within 15 working days of the application being filed.
- ✓ Eighty per cent of rate applications are processed within established timelines.
- ✗ Ninety per cent of audit work completed within established guidelines. (Slow responses, along with absences and unavailability of key staff from audited firms, contributed to delays in four of five audits.)
- ✗ One hundred per cent of decisions for all applications are issued within 90 days of the hearing conclusion. (The average rate decision was issued in 37 days. One decision, of 103, was issued late.)

In the 2009 - 2010 fiscal year, the AUC made progress towards accomplishing its goal of being a trusted leader that delivers innovative and efficient regulatory solutions for Alberta.

- Issued more than 430 decisions
 - Released 159 rate decisions
 - Issued 178 facility decisions
 - Delivered 23 markets decisions
- Conducted 116 proceedings; 93 written and 23 oral
- Received and processed more than 900 applications, up 10 per cent from a year earlier
- Launched a rate regulation initiative to explore broader application of performance-based regulation
- Was assigned an unprecedented, three simultaneous order-in-council reviews
- Issued the exhaustive 2009 Generic Cost of Capital decision, setting common equity return rates for industry
- Formulated and issued guidelines on Market Surveillance Administrator proceedings
- Opened a state-of-the-art hearing room in Calgary
- Revised and implemented our Rule 021, Settlement System Code
- Extensively updated AUC micro-generation guidelines
- Established demanding AUC performance standards for rate and facility applications
- Created and implemented an enhanced AUC process for the Heartland Transmission Project
- Completed 75 franchise applications from across Alberta
- Released first major decision on benchmarking of utility services from an affiliate
- Was awarded a United Way Spirit of Gold Award

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