



AUC

Alberta Utilities Commission

ATCO Gas
(A Division of ATCO Gas and Pipelines Ltd.)

2011-2012 General Rate Application Phase II

February 14, 2013

The Alberta Utilities Commission

Decision 2013-035: ATCO Gas (A Division of ATCO Gas and Pipelines Ltd.)

2011-2012 General Rate Application Phase II

Application No. 1608495

Proceeding ID No. 1912

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1 Introduction and background

1. ATCO Gas, a division of ATCO Gas and Pipelines Ltd. (ATCO Gas) filed a 2011-2012 General Rate Application (GRA) Phase II (the application) with the Alberta Utilities Commission (AUC or the Commission) on May 29, 2012, requesting the Commission's approval for new base rates for each of its North and South service territories (referred to as ATCO Gas North and ATCO Gas South) as well as the updated terms and conditions for distribution access service and the terms and conditions for distribution service connections effective January 1, 2013. ATCO Gas also requested that the rates for the years 2011 and 2012 be approved as final.

2. ATCO Gas submitted that this application was prepared consistent with the GRA Phase II negotiated settlement approved in Decision [2010-291](#).¹ ATCO Gas further noted that the Cost of Service Study (COSS) and the rate design in this application were originally prepared using the 2012 test period revenue requirement filed in Proceeding ID No. 1709, GRA Phase I Compliance Filing and were to be updated at a later date to reflect the approved 2012 revenue requirement. ATCO Gas also proposed certain amendments to its terms and conditions of service and to its Schedule C charges.

3. On May 31, 2012, the Commission issued notice of the application requesting any party who wished to intervene in this proceeding to submit a statement of intent to participate (SIP) to the Commission by June 14, 2012. The Commission received SIPs from AltaGas Utilities Inc. (AUI), The City of Calgary (Calgary), the Office of the Utilities Consumer Advocate (UCA) and the Consumers' Coalition of Alberta (CCA).

4. By letter dated June 15, 2012, the Commission established a proceeding schedule, with information requests to ATCO Gas and responses from ATCO Gas due June 27, 2012 and July 12, 2012, respectively. The Commission also directed interested parties to comment by July 19, 2012 on their intention to file evidence and need for an oral hearing in this proceeding.

5. On June 29, 2012, the CCA proposed an extension to July 3, 2012 to file information requests. The Commission granted the extension and set a revised schedule.

6. On July 20, 2012, the Commission issued Decision [2012-191](#)² regarding Proceeding ID No. 1709 GRA Phase I Compliance Filing for ATCO Gas. In this decision, the Commission directed ATCO Gas to re-file, by September 10, 2012, its 2011-2012 GRA compliance filing,

¹ Decision 2010-291: ATCO Gas 2008-2009 General Rate Application – Phase II Negotiated Settlement, Application No. 1604944, Proceeding ID No. 184, June 25, 2010.

² Decision 2012-191: ATCO Gas 2011-2012 General Rate Application Phase I Compliance Filing, Application No. 1608144, Proceeding ID No. 1709, July 20, 2012.

including the placeholder summary, to reflect the Commission's findings, conclusions and directions in that decision.

7. On July 24, 2012, the CCA and the UCA submitted letters requesting a second round of information requests, along with an opportunity to file intervenor evidence. In its letter of July 25, 2012, the Commission set out the proceeding schedule below to allow a second round of information requests and intervenor evidence.

8. The UCA wrote to the Commission on August 21, 2012, indicating its intention to file intervenor evidence and supporting a written process. The CCA submitted a letter on the same date supporting a written process for the balance of the proceeding. By letter dated August 22, 2012, the Commission concurred that an oral hearing was not required for this proceeding. The Commission also established the following process and schedule for the balance of the proceeding:

Process step	Deadline date
Intervenor evidence	2 p.m., September 13, 2012
Information Requests (IRs) on intervenor evidence	2 p.m., September 27, 2012
IR responses from intervenors	2 p.m., October 11, 2012
Rebuttal evidence	2 p.m., October 25, 2012
Argument	2 p.m., November 8, 2012
Reply argument	2 p.m., November 22, 2012

9. On September 10, 2012, ATCO Gas refiled its 2011-2012 GRA Compliance Filing in Proceeding ID No. 2115, responding to the Commission's directions contained in Decision 2012-191. On October 11, 2011, ATCO Gas updated this application to reflect the revenue requirement filed in Proceeding ID No. 2115. ATCO Gas stated that it would be using the updated allocations as placeholders in its performance-based regulation compliance filing. ATCO Gas also indicated that it would provide a further update in the event the updated revenue requirement were not approved by the Commission.

10. In Decision [2012-309](#)³ the Commission approved a base rate revenue requirement for ATCO Gas of \$563,758,000 for 2011 and \$605,257,000 for 2012.

11. The Commission considers that the close of record for this proceeding was November 22, 2012, which is the date on which reply argument was filed.

12. In reaching the determinations set out within this decision, the Commission has considered all relevant materials comprising the record of this proceeding, including the argument provided by each party. Accordingly, references in this decision to specific parts of the record are intended to assist the reader in understanding the Commission's reasoning relating to a particular matter and should not be taken as an indication that the Commission did not consider all relevant portions of the record with respect to that matter.

³ Decision 2012-309 (Errata): ATCO Gas 2011-2012 General Rate Application Second Compliance Filing, Compliance Filing to Decision 2012-191, Application No. 1608806, Proceeding ID No. 2115, November 20, 2012.

2 ATCO Gas North and South Cost of Service Study

2.1 General

13. ATCO Gas filed a 2012 COSS for each of ATCO Gas North and ATCO Gas South with its application and subsequently updated⁴ it to reflect the revenue requirement filed in its 2011-2012 GRA second compliance filing.⁵ In the update, ATCO Gas noted that most of the changes from the first Phase I compliance to the second Phase I compliance filing relate to one-time adjustments which do not impact the base revenue requirement used in the COSS and only result in a small change to the rates originally filed.

14. In the update, ATCO Gas submitted that because the 2012 revenue requirement had not received final approval at that time, ATCO Gas would provide a further update at a later date if necessary.

15. In its application, ATCO Gas referred to its intention to transition to a sole revenue requirement. During the 2011-2012 Phase I proceedings, ATCO Gas requested approval of a total ATCO Gas revenue requirement. In Decision 2011-450,⁶ the Commission concurred with the CCA and ATCO Gas that it would be more appropriate to address allocations of revenue requirement to ATCO Gas North and ATCO Gas South in the next (current) Phase II proceeding.

