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**Annual Report to the Minister 2013/2014**

October 29, 2014

March 31, 2014

The Honourable Stephen Khan  
Minister of Service Alberta  
423 Legislature Building  
10800 97 Avenue  
Edmonton, AB T5K 2B6

Dear Minister Khan:

**RE: ANNUAL REPORT FOR 2013/14**

The UCA marked a milestone this past year with over ten years of service representing the small electricity and gas consumers of Alberta. A well respected history of care and dedication.

It's hard to imagine how Alberta's consumers would have fared this past decade without the UCA representing their important interests.

I salute all the past Board members and UCA staff who over the past ten years each have contributed to the UCA success story. We humbly stand on your shoulders today.

I would like to acknowledge the commitment and constructive advice of this past year's UCA Board members. Many thanks to Mr. Bert Paulssen, Vice Chair, Mr. Dareld Cholak, Member representing FedGas, Mr. Paul Dawson, Member-at-Large representing the City of Calgary, Mr. Soren Odegard, Member representing AAMDC, Mr. Don Oszli, Member representing ACC, Ms. Helen Rice, Member representing AUMA, Mr. Merv Rockel, Member representing AFREA, and Ms. Marta Sherk, Member-at-Large representing the City of Edmonton.

The continued respect and success of the UCA is a direct result of the capacity and skill of the Advocate Rob Spragins. His leadership and vision for the day to day activities have helped the UCA become even more effective in the areas of regulatory oversight, mediation, consumer education and awareness. A leader is as good as the support team around him. The dedicated UCA team is the best. Each is committed to doing their individual best to represent the Alberta consumer. Thank you all!

A great deal of time and resources have been invested in developing a long term strategy for the UCA and its important role representing the small consumers of Alberta. The RMRC report delivered a number of key recommendations which were accepted in principle by the Government of Alberta. Many of those recommendations are in the process of being implemented to better serve Alberta consumers.

On behalf of the Utilities Consumer Advocate Advisory Board please accept our annual report for 2013/2014.

Respectively submitted;

A handwritten signature in black ink on a light beige background. The signature is stylized and appears to read 'Ted Pound'.

Ted Pound  
Chair

March 31, 2014

The Honourable Stephen Khan  
Minister of Service Alberta  
423 Legislature Building  
10800 97 Avenue  
Edmonton, AB T5K 2B6

Dear Minister Khan:

**RE: ANNUAL REPORT FOR 2013/14**

In October 2013, the Office of the Utilities Consumer Advocate (UCA) proudly celebrated its 10<sup>th</sup> anniversary in service to Albertans. Ten years advocating for cost effective, reasonable, and safe utility service; ten years helping consumers to resolve concerns with their utility companies; and ten years of empowering Albertans to make informed decisions about their energy utility services.

Over the past ten years, the UCA has worked through a wide range of changes to the industry beginning with deregulation of the market, extreme price volatility, poor contract offers and misrepresentation, introduction of performance based regulation, a review of the retail electricity market, and the beginning of the Regulated Rate Option (RRO) regulatory proceeding by the Alberta Utilities Commission. All of these events and more have shaped the market to what it is today.

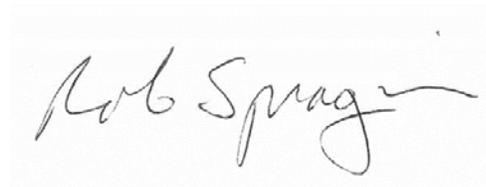
As with all things, there is room for improvement. The UCA's focus is to do the best work in the environment we have today and strive for continuous improvement. In 2013/14, we achieved the following benefits for consumers:

- Initiated participation in 60 Alberta Utilities Commission (AUC) proceedings and intervened in 115 issues
- Received favorable responses from the AUC on 58.7% of the issues presented
- Total cost disallowances from regulatory proceedings for the year were \$48 million
- Assisted 31, 869 Albertans looking for information or assistance related to their utility service
- Facilitated the reconnection of 112 customers through the AUC's disconnection and reconnection project

