

Rule 023

Rules Respecting Payment of Interest

This rule as amended was approved by the Alberta Utilities Commission on Month DD, YYYY and is effective immediately or on Month DD, YYYY ~~January 2, 2008~~.

Contents

<u>1</u>	<u>Application.....</u>	<u>2</u>
<u>2</u>	<u>Definitions.....</u>	<u>2</u>
<u>3</u>	<u>Payment of interest</u>	<u>2</u>
<u>4</u>	<u>Commission approval of the payment of interest</u>	<u>3</u>

1 Application

These rules apply to outstanding balances and adjustments of rates, tolls or charges and any other costs ~~utilities~~ that are subject to the Commission's jurisdiction.

2 Definitions

In these rules:

(a) "Bank of Canada policy rate" means the rate established by the Bank of Canada at which major financial institutions borrow and lend one-day or overnight funds among themselves.

~~(a)(b)~~ "Commission" means the Alberta Utilities Commission.

3 Application for pPayment of interest

(1) The Commission may approve the payment of interest on outstanding adjustments or balances of rates, tariffs, tolls or charges or other costs on its own initiative or in response to a request. ~~A utility may request that the Commission approve the payment of interest on adjustments of utility company rates, tolls or charges or other costs or charges administered within the Commission's jurisdiction.~~

(2) A balance must be outstanding for a period of not less than six months before the Commission will consider a request for the payment of interest. ~~The Commission shall, when considering a request received under Section 3(1) of these rules, consider the following:~~

~~(a) — an adjustment from interim to final approved rates will normally be excluded from the awarding of interest since the interim rate is designed to reduce significant amounts that would otherwise be outstanding, except in situations where the adjustment resulted from significant errors or excesses on the part of the utility concerned or from circumstances that could not otherwise be contemplated when the rates in question were set;~~

~~(b) — the regulatory lag before implementation of the rate adjustment must exceed a period of 12 months;~~

~~(c) — for general utility rates, the minimum amount of the forecast aggregate change in revenue shall ordinarily be the greater of ±\$1,000,000 or ± three per cent of the revenue from the rates being revised which may be tailored where unusual~~

~~circumstances or conditions preclude its use or where acceptable procedures already exist;~~

- ~~(d) interest will be calculated from the date on which the rate adjustment becomes effective;~~
- ~~(e) interest will be calculated using a rate equal to the Bank of Canada's Bank Rate plus 1½ per cent, subject to any previously approved Commission procedure for awarding interest.~~

- (3) Interest will be calculated from the date the balance is outstanding using simple interest at the Bank of Canada policy rate plus 1¾.75 per cent, subject to the Commission's discretion to decline to award interest or to award interest at a different rate. Prior approval of the Commission of an estimate of the rate of interest and the aggregate amount of the interest payment is required.
- (4) Any request for the payment of interest on an outstanding balance must provide the interest calculations to the Commission for review.

4 Commission approval of the payment of interest

- (1) In determining whether interest should be paid and the amount of any interest payable, the Commission will take into consideration the materiality of the amount of the outstanding balance, any action or inaction on the part of the person(s) requesting interest, the timing of the request, regulatory lag, the applied-for interest rate, and the time period that interest may be awarded.
- (2) In determining whether interest should be paid and the amount of any interest payable, the Commission may take into account any other factors the Commission deems relevant, and the Commission may exercise its discretion accordingly.