16. ATCO Gas outlined its process for allocation of the revenue requirement with its base rate revenue requirement being the sum of utility income, other taxes, other operating expenses, depreciation, and income taxes as shown in Table 4.0-1 of the application. ATCO Gas calculates and accounts for all items except other operating expenses separately for ATCO Gas North and ATCO Gas South. For other operating expenses, ATCO Gas splits certain items equally between ATCO Gas North and ATCO Gas South rather than calculating them separately, as shown in Table 4.0-2 of the application.

17. ATCO Gas explained that the cost allocation methodology and the rate design parameters used to develop the 2012 COSS were established using methodologies and terms according to the negotiated settlement approved in Decision 2010-291.⁷ The COSS was included with the application under tabs A and B. The resultant cost allocations to each of the rate groups and the percentage of total allocated costs were provided in tables 5.0-1 and 5.0-2. The term of the negotiated settlement is from January 1, 2010 to December 31, 2015, and can be extended if all parties to the negotiated settlement agree to a new term.

18. ATCO Gas submitted that it developed the 2012 COSS based on the methodology approved in the negotiated settlement.⁸ ATCO Gas also confirmed that the 2012 COSS did not alter the final 2009 COSS principles referenced in paragraph 20 of the negotiated settlement application stated below (also referenced in paragraph 161 of Decision 2010-291):⁹

⁴ Exhibit 43, October 11, 2012 COSS update.

⁵ Application No. 1608806, Proceeding ID No. 2115.

⁶ Decision 2011-450: ATCO Gas (a Division of ATCO Gas and Pipelines Ltd.), 2011-2012 General Rate Application Phase I, Application No. 1606822, Proceeding ID No. 969, December 5, 2011, paragraph 874.

⁷ Exhibit 1, application, paragraph 4.

⁸ Exhibit 34, ATCO Gas response to AUC-AG-15(a).

⁹ Exhibit 25, ATCO Gas response to AUC-AG-15(e), (f) and (g).

20. ATCO Gas reserves the right to file amendments to the rates generated by the Settlement for matters not contemplated by the Settlement, such as the finalization of outstanding placeholders, the removal of the Carbon assets, or the filing of a General Rate Application by ATCO Gas. However, the Parties to the Settlement will not seek an alteration to the Final 2009 COSS principles for any application contemplated by Clause 2.5 of the Settlement that is filed during the Term of the Settlement. The Parties agree, however, that adjustments to the revenue to cost ratios may be required.

Commission findings

19. The Commission has reviewed the COSS for each of ATCO Gas North and ATCO Gas South and subsequent update to reflect the revenue requirement filed in its 2011-2012 GRA second compliance filing and related information. The Commission is satisfied that the allocation of costs by rate group for ATCO Gas North and South¹⁰ represents a sufficiently accurate allocation of costs. The Commission also took note of the fact that the revenue to cost ratio for the low and mid use rate groups is 100 per cent. Further, the high use rate groups are only 10 and 20 basis points off from being 100 per cent respectively in ATCO Gas North and South.¹¹ The Commission recognizes that these amounts are based on a forecast and that the actual revenue collected may be higher or lower, but is satisfied that the methodology is acceptable.

2.2 Specific cost allocation issues

20. Three specific cost allocation issues that were raised by the CCA are dealt with in the following subsections.

2.2.1 Mid use rate group

21. The Commission asked a number of information requests designed to understand the process through which ATCO Gas determines its rates annually. Further, because the mid use rate group was implemented on January 1, 2011, the Commission sought information on whether the rate design in question substantially addressed the inequities present in the previous rate design and showed an improvement in the customer homogeneity. Further, the Commission questioned whether the low use, mid use, high use and irrigation rate groups were allocated an accurate share of costs. ATCO Gas responded that the rationale for approving the creation of the mid use rate group has not changed and that it still considers that costs are appropriately being allocated to its rate groups. With respect to the homogeneity of the low and mid use rate groups, ATCO Gas responded:

...rate groups are split based on annual usage, the more rate groups there are, the more homogenous the usage of the customers in each rate group will be. There is a limit however to the level of homogeneity that is reasonable given the administrative complexities of managing additional rate groups. It was agreed to by the parties of the Negotiated Settlement that the split of the Low Use rate group into two rate groups, Low and Mid Use, with the break-point at 1,200 GJ per year, provided a reasonable compromise given the other gives and takes that were made by parties in reaching the Settlement.¹²

¹⁰ Application, Table 5.0-1 and Table 5.0-2.

¹¹ Ibid., Table 6.1-3 and Table 6.1-4.

¹² Exhibit 25, ATCO Gas response to AUC-AG-15(e), (f) and (g).

22. The CCA expressed concern with the impacts of the fixed charge for ATCO Gas's mid use and irrigation rate groups in the new rate design, as approved in the settlement, on the fixed and variable charges in the low use rate group, stating that:

- (i) the bill impacts percentage wise on low-volume consumers in the Low Use group is higher than the bill impacts on higher volume consumers in the same rate group, and
- (ii) by electing to increase the variable rate component by less than it would be increased absent a freeze (or a lower increase) on the fixed rate component, the price signal to incent conservation on the part of the customer is weakened.

23. The CCA recommended that ATCO Gas should be directed to refile its 2012 rate proposals to recover the approved 2012 revenue requirement that is allocated to the low use group in ATCO Gas North and ATCO Gas South, through a rate design that maintains the fixed rate components at their current levels while adjusting the variable rate component only.¹³

24. ATCO Gas replied that the CCA did not file evidence in this proceeding and is using argument to make recommendations that should have been introduced in evidence. ATCO Gas submitted that the rates designed in this proceeding use principles from Decision 2007-026,¹⁴ and therefore is in compliance with the negotiated settlement, which remains in effect until December 31, 2015. ATCO Gas also expressed surprise that the CCA would put forth a recommendation that is contrary to what was agreed to in the negotiated settlement to which the CCA was an active participant and supporter. ATCO Gas therefore recommended that the CCA's proposal be ignored.¹⁵

Commission findings

25. The CCA did not lay any foundation in evidence for the changes proposed in its argument. Furthermore, no explanation was given on why the CCA, a signatory to the negotiated settlement, was making a proposal that seems to run counter to the terms of the settlement. The Commission finds the CCA's proposal lacking in specifics. In addition, because the proposal was made in argument there was no opportunity to test it during the hearing. The Commission is also aware of the commitment that signatories to a settlement, such as the CCA, make in support of that settlement. Accordingly, the Commission rejects the CCA's fixed rate proposal and approves the fixed rate design as filed in ATCO Gas's application.

2.2.2 Weighted customer allocation for the classification and distribution of distribution service costs

26. In the application, ATCO Gas stated that by communication dated December 23, 2011, it had provided settlement parties with some analysis and a recommendation on whether there was a more desirable methodology than the agreed upon weighted customer allocation for the classification and distribution of distribution service costs.¹⁶

¹³ Exhibit 48, CCA argument, paragraphs 10-11.