In addition, the UCA represented consumers' interests in working groups which were established by the Department of Energy to support the MLA RMRC Implementation Team (MLA RIT). The MLA RIT's assignment was to prepare recommendations about how to implement the RMRC's recommendations. Its report was filed with the Minister of Energy on June 4, 2014. The working groups were established to develop options for implementation of a wide range of industry improvements. These included: transition the UCA to an arm's length agency, reduce the RRO threshold from 250 MWH to 50 MWH, provide improved assistance for vulnerable customers, and follow through with a robust consumer education and awareness campaign among others. The implementation of these recommendations is set to take place in 2014/15 and the UCA will take an active role in this regard.

I am both excited and optimistic about the plans we have for this fiscal year. The UCA is planning a major undertaking regarding consumer education. The retail market will continue to evolve and we will begin to see the effects of decisions like performance based regulation. The UCA will continue to be there every step of the way ensuring that Albertan consumers are being protected, assisted, and educated in the natural gas and electricity world.

Sincerely,

A handwritten signature in black ink that reads "Rob Spragins". The signature is written in a cursive, flowing style with a long horizontal stroke at the end.

Rob Spragins  
Advocate

# Table of Contents

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1	Introduction.....	6
1.1	Vision .....	6
1.2	Mission.....	6
1.3	Mandate .....	6
2	Representing Albertan’s Interests.....	7
2.1	Regulatory .....	7
2.2	Retail Market Review Committee .....	7
3	Dissemination of Information about the Regulatory Process and Decisions.....	9
4	Consumer Education and Mediation.....	10
4.1	Consumer Education .....	10
4.2	Mediation .....	11
5	UCA Advisory Board .....	12
5.1	Advisory Board Members .....	12
5.2	Advisory Board Activities.....	13
6	Financial Information .....	14
	Appendix 1: Advisory Board Remuneration and Attendance .....	15
	Appendix 2: References .....	17

# List of Tables and Figures

---

Figure 1: Rates vs UCA Activity Comparison.....	10
Table 2: Financial Report, 2013 – 14 Fiscal Year, Period Ending March 31, 2014 .....	14
Table 3: Meeting Attendance .....	16

# 1 Introduction

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This Annual Report for 2013/14 is pursuant to paragraph 6.2(j) of the *Mandate and Roles Document* between Minister of Service Alberta, Deputy Minister of Service Alberta, the Utilities Consumer Advocate and Utilities Consumer Advocate Advisory Board which states the Advisory Board is responsible for “[p]reparing an annual report for approval by the Minister.”

The Office of the Utilities Consumer Advocate (UCA) represents the interests of Alberta’s electricity and natural gas consumers. The UCA consists of the following core program areas: Regulatory, Mediation, Advocacy Services, and Consumer Awareness. The UCA also administers the budget of the Transmission Facilities Cost Monitoring Committee, a committee established by the Minister of Energy pursuant to Ministerial Order 64/2010.

## 1.1 Vision

The UCA is the trusted representative of Alberta’s residential, farm and small business energy consumers.

## 1.2 Mission

The UCA ensures residential, farm and small business consumers have the information, protection and representation they need in Alberta’s electricity and natural gas energy industries.

## 1.3 Mandate

The UCA is established by the *Government Organization Act*, Schedule 13.1. The Act assigns the following responsibilities to the UCA:

- (a) to represent the interests of Alberta residential, farm and small business consumers of electricity and natural gas before proceedings of the Alberta Utilities Commission and other bodies whose decisions may affect the interests of those consumers;
- (b) to disseminate independent and impartial information about the regulatory process relating to electricity and natural gas, including an analysis of the impact of decisions of the Alberta Utilities Commission, other bodies and the courts relating to electricity and natural gas;
- (c) to inform and educate consumers about electricity and natural gas issues;
- (d) to carry out such other responsibilities relating to electricity and natural gas as the responsible Minister determines.

