



AUC

Alberta Utilities Commission

ATCO Gas and Pipelines Ltd.

February 1, 2013 Interim Rates

January 18, 2013



The Alberta Utilities Commission

Decision 2013-016: ATCO Gas and Pipelines Ltd.

February 1, 2013 Interim Rates

Application No. 1609130

Proceeding ID No. 2306

January 18, 2013

Published by

The Alberta Utilities Commission

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1 Introduction

1. On September 12, 2012, the Alberta Utilities Commission (AUC or Commission) issued Decision [2012-237](#),¹ Rate Regulation Initiative, Distribution Performance-Based Regulation, in which it directed each of AltaGas Utilities Inc., ATCO Electric Ltd., ATCO Gas and Pipelines Ltd. (ATCO Gas or AG), EPCOR Distribution & Transmission Inc. and FortisAlberta Inc. (jointly referred to as the utilities) to file performance-based regulation (PBR) compliance filings in accordance with the directions set out in the decision.

2. On December 21, 2012, the Commission issued Decision [2012-347](#)² which set interim PBR rates for ATCO Gas's customers effective January 1, 2013.

3. On December 18, 2012, ATCO Gas filed an application requesting approval for new interim rates effective February 1, 2013, to commence recovery of 50 per cent of the K factor amounts filed in the PBR capital tracker proceeding, Proceeding ID No. 2131.³

4. On December 19, 2012, the Commission issued a notice of application requiring that any party who wished to intervene in this proceeding should submit a statement of intent to participate (SIP) to the Commission by the participation closing deadline of January 8, 2013. The Commission received SIPs from the Office of the Utilities Consumer Advocate and the Consumers' Coalition of Alberta.

2 Details of the application

5. In its capital tracker application in Proceeding ID No. 2131, ATCO Gas requested K factor amounts for 2013 totaling \$9.509 million. In this application, ATCO Gas requested to recover 50 per cent of the K factor amounts in interim rates commencing February 1, 2013. If approved, the amount to be recovered from customers would be \$2.546 million for ATCO Gas North and \$2.209 million for ATCO Gas South.

6. To collect these amounts, ATCO Gas proposed a revised Rider "S" that applies an across-the-board increase to customer rates. The proposed change to Rider "S" would increase base rates in the north by 1.07 per cent and in the south by 1.09 per cent.

¹ Decision 2012-237: Rate Regulation Initiative, Distribution Performance-Based Regulation, Application No. 1606029, Proceeding ID No. 566, September 12, 2012.

² Decision 2012-347: 2012 Performance-Based Regulation Compliance Filings January 1, 2013 Interim Rate for each of AltaGas Utilities Inc. and ATCO Gas and Pipelines Ltd., Application No. 1608826, Proceeding ID No. 2130, December 21, 2012.

³ ATCO Gas 2012 PBR Capital Tracker Application, Application No. 1608827, Proceeding ID No. 2131, Exhibit 36, filed December 14, 2012.

Commission findings

7. Prior to filing this application, ATCO Gas had requested in its PBR compliance filing application, as part of Proceeding ID. No 2130, to include the K factor placeholder.⁴ In its letter of November 16, 2012 to the participants in that proceeding, the Commission advised the parties that Z factor and K factor placeholders will not be included in interim rates. The Commission indicated that it will consider these aspects of the utilities' PBR compliance filing applications in its final decision establishing the compliance filing rates:

3. [...] Only the adjustments directed by the Commission in Decision 2012-237 will be included in rates in this interim rate decision. Accordingly, those aspects of the compliance filings that request Commission approval for rate adjustments not specifically directed in Decision 2012-237, such as additional going-in rate adjustments, Z factors, and K factor placeholders, will not be considered for inclusion in the interim rate decision.

4. The Commission will revise the interim rates after full consideration of all aspects of the compliance filings in its final decision on the compliance filings. Recognizing that the upcoming capital tracker applications will be in respect of 2013 projects, a further adjustment to rates may be directed by the Commission in its decision on the capital tracker applications.⁵

8. The Commission considers that any K factor placeholder requests should be considered on a consistent basis for all utilities subject to Proceeding ID No. 2130. The Commission confirms the final decision on the PBR compliance filings should be forthcoming in late February 2013⁶ to allow for an April 1, 2013 rates implementation. Given the proximity of the expected decision on final rates arising from the 2012 PBR compliance filings, the Commission does not consider that an adjustment to the interim rates established in Decision 2012-347 is warranted.

9. In light of the above, the Commission denies ATCO Gas's request for updated interim rates, reflecting 50 per cent of the proposed K factor amounts, effective February 1, 2013. The Commission directs ATCO Gas to continue, on an interim basis, with its rates approved in Decision 2012-347 until otherwise ordered. Any differences in the company's revenues resulting from the difference between the currently approved PBR interim rates and final rates will be reconciled after the decision is issued on Proceeding ID No. 2130.

⁴ Proceeding ID No. 2130, Exhibit 28.01, ATCO Gas 2012 PBR compliance filing application, page 8, paragraph 11 and Schedule 5.0.

⁵ Proceeding ID No. 2130, Exhibit 36.

⁶ Proceeding ID No. 2130, Exhibit 18.02, page 3. See the Commission's written response to ATCO question 6 at the information session.

3 Order

10. It is hereby ordered that ATCO Gas and Pipelines Ltd. shall continue to use interim rates approved in Decision 2012-347.

Dated on January 18, 2013.

The Alberta Utilities Commission

(original signed by)

Mark Kolesar
Vice-Chair

(original signed by)

Bill Lyttle
Commission Member

(original signed by)

Neil Jamieson
Commission Member

Appendix 1 – Proceeding participants

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