¹⁴ Decision 2007-026: ATCO Gas 2003-2004 General Rate Application Phase II Cost of Service Study Methodology and Rate Design and 2005-2007 General Rate Application Phase II, page 96, Application No. 1475249, April 26, 2007, page 96.

¹⁵ Exhibit 50.01, ATCO Gas reply argument, paragraphs 4-9.

¹⁶ Exhibit 1, application, Tab H, Settlement commitments, Settlement Clause 7.1.

27. In response to a Commission information request, ATCO Gas submitted that no responses were received from the settlement parties to its December 23, 2011 letter and no further steps were required.¹⁷

28. The CCA took issue with ATCO Gas's analysis of and recommendation on the weighted customer information for each rate group used for the classification and distribution of distribution service costs to determine whether any improvements to the allocation methodology could be made. The CCA submitted that ATCO Gas provided minimal discussion and the quantification of the costs and benefits of only one alternate weighted customer allocation provided to settlement parties. The CCA recommended that ATCO Gas retain an external expert consultant to undertake the work that the CCA expected that ATCO Gas would have undertaken itself pursuant to the settlement commitment and to file a report at its next cost of service/rebasing proceeding.¹⁸

29. ATCO Gas replied that it had met its settlement commitment by communicating the findings of its review in a letter to parties of the settlement on December 23, 2011. ATCO Gas noted that it had not received any questions from any settlement party, including the CCA. In addition, the CCA had not asked any related questions during information requests, and did not provide any evidence to support its view that the review was not completed thoroughly or that additional analysis was required. ATCO Gas submitted that it first became aware of the CCA's concerns in the CCA's argument. ATCO Gas submitted that the CCA's proposal to have ATCO Gas incur the cost of hiring an external expert consultant for an unclear purpose is unsupported and should not be considered.¹⁹

Commission findings

30. The Commission understands that no party, including the CCA, responded to ATCO Gas's December 23, 2011 letter. Further, no evidence was presented, allowing ATCO Gas and other parties to test any alternate proposal. Rather, the CCA waited until argument in this proceeding to provide its views. Under Clause 7.1 of the negotiated settlement, ATCO Gas was to undertake some analysis and initiate a discussion with the parties to the settlement. The Commission is of the view that ATCO Gas did undertake an analysis of an alternative potential method and attempted to engage settlement parties. The CCA chose not to respond to ATCO Gas's letter on the analysis of alternatives and did not identify or advance any other options. The Commission did not have any evidence on alternatives or the need for such information. Accordingly, the CCA's recommendation that an external expert consultant be hired to undertake the work expected by the CCA is rejected, and the classification and allocation of distribution service costs as proposed by ATCO Gas in the application is approved. At the time of the next proceeding where cost allocation issues are examined, the CCA is encouraged to ask any questions it has about ATCO Gas's recommendation and to research and propose any alternatives it may have for the classification and allocation of distribution service costs.

¹⁷ Exhibit 34, ATCO Gas response to AUC-AG-18.

¹⁸ Exhibit 48, CCA argument, paragraphs 18-22.

¹⁹ Exhibit 50.01, ATCO Gas reply argument, paragraphs 46-47.

2.2.3 Cost allocation of one revenue requirement to ATCO Gas North and ATCO Gas South

31. The CCA took issue with the equal allocation (ATCO Gas North and ATCO Gas South) cost allocator used by ATCO Gas to allocate certain of the other operating expenses.

32. In an IR, the CCA asked:

Please explain why for certain of these expenses, e.g., Advertising, Customer Billing and Accounting etc., it would not be more appropriate to allocate them by un-weighted customer numbers between North and South rather than 'equal allocation' from a cost causation point of view.²⁰

33. ATCO Gas responded:

Certain expenses are allocated equally between the north and south because they relate equally to both service areas and are not dependent on the number of customers.²¹

34. The CCA provided examples of costs (UCA assessment costs, advertising and customer billing) that the CCA believed should be allocated by customer numbers instead.²²

35. ATCO Gas replied that the CCA could have brought forward its comments and recommendations more appropriately in evidence to allow parties to test them. ATCO Gas advised that Decision 2011-450 approved a customer number forecast for 2012 of 545,307 for ATCO Gas North and a customer number forecast of 540,279 for ATCO Gas South.²³ ATCO Gas submitted that, based on these figures, the customer allocation percentages would be 50.2 per cent for ATCO Gas North and 49.8 per cent for ATCO Gas South, and that the impact of the proposed change on these three cost items would be a shift of approximately \$75,000 from ATCO Gas South to ATCO Gas North. ATCO Gas requested that the Commission ignore the recommendation of the CCA; first on the basis that it should have been brought forward in evidence to allow for proper review and testing, and second, because the change is not material.²⁴

Commission findings

36. In Decision 2008-113,²⁵ the Commission approved the use of one revenue requirement in ATCO Gas's Phase I GRA proceedings.

37. In Decision 2009-109,²⁶ in response to ATCO Gas's proposal to continue to separately track the operating costs charged to those accounts where the disputed weighted customer allocation method was proposed, the Commission found this separate tracking approach to be preferable. The Commission expressed an interest in obtaining further information on the potential for certain accounts, such as customer billing and accounting, being allocated to ATCO

²⁰ Exhibit 30.01, CCA-AG-21.

²¹ Exhibit 33.01, ATCO Gas response to CCA-AG-21.

²² Exhibit 48.01, CCA argument, paragraphs 25-31.

²³ Decision 2011-450, paragraph 535.

²⁴ Exhibit 50.01, ATCO Gas reply argument, paragraphs 10-13.

²⁵ Decision 2008-113: ATCO Gas 2008-2009 General Rate Application Phase I, Application No. 1553052, Proceeding ID. 11, November 13, 2008.

²⁶ Decision 2009-109: ATCO Gas 2008-2009 General Rate Application Phase I Compliance Filing, Application No. 1603068, Proceeding ID. 154, July 28, 2009.

Gas North and ATCO Gas South based on number of customers and directed ATCO Gas to provide further discussion in its compliance filing to Decision 2009-109.

38. In Decision 2010-025,²⁷ ATCO Gas provided a forecast of 2009 customers at year end. ATCO Gas North had 50.3 per cent of the total customers while ATCO Gas South had 49.7 per cent, and in ATCO Gas's view there was therefore little difference between using the number of customers allocation method and the equal method. The Commission accepted ATCO Gas's explanation and rationale for using an equal allocation at that time. The Commission recognized though that the passage of time may cause a divergence in the number of customers' metric or other metrics that could take the place of equal allocation and therefore stated that it expected ATCO Gas to revisit the issue of using equal allocation in future general rate applications.