## 2 Representing Albertan's Interests

### 2.1 Regulatory

The UCA initiated participation in 60 Alberta Utilities Commission (AUC) proceedings during the 2013/14 fiscal year. At the end of the fiscal year the UCA was active in 33 AUC proceedings, 10 matters before the Alberta Court of Appeal and 1 before the Supreme Court of Canada.

The UCA actively intervened in 5 proceedings which resulted in significant cost savings to customers. The proceedings are as follows:

- **Decision 2013-137: EPCOR Distribution and Transmission Inc. Compliance filing for their Phase I and II Distribution and Transmission Tariff, April 11, 2013**  
UCA intervention saved \$320,000
- **Decision 2013-297: Direct Energy Regulated Services' (DERS) Energy Price Setting Plan (EPSP) Amendment Application, August 8, 2013**  
Because of UCA intervention DERS' risk margin was not increased resulting in an estimated savings to consumers of \$9 million. DERS requested that their increase in risk margin be effective November 1, 2012 until the remainder of the EPSP. This equates to a \$67/site savings over the duration requested, or \$3.60/site/month.
- **Decision 2013-351: ENMAX Energy Corporation's (EEC) EPSP Amendment Application, September 16, 2013**  
Because of UCA intervention EEC's risk margin was not increased resulting in an estimated consumer savings of \$19 million. EEC requested that their increase in risk margin be effective December 17, 2012 until the remainder of the EPSP. These savings equate to a \$76/site over the duration requested or \$3.82/site/month.
- **Decision 2013-407: AltaLink General Tariff Application, November 11, 2013**  
UCA intervention saved consumers just over \$13 million. These savings will be reflected in AltaLink's 2013-2014 rates.
- **Decision 2013-430: ATCO Pipelines General Rate Application, December 4, 2013**  
UCA intervention saved consumers just over \$7 million. These savings will be reflected in 2013-2014 rates.

### 2.2 Retail Market Review Committee

In January 2013, the Minister of Energy released the Retail Market Review Committee (RMRC) report – *Power for the People*. The report provided 41 recommendations to improve the retail electric industry in Alberta, two were accepted and implemented immediately, six were rejected, and 33 of the recommendations were accepted in principle by the Government of Alberta.

Subsequent to the publication of the RMRC Report, the Minister of Energy established a six-member MLA RMRC Implementation Team (RIT) to prepare recommendations on how the RMRC report should be implemented. The MLA RIT conducted a broad stakeholder consultation with working groups that included industry stakeholders, agencies, and government representatives. The working groups considered the RMRC's recommendations related to governance, regulatory, rural electric utilities role clarity, vulnerable Albertans, and consumer education and awareness. The UCA participated on all of the working groups.

For ten months beginning in June 2013, the working groups explored the RMRC recommendations in great depth and considered various options for how best to implement the RMRC recommendations. Each working group provided a report to the MLA RIT. The MLA RIT considered the ideas and options contained in the working group reports and then prepared and submitted its final report to the Minister of Energy on June 4, 2014.

## 3 Dissemination of Information about the Regulatory Process and Decisions

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Albertans receive information about the regulatory process and major decisions from the UCA in a variety of ways:

### **UCA Website**

Information is provided to the public about the regulatory process and decisions via the UCA website. This important tool to reach a wide range of people includes general information about key regulatory process components such as revenue allocation and how utility rates are set. In addition, a pilot project to create and post regulatory decision summaries that have a direct impact on Albertans to the website was started late this year.

### **UCA Advisory Board**

During monthly meetings with the UCA Advisory Board (Advisory Board), the UCA provides information on upcoming, current, and completed regulatory proceedings. Board Members have an opportunity to provide input and advice on the UCA's positions, objectives, and strategic goals related to the proceedings. These organizations and constituents represented by Advisory Board Members benefit from information about the regulatory process and decisions that is brought back for discussion.

### **Public Presentations**

The Advocate and staff regularly speak at conferences, events, and public libraries. During these presentations, there is often discussion of the goals and objectives of the regulatory team and prominent proceedings the UCA is involved in. For a list of presentations made this year, see *Section 4.1 Consumer Education*.

