

NOTICE OF SPECIFIED PENALTY

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| Date of Issue: August 23, 2019 | | Payment Due Date: September 23, 2019 | |
| MSA File Number | RS2018-196 | Specified Penalty Amount | \$18,750 |
| Registered Entity Name | ATCO Electric Ltd. | | |
| Reliability Standard | FAC-003-AB1-1 | Self-Report | <input type="checkbox"/> YES <input checked="" type="checkbox"/> NO |
| Requirement | R2 | Accepted Mitigation Plan | <input checked="" type="checkbox"/> YES <input type="checkbox"/> NO |
| Date of Referral/Self Report | July 27, 2018 | Date of Contravention | January 1, 2016 to December 31, 2016 |

EVENT DETAILS

Pursuant to the Alberta Electric System Operator (AESO) Alberta Reliability Standards 2018–2020 audit schedule, the AESO conducted a scheduled Q1/2018 compliance monitoring audit of ATCO Electric Ltd. The applicable audit period with respect to FAC-003-AB1-1 extended from January 1, 2015 to December 31, 2017. Based upon the AESO's audit findings, FAC-003-AB1-1 was contravened as follows:

From January 1, 2016 to December 31, 2016, ATCO Electric Ltd. did not complete the 2016 mechanical treatment for 9L938/9L939 in accordance with their annual plan for vegetation management work. FAC-003-AB1-1 states, in part:

R2 The legal owner of a transmission facility must create and implement an annual plan for vegetation management work to ensure the reliability of its transmission facilities. The plan must describe the methods used, such as manual clearing, mechanical clearing, herbicide treatment, or other actions. The plan must be flexible enough to adjust to changing conditions, taking into consideration anticipated growth of vegetation and all other environmental factors that may have an impact on the reliability of the AES. Adjustments to the plan must be documented as they occur. The plan must include the time required to obtain permissions or permits from landowners or regulatory authorities. Each legal owner of a transmission facility must have systems and procedures for documenting and tracking the planned vegetation management work and ensuring that the vegetation management work was completed according to its work specifications.

MR2 A work plan exists in the form of the ISO vegetation management work plan template. The work plan is complete. The work plan is submitted annually and within 30 days of being requested.

Evidence exists to show that the work plan is implemented. Evidence may include status and inspection reports, work orders, and/or contracts. The work plan is being followed in accordance to the schedule. The work is completed in accordance with the work plan. Revision documentation exists where the plan has been revised. Evidence is provided to the ISO within 30 days of a request.

FINDINGS

Based upon the information obtained by the MSA, the MSA is satisfied that the event was a contravention of Reliability Standard FAC-003-AB1-1, requirement R2.

MATERIAL FACTS

The material facts relied upon by the MSA include the following:

1. Referral from the AESO to the MSA dated July 27, 2018, including the AESO Alberta Reliability Standards Compliance Monitoring Audit Report on the AESO Q1/2018 compliance monitoring audit of ATCO Electric Ltd.
2. Completed Mitigation Plan submitted on October 17, 2018 by ATCO Electric Ltd. to the MSA.

DELIVERY OF PAYMENT

Payment by cheque or certified funds is to be made out to the "General Revenue Fund c/o Minister of Finance", and delivered to the Alberta Utilities Commission (AUC) at: 1400, 600 – 3rd Avenue S.W., Calgary, Alberta, T2P 0G5. Questions in respect of delivery of payment should be directed to the AUC. The payment should reference this notice and related MSA File #. Delivery of payment should also be confirmed by email to compliance@albertamsa.ca, with copy to the following AUC personnel: Jeremy Smith (Financial Accountant) Jeremy.Smith@auc.ab.ca, and Greg Andrews (Investigator) Greg.Andrews@auc.ab.ca.

NOTICE

The Market Surveillance Administrator (MSA) is granted the power and authority under s. 52 of the *Alberta Utilities Commission Act* to issue a Notice of Specified Penalty where the MSA is satisfied that a person has contravened a reliability standard. Specified penalties are set out in AUC Rule 027.

In accordance with the relevant enactments and rules, a dispute regarding the issuance of a Notice of Specified Penalty or failure to pay the specified penalty in accordance with this notice will result in a hearing or other proceeding before the AUC.

In accordance with s. 5(1) of AUC Rule 027 this Notice of Specified Penalty will be made public no earlier than receipt of confirmation of payment from the Commission and no later than 45 days after issuance. The MSA will, if applicable, also post on its website the link to any decision of the AUC respecting the specified penalty.

If your organization disputes the issuance of this Notice of Specified Penalty, or if you have any other questions or comments regarding this matter, please contact the MSA compliance team at compliance@albertamsa.ca.

SIGNATURE

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| Signature | "Original Signed" | Signature Date | August 23, 2019 |
| Name | Anders Renborg | Title | Director, Compliance |