39. Other than asking one information request (CCA- AG-21), the CCA did not provide any direct evidence on this issue and has not persuaded the Commission to deny ATCO Gas's proposal to use an equal allocation to allocate the other operating expenses in question. On the other hand, ATCO Gas did not respond directly to the Commission's direction from Decision 2010-025 and provided only minimal justification for the use of the equal method for allocating the other operating expenses. In addition, the costs allocated by equal allocation are significant (\$55.3 million for each of ATCO Gas North and ATCO Gas South²⁸).

40. The Commission therefore directs ATCO Gas to continue with the equal methodology to allocate these costs but to provide a full analysis and explanation of this method in the next proceeding where ATCO Gas's costs allocations are examined. If the CCA or other interveners choose to advocate for an alternative cost allocator, relevant and substantive evidence must be filed to support any change.

41. In conclusion, with respect to ATCO Gas's COSS, for the reasons explained in each of the subsections above, the Commission approves ATCO Gas's COSS as filed in the application update for use in determining ATCO Gas's final customer rates for 2011 and 2012.

3 Terms and conditions of service

42. ATCO Gas updated and requested approval of its terms and conditions (T&Cs) for distribution access service (which address the relationship between retailers and ATCO Gas) and T&Cs for distribution service connections (which address the relationship between end-use customers and ATCO Gas). ATCO Gas also requested approval of its non-discretionary charges outlined in Schedule C.

3.1 Distribution access service and service connection terms and conditions

43. The Commission has reviewed the updates and accepts that the amendments clarify both the T&Cs for distribution access service and distribution service connections. These T&Cs reflect the Commission's views on vulnerable customers and disconnection and reconnection practices adopted by industry participants. In addition, the distribution access service T&Cs

²⁷ Decision 2010-025: ATCO Gas 2008-2009 General Rate Application Phase I Second Compliance Filing, Application No. 1605412, Proceeding ID. 294 January 13, 2010.

²⁸ Exhibit 1, application, Section 4.0, Table 4.0-2.

reflect the current version of AUC [Rule 004: Alberta Tariff Billing Code Rules](#) and AUC [Rule 028: Natural Gas Settlement System Code Rules](#).

44. Given these views and the fact that parties were not opposed to the amendments, the Commission approves the T&Cs for distribution access service and distribution service connections.

3.2 Schedule C charges

45. Both the T&Cs for distribution access service and distribution service connection contain non-discretionary charges, known as Schedule C charges. ATCO Gas proposed revised charges for the rural connection charge, mobilization charge, reinstatement charge, installation of automatic meter reading (AMR) or remote meter reading device, AMR removal fee and the special meter read fee. ATCO Gas submitted that the charges be approved as requested because they were revised to better reflect current costs and business practices.

3.2.1 Vacation and administrative burden overhead rates

46. The UCA identified two issues with the calculation of Schedule C charges, and recommended that the vacation burden rate be reduced to 18 per cent from 22 per cent and the administrative overhead rate be reduced to 48.5 per cent from 71 per cent.

47. Regarding the vacation burden rate, the UCA considered that ATCO used the average vacation days and an amount for vacation carry-over, rather than an average vacation allowance. The UCA argued that the vacation allowance was the allotment of vacation days that employees are entitled to take, whether they are used or not. Further use of the vacation allowance would eliminate the need to account for vacation carry-over days in the calculation of the vacation burden rate.

48. With respect to the administrative overhead rate, the UCA noted that the calculation of the rate does not reconcile to the costs from the ATCO Gas 2011-2012 Phase I GRA and the appears to include additional fringe benefit costs above those included in administrative and general costs.

49. The CCA supported the recommendations of the UCA, and submitted that the annual vacation allowance, not including any vacation days carried over, should be used in the calculation of paid absences. In addition, the CCA recommended that carryover days should not be included in the calculation of the labour burden.

50. ATCO Gas noted the recommendations from the UCA and the CCA that a change should be made to the methodology used to calculate the vacation burden. However, ATCO Gas indicated in its rebuttal evidence that the determination of the administrative overhead rate and vacation burden was consistent with past practice and the use of these rates in the development of forecast affiliate revenues and other miscellaneous third-party revenues was reviewed and approved most recently in ATCO Gas's 2011-2012 Phase I GRA. As such, it would be inappropriate to use one methodology in the development of the revenue requirement in the Phase I GRA and a different methodology in the development of the Schedule C charge in the Phase II.

51. ATCO Gas provided a reconciliation of the administrative overhead costs from its 2011-2012 Phase I GRA and ATCO Gas recommended that the Schedule C charges be approved as filed.

Commission findings

52. ATCO Gas stated that the vacation burden is calculated as follows:

The vacation burden is the ratio of total paid absences to paid working days. Paid absences include annual vacation, statutory holidays, sick days and flex days.²⁹

53. The Commission has summarized, in the following table, the vacation burden recommended by both ATCO Gas and the UCA.

Table 1. Vacation burden summary

		ATCO Gas (UCA-AG-24(a))	UCA (Exhibit 39.02 – A6)
	Paid absences		
	Annual vacation	21.7	21.1
	Statutory holidays	12.0	12.0
	Sick days	4.0	4.0
	Flex days	3.3	3.3
	Average carry-over days	5.5	-
A	Total paid absences	46.5	40.4
	Paid days (UCA-AG-04(c))	261.0	261.0
	Less total paid absences	46.5	40.4
B	Total paid working days	214.5	220.6
	Vacation burden (A/B)	22%	18%

54. The Commission has considered the UCA's recommendation to reduce the vacation burden percentage to 18 per cent from 22 per cent. A comparison of the basis upon which the UCA has calculated the vacation burden to ATCO Gas's calculation shows that the UCA has used 21.1 as the number of annual vacation days and has excluded the 5.5 carry-over days.

55. The UCA was concerned that the use of vacation and vacation carry-over days resulted in double counting. ATCO Gas argued that vacation carry-over days are not built into the forecast average annual vacation days to be taken from the 2011 average entitlement, and therefore, there was no possibility of double counting. However, it is unclear why the forecast of annual vacation days would be reduced for carry-over days, and consequently require ATCO Gas to include an amount for carry-over days in the total paid absences calculation.

56. ATCO Gas has described the 21.1 vacation days as the "2011 actual average vacation allowance" whereas the 21.7 vacation days is described as the "average annual vacation days." In calculating paid absences, use of the forecast average vacation allowance as argued by the CCA could eliminate the need for carry-over days to be included in the calculation. Without fully

²⁹ UCA-AG-04(c).

understanding the difference between actual average vacation allowance and the average annual vacation days, the Commission considers that eliminating the need for carry-over days would simplify the vacation burden calculation. However due to the small difference, the Commission is prepared to accept the calculation of ATCO Gas in this instance. In its future Phase II proceeding ATCO Gas is directed to clarify specifically how the use of vacation carry-over days in its vacation burden calculation does not result in double-counting.