### **Mediation Team**

If Albertans have questions about the regulatory process, proceedings the UCA is involved in, or decisions made, they are encouraged to contact the mediation team for more information.

# 4 Consumer Education and Mediation

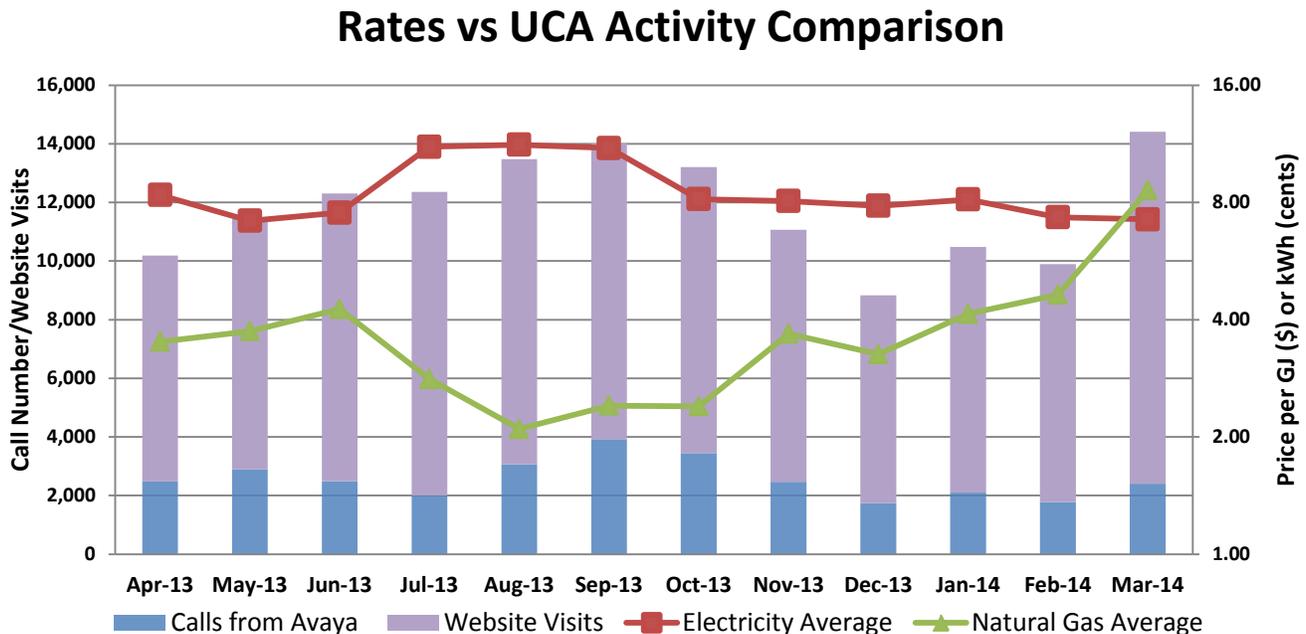
## 4.1 Consumer Education

The UCA has continued work on implementation of the RMRC recommendations related to consumer education and awareness pursuant to its legislated mandate.

A request for proposal for a Consumer Education Communications Expert is planned for the summer of 2014. The UCA will work collectively with the successful proponent to develop a communications plan for the office. As committed to during the RMRC Consumer Education Working Group, the UCA will engage in a stakeholder consultation process to ensure as an industry we are working towards consistent messaging and not duplicating efforts unnecessarily.

The UCA website continues to be an important source of information for consumers. The annual traffic to the site was 110,889 visits, an increase of approximately 13,000 over the previous year. We can also see that calls to the UCA contact center and traffic to the website consistently increase at times of significant price events. This is shown in Figure 1 for the months of August and September 2013 when electricity prices increased as well as March 2014 when the natural gas prices rose dramatically.

Figure 1: Rates vs UCA Activity Comparison<sup>1</sup>



<sup>1</sup> Electricity average is a simple average calculated based on the AUC approved rates for:

EPCOR- Edmonton, DERS - ATCO, and ENMAX - Calgary regions.

