

# Keep AltaLink Canadian, ATCO chief says

BY GARY LAMPHIER, EDMONTON JOURNAL MAY 8, 2014

EDMONTON - ATCO boss Nancy Southern says AltaLink is “critical infrastructure” that should remain Canadian-owned.

Southern was reacting to a recent announcement by Montreal-based engineering giant SNC-Lavalin that it sold its Alberta electricity transmission unit to Warren Buffett’s Berkshire Hathaway Energy for \$3.2 billion.

Southern wouldn’t say whether ATCO or its affiliates had pursued a deal for AltaLink, but she told the Journal the province must recognize the “strategic and critical” role such key infrastructure plays in driving economic growth.

“I believe there should be greater strategic thinking from our government and from the (energy) regulators about what is critical infrastructure, and what is important in driving economic growth in our province. This has very large implications for Canada,” she said.

“I’m not so much worried about security of supply because we’ll have an American company in here. But the fact is that people in Alberta and people in Canada are driven by different motives and our government is driven by different motives than perhaps a foreign entity would be,” she added.

“To have the ability to respond quickly to growth and development by getting power lines in quickly and reducing costs for your industries and the population of your province and country are all important incentive drivers for economic growth.”

Asked whether she considers it unfair that the U.S. government continues to delay approval of TransCanada’s proposed Keystone XL oil pipeline — regarded by the Canadian government as vital to the national interest — while the AltaLink deal unfolded with little fuss, Southern demurred.

“We’re talking way beyond my pay grade in terms of sovereign issues between Canada the United States. I would say, though, that a lot more thought should be going into whether you want to have this sold off.”

Southern, who was in Edmonton Wednesday to address the annual general meeting of ATCO subsidiary Canadian Utilities, also blasted Alberta’s energy regulatory system as overly cumbersome and costly.

“It’s out of control. We have an increasing number of agencies and committees that are providing oversight and prudence tests on behalf of consumers, and a burgeoning industry for interveners,” she said.

For a typical major capital project that takes two years to bring onstream, ATCO spends all but 16 weeks of the entire period dealing with regulators, with the rest on construction.

“We just finished a deferred capital hearing, for example. What that means is that for all the \$500 million of transmission lines we put into service this year, we have to (subsequently) get approval to get those costs recovered in the rate base,” she said.

“Now, those lines are commissioned already so they’re in service. And for that \$500 million investment we had to submit 55,000 pages of reports to regulators. And on top of that they can keep asking further questions.”

Southern said the onerous regulatory burden, which has pushed up related costs to taxpayers more than 10-fold since 1998 to \$137 million last year, is a key reason why a recent Fraser Institute study of 119 cities found that Calgary and Edmonton have among the highest electricity costs in North America.

“The Fraser Institute and all these other pundits are talking about high electricity costs and they’re right. We have high electricity costs, and we shouldn’t have such extremely high electricity costs,” she said.

“And part of it is that now we’re in this position where we have to prepare 55,000 pages of documentation to justify these lines going into service. And that’s on top of spending two years in permitting and planning and dealing with interveners to actually get the construction approved.”