57. In argument, the UCA accepted ATCO Gas's reconciliation of the 2010 general and administrative labour and supplies expenses, which are used in calculating the 2011 administrative overhead burden rate. The Commission has also reviewed the reconciliation ATCO Gas and is satisfied that the resulting overhead administrative burden rate of 71 per cent is reasonable.

3.2.2 Rural connection charge

58. In Decision 2010-291 the Commission approved an adjustment to the rural connection charges beginning January 1, 2010. ATCO Gas reviewed the costs to provide this service and proposed to increase its connection charge for rural pool customers to \$8,010 from \$6,120 and for urban pool customers to \$2,740 from \$1,780, both effective January 1, 2013.

59. Regarding the ATCO Gas assertion that the proposed vacation allowance is consistent with past practices, and is consistent with the forecast of affiliate revenue, the UCA noted that the proposed impact of rural connection charges and reinstatement charges is an increase in proposed revenue of \$1.147 million above that included in the 2012 GRA forecast. The UCA argued that if the overhead rates and vacation burden cannot change because the revenues in the ATCO Gas Phase I application were based on the calculation, then the changes in rural connection charges and reinstatement charges should be denied, because the Phase I revenues did not include the revised calculations of rural connection charges and reinstatement charges.

60. The CCA stated that these increases exceeded any widely published indices of general or materials inflation, and were based on a change in methodology. In the past ATCO Gas had based the construction costs on a five-year historical average, whereas now it would be based on the forecast of construction costs.

61. On this issue, the CCA submitted:

- (a) AG has not supported – except by statement without facts to support the claim – that the proposed forecasting of construction costs is superior to the existing methodology of using historical costs for these purposes. As such, there is not sufficient evidence on the record to change the methodology or to increase the connection charges as proposed;
- (b) There is no evidence that the existing connection rates calculated under the current methodology are inadequate;
- (c) The current connection rates were approved fairly recently and, as such, are assumed to be fair and reasonable for use in 2010. Given this presumption, before increases of 30.88% and 53.93% are approved effective January 1, 2013, there should be a significant onus on the utility to justify these huge increases, an onus that CCA respectfully submits, has not been met;
- (d) In the event that the AUC finds that the proposed increases – or lesser but still large and significant increases – are approved to the connection charges, that, consistent with precedent, to minimize customer impact the increases to these charges should be phased in over a five-year period; and,

(e) In the event that the situation in the preceding part (d) obtains, the CCA submits that, given the quanta of increases sought, the AUC give consideration to establishing an asymmetrical variance account to track any overage of actual revenue received from these charges that are in excess of the customer portion of the construction cost component. (footnotes omitted)³⁰

62. In reply argument, ATCO Gas asserted that the proposed increases were not a result of a change in methodology with respect to the cost of construction component, but rather, were a result of increasing construction costs. The 2012 forecast construction costs for rural pool and urban pool projects were approved as prudent expenditures by the Commission in Decision 2011-450. Therefore, by using these approved construction costs, ATCO Gas considered that the calculation of both the urban pool and rural pool connection charges appropriately reflected the changes to construction costs.

63. ATCO Gas argued that justification for the methodology was thoroughly explained in the information requests responses. These explanations demonstrated that by using the proposed methodology, ATCO Gas developed connection charges that are calculated using Phase I GRA approved forecast figures. This ensures consistency and allows ATCO Gas to follow through with its investment policy as approved in its terms and conditions of service.

64. ATCO Gas argued that the current methodology develops a charge that adjusts the current charge by the average amount historically invested by ATCO Gas that is over or under the desired investment of three-times-net-revenue. Instead of using historical costs, the proposed approach aligns with the Phase I GRA approved forecasts of government grants, services to be installed, and construction costs. ATCO Gas considered that the proposed methodology was superior to the current methodology.

Commission findings

65. At issue is whether forecast construction costs or the five-year historical average of construction costs is to be used to develop the proposed rural connection charges.

66. While ATCO Gas argued that forecast costs are a better reflection of connection costs as they take expected changes in construction costs and government grants into consideration, the Commission finds that the proposal by ATCO Gas is a change to its construction costs calculation methodology which has not been supported. The Commission finds that using a five-year historical average effectively maintains intergenerational equity and smoothes out any pricing anomalies that may occur in adverse market conditions.

67. In addition, ATCO Gas has not provided sufficient evidence to convince the Commission that changing the construction cost calculation is warranted. On this basis the Commission directs ATCO Gas to update its proposed connection charge based on the five-year average of construction costs for 2011 and 2012. The obtained 2012 Schedule C charge amount will then be used to set the January 1, 2013 rate by increasing the 2012 amount by I-X³¹ and that method will continue to apply throughout the course of the PBR term.

³⁰ CCA argument, paragraph 15.

³¹ Decision 2012-237: Rate Regulation Initiative, Distribution Performance-Based Regulation, Application No. 1606029, Proceeding ID No. 566, September 12, 2012, paragraph 848.

3.2.3 AMR – special meter read fee

68. ATCO Gas proposed to increase the special meter read charge from \$50 to \$105. This charge applies to customers that have refused to allow installation of an AMR device and represents the cost of the two yearly meter reading attempts. It also applies for off-cycle meter readings requested by customer or retailer, outside the meter read cycle.

69. The CCA expressed concern over ATCO Gas's request for a 110 per cent increase in the special meter read fee, applicable to those refusing AMR meters. The CCA considered that ATCO Gas had provided meter reads and special meter reads at a reasonable cost in the past, and expected that this practice should continue.

70. The CCA noted that AMR refusals are very small at 0.05 per cent, or 555 customers refused out of 1,085,255 total customers, and that the reasons for refusal, e.g., health concerns, privacy, etc. were reasonable. On this basis, the CCA submitted that customers should not be punished by an excessive meter reading charge.

71. In its reply argument ATCO Gas indicated that the proposed meter read fee was reflective of the change in meter reading procedures. It was not "punishment" as suggested by the CCA. ATCO Gas stated that it would no longer have manual meter reading personnel, and would consequently require personnel to make a specific trip to perform a special meter read. This change results in higher costs related to special meter reads, hence an increase to the meter read fee. ATCO Gas recognized that it is an additional cost to those customers refusing AMR; as a result it will accept customer meter reads along with the requirement of manual meter reads every six months as proposed in the terms and conditions of service.

