



Bluestem Utilities (Foothills Water) Inc.

2023-2024 Revised Revenue True-Up Compliance Filing

July 19, 2024

Alberta Utilities Commission

Decision 29126-D01-2024

Bluestem Utilities (Foothills Water) Inc.

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Proceeding 29126

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1 Decision summary

1. In this decision, the Alberta Utilities Commission approves Bluestem Utilities (Foothills Water) Inc.'s (Bluestem) revised application to true up its under-collected revenue for 2023 and 2024. The Commission has reviewed Bluestem's revised true-up compliance application¹ and finds that it has complied with the Commission's direction to use its approved weighted average cost of capital (WACC) rates to calculate carrying costs on its delayed revenues for 2023 and 2024.

2 Background

2. In Decision 28507-D02-2024,² the Commission approved Bluestem's proposed method to true up its 2023-2025 revenue requirements. However, the Commission denied Bluestem's interest calculations of 1.5 per cent per month on under-collected revenues and directed Bluestem to instead use the approved WACC rate for each year to recalculate the applicable carrying costs for its delayed revenue. Bluestem was to also provide further details regarding the one-time charge to customers for the under-collected 2024 revenue and the timelines and amounts for the 12-month collection period for its 11 commercial customers with meters larger than 5/8 inches.

3. On July 2, 2024, Bluestem filed a revised true-up compliance application with the Commission requesting approval for the revised total amount of under-collection for 2023 and 2024 for all customer categories. Bluestem indicated that it fully complied with the Commission's directions in Decision 28507-D02-2024.

4. The Commission issued notice of application on July 3, 2024, which required parties to provide a statement of intent to participate (SIP) or written submission by July 12, 2024.³ No SIPs were filed.

5. The Commission considers the record of this proceeding to have closed on July 12, 2024. The Commission reviewed the entire record in coming to this decision; lack of reference to a matter raised during the proceeding does not mean it was not considered. For the reasons stated in Section 3 of this decision, the Commission approves Bluestem's application.

¹ Exhibit 29126-X0003, Bluestem Revised True-Up Application, July 2, 2024.

² Decision 28507-D02-2024: Bluestem Utilities (Foothills Water) Inc., 2023-2025 Revenue Requirements True-Up Application, Proceeding 28507, June 4, 2024.

³ Exhibit 29126-X0004, Notice of application, July 3, 2024.

3 Revised total amount of under-collection for 2023 and 2024

6. Bluestem provided the following figure within its application to show the revised total amounts to be collected from its customers.

Table 1. Total under-collected revenue for 2023 and 2024

	2023 Jan – Dec	2024 Jan – June
Number of customers with 5/8-inch meters		
• Residential	982	985
• Commercial – 5/8-inch meters	17	17
• Commercial – Other meter sizes	12	12
Under-collected revenue	\$	\$
• Residential	1,051.38	21,327.05
• Commercial – 5/8-inch meters	19.48	419.46
• Commercial – Other meter sizes	31,823.90	3,744.61
Subtotal	32,894.77	25,491.12
Interest applied	2,021.94	480.06
Total to be collected from all customers	34,916.71	25,971.17

Source: Exhibit 29126-X0003, PDF page 5.

7. Bluestem noted in its application that during an internal review exercise, it identified an additional commercial customer that was not presented in its prior application.⁴ The Commission acknowledges that Bluestem has submitted 12 commercial customers with meters larger than 5/8 inches compared to the 11 commercial customers as presented in Proceeding 28507. As such, the Commission shall consider the 12th customer, “The Ravine,” as part of the interest calculations in its review.