Natural Gas Average is a simple average calculated based on the AUC approved rates for: AltaGas, DERS North and South regions.

Website Visits – A visit is a series of actions that begins when a visitor views the first page from the server, and ends when the visitor leaves the site or remains idle beyond the idle-time limit. The default idle-time limit is thirty minutes.

The UCA's website received multiple upgrades and enhancements throughout the year. The largest customer facing improvement was to the Rate Comparison Tool which now provides a listing of all available options offered by retailers including prices and terms to a customer based on the town or city they live in.

Throughout 2013/14, the UCA engaged in community presentations (2), attended organization tradeshows (5) and delivered presentations (7) to various organizations as follows:

**Community Presentations:** Strathcona Library and Grande Prairie Library.

**Organization Tradeshows:** ACC, AUMA, FedGas, AFREA, AAMDC.

**Organization Presentations:** Osgoode Hall Professional Development, School of Public Policy, Energy Literacy Directions Conference, Alberta Power Summit, FedGas, AFREA, AAMDC.

## 4.2 Mediation

The UCA received 31,869 calls from Albertans through the 310-4UCA or 310-4822 line. The majority of calls to the UCA are customers looking for advice and information about their utility situation.

Mediation Officers provide consumers with a list of retailers and product offers, education about the energy market, and information that will help a customer to make an informed choice about their service.

For 3,507 of the total calls, customers were provided with mediation services. This included investigating concerns raised by consumers and attempts to resolve their concerns through mediation with utility companies. The most common reasons for mediation are billing issues; concerns about misrepresentation and sales tactics; early exit fees; and disconnections for non-payment or non-application.

Each year, the UCA participates in the AUC's Disconnection Project which received the Leadership and Innovation Award from the Canadian Association of Members of Public Utility Tribunals (CAMPUT) in September 2013. The UCA is supplied with the names and contact information for Albertan consumers whose electricity and/or natural gas services are disconnected at the beginning of the winter season. Multiple attempts are made to reach those individuals through phone calls and letters in an effort to assist in the reconnection process. This includes providing information and advice, mediating payment arrangements, and connecting consumers with support programs if they require it. As part of the AUC Disconnection Project, the UCA helped reconnect 112 disconnected consumers during the 2013/14 winter season.

## 5 UCA Advisory Board

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The Advisory Board provides advice to the Advocate and Minister of Service Alberta on multiple issues affecting the UCA. These include: positions to be taken on policy and regulatory issues that could impact Alberta residential, farm, and small consumers of electricity and natural gas; public awareness of the UCA; consumer education initiatives; and the use of mediation to resolve customer complaints with their retail service provider.

The Advisory Board consists of four members-at-large and five members representing organizations. Collectively, Board Members represent the interests of all Albertans. Those Board Members representing organizations are also able to bring a unique perspective from their constituents. The organizations represented are: Alberta Urban Municipalities Association (AUMA), Alberta Association of Municipal Districts & Counties (AAMDC), Alberta Federation of Gas Co-Ops (FedGas), Alberta Federation of Rural Electrification Associations (AFREA), and the Alberta Chamber of Commerce (ACC).

### 5.1 Advisory Board Members

#### **Mr. Ted Pound, Chair**

Founding chair of the Advisory Board in 2004 (Advisory Council at that time). Mr. Pound served as a Member-at-Large between 2008 and 2013 when he was again appointed chair by Minister Bhuller effective September 6, 2013. He also served as Chair of the Retail Market Review Committee in 2012 in response to the Minister of Energy's request for a review of the retail electricity market in Alberta.

#### **Mr. Bert Paulssen, Vice Chair**

Appointed Vice-Chair of the Advisory Board effective September 6, 2013 and has been a member since 2009. Mr. Paulssen also sits on the Board of the G.L.D.C Gas Co-op Ltd., is Chairman of the FedGas, and is a Director of FedGas Zone 6 representing the interests of 11 rural gas utilities.