Commission findings

72. The Commission recognizes that the charges associated with the special meter read fee have increased. In examining the evidence, the Commission observes that over 50 per cent of the special meter reading cost is associated with the time required to read the meter; consequently the special meter read fee is sensitive to both the time and hourly charge out rate for meter readings. On the basis of cost causation, the Commission finds that the costs associated with the special meter read fee should be allocated to those customers who are causing the cost. While customers may choose to refuse AMR those customers should not expect other customers to subsidize the costs associated with their choices. On this basis the Commission is satisfied that the increase to the special meter read fee is justified.

3.3 Late payment charge

73. The late payment charge is calculated as one per cent of the total costs of a customer contract if the invoice is not paid within the required timeframe. The rate of interest is not applied on a daily basis, but rather on a monthly basis. For example if an invoice is not paid by the due date, the full one per cent will be applied to the following month's invoice.

74. Although the UCA did not present evidence on whether ATCO Gas's late payment charge was contrary to existing law, the UCA expressed concern that the ATCO Gas late payment charge appeared to be structured in a fashion that was similar to the one used by Direct Energy Regulated Service (DERS).

75. Based on an analysis performed in the DERS 2012-2014 Default Rate Tariff and Regulated Rate Tariff application,³² the UCA considered that the ATCO Gas late payment charge exceeded the rate prescribed by law if payment was made within eight days after the penalty was assessed.³³ The UCA recommended that ATCO Gas's T&Cs for its late payment charge be amended to reflect T&Cs similar to those recommended by the UCA in the DERS case, with late payment penalties not levied until 20 days after the date specified on the bill.

76. The CCA considered that the late payment charge issue should incorporate the AUC's finding(s) in the DERS 2012-2014 Default Rate Tariff and Regulated Rate Tariff application.

77. While ATCO Gas viewed that its late payment charge does not contravene Section 347 of the *Criminal Code*, in rebuttal evidence ATCO Gas indicated that it was prepared to revise its rate schedules and T&Cs for distribution access service and distribution service connections should the Commission consider that additional clarity was required.

78. ATCO Gas recommended that the late payment penalty not be assessed until 15 days after the date on the bill. This date is beyond the eight-day threshold identified by the UCA, as noted in the revised wording of the late payment charge that will be included in the rate schedules:

When accounts are not paid in full on or before the due date within 15 business days of the statement date, the Company will apply a 1% penalty on the amount due. If the payment is not received by the next billing cycle, a 1% penalty will be applied to the balance carried forward (including prior penalties).³⁴

79. The UCA replied that it did not object to this wording proposed in ATCO Gas's rebuttal; however if the goal is to ensure that the *Criminal Code* is not violated, the late payment penalty should only be applied once to any outstanding amount. The UCA argued that ATCO Gas could start a court action for the amounts owed or disconnect service for non-payment.

80. In reply argument, ATCO Gas stated that it was not appropriate to incorporate the late payment penalty findings from the DERS 2012-2014 Default Rate Tariff and Regulated Rate Tariff proceeding. ATCO Gas submitted that the circumstances of applicability of the late payment penalty were very different between DERS and ATCO Gas. The circumstances specific to ATCO Gas were that the average late payment penalty revenue from 2009 to 2011 is only \$150,000 per year, that ATCO Gas did not bill customers directly, and as such its late payment penalty applies only to billings to retailers and the default service provider, or for Schedule C charges. Therefore, to apply the finding of the DERS proceeding to this proceeding would be highly unfair.³⁵

81. ATCO Gas argued that if the late payment penalty is not applicable to late payment penalty billed and not paid, then there was no reason to pay the late payment penalty because no further penalty would be applied. ATCO Gas submitted that this undermined the very purpose of the late payment penalty, which was to provide incentive for timely payment. Further, the UCA's suggestion to start a court action to recover amounts owed was not practical because it was likely

³² Proceeding ID No. 1454, Application No. 1607696.

³³ Exhibit 44.04, UCA-AG-1(b), Attachment 1.

³⁴ ATCO Gas rebuttal evidence, Attachment 1.

³⁵ ATCO Gas reply argument, page 7 of 13, paragraph 25.

that the cost to recover through legal means would be higher than the penalty amount to be recovered. In addition, to disconnect service for non-payment is not logical because ATCO Gas does not directly bill customers. ATCO Gas bills retailers, who then bill customers. It would not be appropriate, or even possible, to disconnect all customers of a particular retailer if that retailer failed to pay ATCO Gas its owed late payment penalty.

Commission findings

82. The Commission recently dealt with and issued its findings on late payment penalty issues in Decision 2012-343³⁶ in relation to DERS' 2012-2014 Default Rate Tariff and Regulated Rate Tariff. Generally speaking the Commission considers that late payment penalties should be consistent from utility to utility.

83. The date from which interest will be charged should be clear and easy to understand in order to avoid confusion to customers. In this regard, ATCO Gas has proposed the following wording to appear on its rate schedules:

When accounts are not paid in full on or before the due date within 15 business days of the statement date, the Company will apply a 1% penalty on the amount due. If the payment is not received by the next billing cycle, a 1% penalty will be applied to the balance carried forward (including prior penalties).³⁷

84. In addition ATCO Gas has proposed the following wording for Section 10.3(c) of its T&Cs for distribution service connections:

(c) Bills for Gas Distribution Service are due upon receipt. The Customer shall pay to the Company, on or before the 15th Business Day following the Business Day on which the Customer was invoiced, the amount invoiced by the Company, and payable not later than the day shown upon the bill as the "due date". The Company shall not earlier than 30 business days from the statement due date, but subject always to Article 8.5 exercise its right to discontinue service to that Customer by reason of nonpayment of such bill.³⁸

85. The Commission finds that Section 10.3(c) may cause confusion in that it directs the customer to make payment 15 business days following the business day on which the customer was invoiced, whereas the wording on the rate schedule indicates that payment is due 15 days from the statement date. Section 10.4 of ATCO Gas's T&Cs for distribution service connections provides additional clarity by stating:

Any amount owing for service in a billing period and not paid within 15 business days of the statement date on the bill shall be subject to a late payment penalty in accordance with the Rate Schedule, all of which will be due and payable forthwith. (emphasis added)³⁹

86. On this basis, the Commission directs ATCO Gas to update the wording in Section 10.3(c) of its T&Cs for distribution service connections to state the following:

³⁶ Decision 2012-343: Direct Energy Regulated Services, 2012-2014 Default Rate Tariff and Regulated Rate Tariff, Application No. 1607696, Proceeding ID No. 1454, December 21, 2012.

³⁷ ATCO Gas rebuttal evidence, Attachment 1.

³⁸ Ibid.

³⁹ Ibid.

The Customer shall pay to the Company, on or before the 15th Business Day following the statement date, the amount invoiced by the Company and payable not later than the day shown upon the bill as the “due date.”

87. The Commission has no other changes to the remainder of ATCO Gas’s late payment penalty provisions set out in its terms and conditions.