8. Bluestem submitted its under-collected revenue before carrying charges or interest in the amounts of \$32,894.77 in 2023 and \$25,491.12 from January 2024 to June 2024 in Table 1. Bluestem under-collected revenue in 2023 due to the timing of its 2023-2025 revenue requirements application in December 2022 and the subsequent testing of the application prior to the Commission’s approval. Bluestem previously noted that it implemented 2024 rates in line with Decision 28507-D01-2023 on January 1, 2024.⁵ However, Bluestem, known as Corix Utilities (Foothills Water) Inc. at the time, filed a review and variance application, which resulted in further adjustments to its revenue requirement. As a result, Bluestem under-collected revenue in 2024 relative to Decision 28707-D01-2024, which increased its revenue requirement for the 2023-2025 test period.⁶

9. The Commission has reviewed the applicable interest calculations in Table 5 of Bluestem’s application and finds that the proposed interest amounts appear to comply with the Commission’s direction of using the approved carrying-cost rates of 5.95 per cent per annum for 2023 and 6.26 per cent per annum in 2024.⁷ While the underlying calculations for the carrying

⁴ Exhibit 29126-X0003, page 4, Section 3

⁵ Proceeding 28507, Bluestem, Bluestem True-Up Application, page 6, Section 2.2.

⁶ Decision 28707-D01-2024: Corix Utilities (Foothills Water) Inc., Stage 2 Review and Variance of Decision 27844-D02-2023, Proceeding 28707, March 27, 2024.

⁷ Decision 28507-D02-2024, page 5, paragraph 19.

charges are not provided in the application, the interest amounts appear to reasonably be in the range of expected values for these carrying costs.

10. Therefore, the Commission approves the revised total under-collections as filed. The total under-collected revenue is summarized in the following tables:

Table 2. Total under-collected revenue for 2023 by customer category

Customer category	Under-collected revenue	Applied interest	Total
	\$		
Residential	1,051.38	67.15	1,118.53
Commercial – 5/8-inch meters	19.48	1.27	20.75
Commercial – Other meter sizes	31,823.90	1,953.51	33,777.41
	32,894.76	2,021.93	34,916.69

Table 3. Total under-collected revenue for 2024 by customer category

Customer category	Under-collected revenue	Applied interest	Total
	\$		
Residential	21,327.05	381.74	21,708.79
Commercial – 5/8-inch meters	419.46	7.48	426.94
Commercial – Other meter sizes	3,744.61	90.83	3,835.44
	25,491.12	480.05	25,971.17

11. Bluestem was to provide timelines and amounts for the 12-month collection period for its customers with meters larger than 5/8 inches pursuant to Decision 28507-D02-2024. In reference to Section 2.1 of Bluestem’s previous true-up application,⁸ Bluestem submitted that, upon approval, it will commence collecting the balances in 12 equal monthly payments within two billing cycles of the date of approval by the AUC.⁹ The Commission accepts the proposed timeline to collect the revised total amount of under-collection in equal parts over a 12-month period for its commercial customers with meters larger than 5/8 inches.

4 Order

12. It is hereby ordered that:

- (1) Bluestem Utilities (Foothills Water) Inc.’s total under-collected revenue in 2023 and 2024 are approved, as filed.
- (2) Bluestem Utilities (Foothills Water) Inc.’s will implement a one-time charge for residential customers and commercial customers with 5/8-inch meters within two billing cycles for 2023 and 2024 under-collected revenue requirement amounts.
- (3) Bluestem Utilities (Foothills Water) Inc.’s will implement the approved 12 equal monthly payments for commercial customers with meters larger than 5/8 inches within two billing cycles after publication of this decision for the 2023 and 2024 under-collected revenue requirement amounts.

⁸ Proceeding 28507, Bluestem, Bluestem True-Up Application, pages 5-6, Section 2.1.

⁹ Exhibit 29126-X0003, page 7, Section 4.2.

Dated on July 19, 2024.

Alberta Utilities Commission

(original signed by)

Chris Arnot
Director, Retail Energy and Water
On behalf of the Alberta Utilities Commission

Appendix 1 – Proceeding participants

Name of organization (abbreviation) Company name of counsel or representative
Bluestem Utilities (Foothills Water) Inc. (Bluestem)

Alberta Utilities Commission
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