#### **Mr. Dareld Cholak, Member representing FedGas**

An Advisory Board member since 2009, Mr. Cholak is also a Director on the FedGas Board, the Chair of the Smoky Lake County Gas Utility Board, and a Councillor for Smoky Lake.

#### **Mr. Paul Dawson, Member-at-Large representing the City of Calgary**

An Advisory Board member since 2008, Mr. Dawson previously served as the Chief Commissioner/CEO as well as the Treasurer/CFO of the City of Calgary. He received the Lt. Governor General's Award for exceptional and distinctive leadership in public administration in Alberta and is a Chartered Accountant and a FCA.

#### **Mr. Soren Odegard, Member representing AAMDC**

An Advisory Board member since 2011, Mr. Odegard is a County of Two Hills Councillor and an AAMDC Board Member responsible for District 5 Edmonton East.

**Mr. Don Oszli, Member representing ACC**

A founding Advisory Board member since 2004, Mr. Oszli is a managing partner at Heywood, Holmes & Partners LLP and a Director on the Red Deer Chamber.

**Ms. Helen Rice, Member representing AUMA**

An Advisory Board member from 2012 to 2014, Ms. Rice was elected President of the AUMA on November 22, 2013 and subsequently resigned from the Advisory Board. She is a Grande Prairie City Councillor, Chair of the Apex Pension Plan, Board Member for the Alberta Municipal Services Corporation, member of the Alberta Recycling Management Authority, and was previously Vice-President of the AUMA.

**Mr. Merv Rockel, Member representing AFREA**

An Advisory Board member since 2009, Mr. Rockel's term expired on April 30, 2014. He continues as a Board Member of the Rocky Rural Electrical Association and recently served as the President of AFREA.

**Ms. Marta Sherk, Member-at-Large representing the City of Edmonton**

An Advisory Board member since 2008, Ms. Sherk is a lawyer with over 32 years' experience in the private and public sectors. She has authored a number of legal articles and is a frequent speaker at seminars.

## **5.2 Advisory Board Activities**

The Advisory Board's annual two day strategic planning session was held on September 9 and 10, 2013 in Calgary. Discussion at the session focused on upcoming regulatory proceedings about the Regulated Rate Option (RRO), Cost of Capital, and transmission charges.

The Advisory Board meets twice per month, once in person with the UCA and once via teleconference to specifically discuss the UCA's participation in current regulatory proceedings. During the monthly meetings, the Advisory Board reviews, discusses, and provides input into UCA policy objectives and positions on various issues that affect Alberta energy consumers. Some important topics addressed this year included: public interest policy, vulnerable Albertans, pre-paid meters, consumer education and awareness campaign and the RRO.

## 6 Financial Information

The UCA's financial results (unaudited) for the 2013/14 fiscal year are presented in Table 2.

**Table 2: Financial Report, 2013 – 14 Fiscal Year, Period Ending March 31, 2014**

<b>STATEMENT OF OPERATIONS<sup>2</sup></b>			
(thousands of dollars)	2013 - 14	2013 - 14	2013 - 14
Expense	Budget	Actual	Variance
Advocacy Services	1,392	1,177	215
Mediation Services	776	585	191
Regulatory Affairs	5,889	4,994	895
Consumer Education & Awareness	375	104	271
Advisory Board	352	226	126
Transmission Facilities Cost Monitoring Committee <sup>3</sup>	411	277	134
<b>Total Expense</b>	<b>9,195</b>	<b>7,363</b>	<b>1,832</b>

<sup>2</sup>The UCA is funded 80% by the Balancing Pool and 20% by Natural Gas Utilities.

<sup>3</sup> Transmission Facilities Cost Monitoring Committee is funded 100% by the Balancing Pool.