3.4 Delivery pressure

88. The UCA raised a concern expressed by a customer who approached the UCA about a loss of service, and the notification of customers when gas pressure drops dramatically below the standard delivery pressure. When there is a loss of service under extreme conditions, pipes can freeze within eight hours; at moderate winter temperatures the pipes can freeze within 35 hours. To mitigate the damage that might occur, the UCA recommended that ATCO Gas should be directed to investigate and report on the possibility of providing notice to customers regarding pressure drops that may result in a loss of natural gas service. The UCA proposed that possible solutions should be reported within 60 days of the issuance of this decision which would allow for further review and implementation for the next winter season starting November 1, 2013.

89. ATCO Gas noted that its system is a very reliable system and that outages are not common occurrences. As stated in its rebuttal evidence, ATCO Gas considered that it would require, at a minimum, knowledge of pressure drops or any other gas supply issues at customer sites, resources to administer the notification, as well as access to accurate and current customer contact information in order to implement a customer notification system. This would be a costly undertaking that would address an extremely rare occurrence.

90. ATCO Gas argued that the UCA’s recommendation should be rejected by the Commission, particularly given that ATCO Gas already has procedures in place to manage gas supply outages.

Commission findings

91. The Commission has considered the recommendation made by the UCA regarding pressure drops that may result in a loss of natural gas service.

92. In its rebuttal evidence, ATCO Gas considered the recommendation and determined some minimum requirements and also identified a number of limitations in developing a comprehensive monitoring and notification system, such as the need to monitor pressure at customer sites, development of a notification system, and customer contact information.

93. The Commission is not satisfied that a system is needed and is doubtful that the effort and cost of further investigation is warranted. On this basis the Commission rejects the UCA’s recommendation to have ATCO Gas report back with possible solutions to notify customers of drops in delivery pressure.

4 Negotiated settlement and outstanding directions

94. The Commission has reviewed the outstanding direction responses provided by ATCO Gas in its application. They are attached as [Appendix 3](#) and the Commission has set out its findings on ATCO Gas’s responses in that appendix.

5 Order

95. It is hereby ordered that:

- (1) ATCO Gas North and South rates for 2011 and 2012 are approved as final.
- (2) ATCO Gas will amend its terms and conditions for distribution access service and the terms and conditions for distribution service connections in accordance with Section 3 of this decision.
- (3) The approved combined 2012 revenue requirement of \$605,257,000 be used in the calculation of 2013 rates.

Dated on February 14, 2013.

The Alberta Utilities Commission

(original signed by)

Anne Michaud
Panel Chair

(original signed by)

Bill Lyttle
Commission Member

Appendix 1 – Proceeding participants

Name of organization (abbreviation) counsel or representative
ATCO Gas R. Trovato L. Fink M. Bayley V. Chan A. Green
AltaGas Utilities Inc. (AUI) N. J. McKenzie J. Coleman
The City of Calgary D. I. Evanchuk M. Rowe H. Johnson
Consumers' Coalition of Alberta (CCA) J. A Wachowich J. Wightman J. Jodoin
Office of The Utilities Consumer Advocate (UCA) T. Marriott K. Kelgren R. Daw B. Shymanski R. Bell

The Alberta Utilities Commission Commission Panel A. Michaud, Panel Chair B. Lyttle, Commission Member Commission Staff G. Bentivegna (Commission counsel) B. Whyte P. Howard C. Burt A. Glass A. Laroia
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Appendix 2 – Summary of Commission directions

This section is provided for the convenience of readers. In the event of any difference between the directions in this section and those in the main body of the decision, the wording in the main body of the decision shall prevail.

1. The Commission therefore directs ATCO Gas to continue with the equal methodology to allocate these costs but to provide a full analysis and explanation of this method in the next proceeding where ATCO Gas’s costs allocations are examined. If the CCA or other interveners choose to advocate for an alternative cost allocator, relevant and substantive evidence must be filed to support any change. Paragraph 40
2. ATCO Gas has described the 21.1 vacation days as the “2011 actual average vacation allowance” whereas the 21.7 vacation days is described as the “average annual vacation days.” In calculating paid absences, use of the forecast average vacation allowance as argued by the CCA could eliminate the need for carry-over days to be included in the calculation. Without fully understanding the difference between actual average vacation allowance and the average annual vacation days, the Commission considers that eliminating the need for carry-over days would simplify the vacation burden calculation. However due to the small difference, the Commission is prepared to accept the calculation of ATCO Gas in this instance. In its future Phase II proceeding ATCO Gas is directed to clarify specifically how the use of vacation carry-over days in its vacation burden calculation does not result in double-counting. Paragraph 56
3. In addition, ATCO Gas has not provided sufficient evidence to convince the Commission that changing the construction cost calculation is warranted. On this basis the Commission directs ATCO Gas to update its proposed connection charge based on the five-year average of construction costs for 2011 and 2012. The obtained 2012 Schedule C charge amount will then be used to set the January 1, 2013 rate by increasing the 2012 amount by I-X and that method will continue to apply throughout the course of the PBR term. Paragraph 67
4. On this basis, the Commission directs ATCO Gas to update the wording in Section 10.3(c) of its T&Cs for distribution service connections to state the following:

The Customer shall pay to the Company, on or before the 15th Business Day following the statement date, the amount invoiced by the Company and payable not later than the day shown upon the bill as the “due date.”

..... Paragraph 86

Appendix 3 – ATCO Gas’s responses to outstanding Commission directions

[\(return to text\)](#)

ATCO Gas provided responses in Tab 1, “Outstanding Commission Directions,” of the application to Commission directions from prior decisions. The Commission has reviewed the responses and provides its response regarding compliance as follows.

Directions from Decision 2010-291⁴⁰

Direction 1, paragraph 106

While the Commission has accepted for purposes of the Settlement Application the creation of the Mid Use Rate Group, the Commission directs ATCO in its next GRA Phase II application to review the continued use of, and the volume parameters for, the Mid Use Rate Group. Any further settlement application must also address the rationale for the continued designation of the Mid Use Rate Group

Direction 2, paragraph 127

While the Commission accepts the Settlement Application and provisions of the Settlement which change COSS classification and distribution methodologies previously established in Decision 2007-026, the Commission directs ATCO in its next GRA Phase II application to review each of these matters and indicate, with reasons, which methodologies ATCO considers will best result in just and reasonable rates that are not unjustly discriminatory on a going forward basis. Any further settlement application must also address the rationale for the methodologies selected.

Direction 8, paragraph 187

ATCO provided a response to this Direction in Tab M and section 5.6.11 of its Phase II Application. The Commission considers ATCO has complied with this Direction. However, since the Settlement resulted in a negotiated Classification of costs, rather than using the Minimum Plant method, ATCO is directed to bring this topic forward at the next GRA Phase II application for review by the Commission.

Direction 9, paragraph 194

ATCO provided a response to this Direction in Tab M and section 5.6.10 of its Phase II Application, which indicated the North information did not prove useful as a surrogate and the sample data from the South should be used instead. The Commission considers ATCO has complied with this Direction. However, as was noted in respect of Direction 9 in Decision 2007 026, since the Settlement resulted in a negotiated classification of costs, rather than using the Minimum Plant method, ATCO is directed to bring this topic forward at the next GRA Phase II application for review by the Commission.

⁴⁰ Decision 2010-291: ATCO Gas 2008-2009 General Rate Application Phase II, Negotiated Settlement, Application No. 1604944, Proceeding ID. 184, June 25, 2010.

Direction 10, paragraph 196

The Commission recognizes that for the purpose of the Settlement the service line data is not required. However, since classification could be done in the future using the service line installations by size data, the Commission directs ATCO to continue to comply with these Directions and provide updates in future GRA Phase II applications.

Direction 11, paragraph 197

While the Commission has approved the Settlement in its entirety, this Decision has highlighted certain informational and analytical requirements to be addressed in future Phase II filings. These future Phase II filing requirements all relate to enhancing the understanding of the Commission and parties of the customer impacts over time of the changes to cost allocations and rate design provided for in the Settlement. This information will assist the Commission and parties in determining whether or not modifications to the cost allocations, rate groups or rate design may be required. Consistent with this objective the Commission directs ATCO to file an update with the Commission prior to December 31, 2015 which evaluates the changes to cost allocation and rate design in light of the objectives, goals and benefits it was designed to achieve and identifying any undue cross-subsidizations that may be occurring. As part of this filing, ATCO should consider the merits of filing a COSS in order to substantiate its findings

ATCO Gas response to directions 1, 2, 8, 9, and 10

Please refer to the response to Direction 11.

ATCO Gas response to Direction 11

1. In addition to this direction, directions 1, 2, 8, 9 and 10 of Decision 2010-291 relate to changes made to the COSS as a result of the Settlement and the Commissions desire to have information in determining whether or not modifications to the cost allocations, rate groups or rate design may be required in future Phase II applications.
2. ATCO Gas has interpreted that in each of directions 1, 2, 8, 9, and 10 the phrase “next GRA Phase II” to mean the first Phase II after the expiration of the Settlement period. This would be consistent with what is being requested in direction 11. ATCO Gas intends[sic] to compile [sic] with each of these directions prior to December 31, 2015 with a comprehensive report on its views any changes, modifications or amendments required from the currently approved COSS.
3. ATCO Gas considers that it would inappropriate to comment on individual pieces of the COSS during the Settlement period given that “give and takes” were required to reach a settlement and the settlement was approved as a whole.

Commission findings

The Commission confirms ATCO Gas’s interpretation phrase that the phrase “next GRA Phase II” means the first Phase II proceeding after the expiration of the settlement period. The Commission accepts ATCO Gas’s reasoning for waiting until the settlement period expires. The Commission acknowledges that ATCO Gas intends to comply with each of

these directions prior to December 31, 2015 with a comprehensive report on its views on any changes, modifications or amendments required from the currently approved COSS. Although the Commission continues to be of the view that there may be merit in including a COSS with the report, the Commission considers that directions 1, 2 8, 9, 10 and 11 remain outstanding.

Direction 3, paragraph 137

The Commission realizes that, although Schedule “C” charges are included as part of the T&Cs, the charges result in revenues that are contributions-in-aid-of-construction and therefore directly impact the revenue requirement. It would be appropriate to discuss and approve the estimated revenues generated by such charges during the Phase I of a GRA. Accordingly, the Commission directs ATCO to submit and support the estimated revenues attributable to Schedule “C” charges and any proposed changes in its next GRA Phase I application.

ATCO Gas response to Direction 3

ATCO Gas complied with this Direction in the 2011/12 GRA Phase I as requested. Please refer to Tab 1.0 Commission Directions of that Application.

Commission findings

The Commission confirms that this direction has already been complied with. In Decision 2011-450,⁴¹ the Commission stated that it was satisfied that ATCO Gas had complied.

Direction 4, paragraph 138

The Commission is concerned about the overall lack of policies and procedures for the timelines underlying custom installations where a 50 percent upfront deposit is required. Although the Commission recognizes that each custom job is different and can be difficult to estimate, it expects ATCO to be proactive in dealing with customers who have made a 50 percent contribution by providing them with timely and reliable information regarding the estimated job start time and the estimated length of time to completion. The Commission directs ATCO to monitor and report to the Commission at its next GRA Phase I the number of custom customer contribution installations done and the number of cases where a 50 percent deposit was required.

ATCO Gas response to Direction 4

ATCO Gas complied with this Direction in the 2011/12 GRA Phase I as requested. Please refer to Tab 1.0 Commission Directions of that Application.

Commission findings

The Commission confirms that this direction has already been complied with. In Decision 2011-450, the Commission stated that it was satisfied that ATCO Gas had complied.

⁴¹ Decision 2011-450: ATCO Gas (A Division of ATCO Gas and Pipelines Ltd.) 2011-2012 General Rate Application Phase I, Application No. 1606822, Proceeding ID No. 969, December 5, 2011.

Direction 5, paragraph 139

The Commission directs ATCO to place a notice on its website that its Distribution Access Service and Distribution Service Connection T&Cs have been updated and update its website with the new T&Cs.

ATCO Gas response to Direction 5

ATCO Gas complied with this Direction in 2010.

Commission findings

The Commission confirms that ATCO Gas complied with this direction in 2010.

Direction 6, paragraph 140

The Commission also directs ATCO to amend its Retailer Guide and all other public documentation to reflect the changes made to the T&Cs as approved by this Decision as soon as possible.

ATCO Gas response to Direction 6

ATCO Gas complied with this Direction in 2010.

Commission findings

The Commission confirms that ATCO Gas complied with this direction in 2010.

Direction 7, paragraph 150

The Commission also finds it notable that the Settlement Parties support these items for deferral account treatment. The Commission therefore approves the creation of deferral accounts for the items discussed in clauses 2.11, 3.3 and 5.2. In addition, the Commission directs ATCO to address the disposition of deferral accounts related to clauses 2.11 and 3.3 and the status of the deferral account related to clause 5.2 in its next GRA Phase I.

ATCO Gas response to Direction 7

ATCO Gas complied with this Direction in the 2011/12 GRA Phase I as requested. Please refer to Tab 1.0 Commission Directions of that Application.

Commission findings

The Commission confirms that this direction has already been complied with. In Decision 2011-450, the Commission stated that it was satisfied that ATCO Gas had complied.