# Appendix 1: Advisory Board Remuneration and Attendance

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Remuneration of Advisory Board Members is identified in Service Alberta Ministerial Order 012/2010 sections 13(a), (b), and (c) which state:

- (a) The members including the Chair and the Vice-Chair shall be paid remuneration in accordance with OC 466/2007 Appendix 2, Schedule 1, Part A which includes the standard government travel and living expenses. The payment of remuneration shall comply with all applicable laws and regulations.*
- (b) Fees payable to members of the Board shall not exceed those set out in sections 1 and 2 of Part A of OCT 466/2007 Appendix 2, Schedule 1.*
- (c) Board members shall not be paid fees and expenses for more than three meetings per month.*

Note that OC 433/2007 Appendix 2 is rescinded effective April 1, 2009 and replaced by OC 433/2007 Appendix 3. A summary of remuneration Board Members are eligible to receive is as follows:

## **Board Chair**

\$219 for up to and including four hours in any day, \$383 for over four hours and up to and including eight hours in any day, or \$601 for over eight hours in any day. In addition, the Board Chair is paid a monthly amount of \$2,022.

## **Board Member**

\$164 for up to and including four hours in any day, \$290 for over four hours and up to and including eight hours in any day, or \$427 for over eight hours in any day. In addition, Board Members are paid a monthly amount of \$1,445.

## **All Board Members**

Travel and living expenses are in accordance with the *Travel, Meal and Hospitality Expense Directive*.

## **Remuneration**

The total remuneration received by Board Members for the 2013/14 fiscal year was \$187,213.00

## **Meeting Attendance**

In 2013/14, Board Members attendance at Advisory Board and Regulatory Roster meetings was as follows:

**Table 3: Meeting Attendance**

<b>Member Name</b>	<b>Member Position</b>	<b>Board Meeting</b>	<b>Regulatory Roster</b>	<b>Total Meeting Attendance</b>	<b>Percent Attendance</b>
Pound, Ted <sup>(4)</sup>	Chair	8 of 8	8 of 8	16 of 16	100%
Paulssen, Bert <sup>(5)</sup>	Vice-Chair	8 of 8	8 of 8	16 of 16	100%
Cholak, Dareld	Member	10 of 11	12 of 13	22 of 24	92%
Dawson, Paul	Member	11 of 11	13 of 13	24 of 24	100%
Odegard, Soren	Member	10 of 11	8 of 13	18 of 24	75%
Oszli, Don	Member	8 of 11	2 of 13	10 of 24	42%
Rice, Helen <sup>(6)</sup>	Member	4 of 8	4 of 11	8 of 19	42%
Rockel, Merv	Member	8 of 11	13 of 13	21 of 24	88%
Sherk, Marta	Member	11 of 11	12 of 13	23 of 24	96%
<b>Total</b>		<b>77 of 90</b>	<b>80 of 105</b>	<b>157 of 195</b>	
<b>Percent Attendance</b>		<b>86%</b>	<b>76%</b>	<b>81%</b>	

<sup>4</sup> Ted Pound: appointment expired April 30, 2013. Reappointed as a member and Chair effective September 5, 2013. Meeting attendance pro-rated accordingly.

<sup>5</sup> Bert Paulssen: appointment expired April 30, 2013. Reappointed as a member and Vice-Chair effective September 5, 2013. Meeting attendance pro-rated accordingly.

<sup>6</sup> Helen Rice: The Alberta Urban Municipalities Association was not represented between January 9, 2014 and March 20, 2014. Meeting attendance has been pro-rated accordingly.

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## Appendix 2: References

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AAMDC	Alberta Association of Municipal Districts and Counties
Advisory Board	Utilities Consumer Advocate Advisory Board
AFREA	Alberta Federation of Rural Electrification Associations
AUC	Alberta Utilities Commission
AUMA	Alberta Urban Municipalities Association
CAMPUT	Canadian Association of Members of Public Utility Tribunals
DERS	Direct Energy Regulated Service
EEC	ENMAX Energy Corporation
EPSP	Energy Price Setting Plan
FedGas	Federation of Alberta Gas Co-op Ltd.
MLA RIT	MLA Retail Market Review Committee Implementation Team
RMRC	Retail Market Review Committee
RRO	Regulated Rate Option
UCA	Utilities Consumer Advocate