



ATCO Gas

2013 Transmission Service Charge (Rider T)

February 22, 2013



The Alberta Utilities Commission

Decision 2013-055: ATCO Gas
2013 Transmission Service Charge (Rider T)
Application No. 1609181
Proceeding ID No. 2337

February 22, 2013

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1 Introduction

1. ATCO Gas (AG) filed an application with the Alberta Utilities Commission (AUC or Commission) on January 4, 2013, requesting approval for new interim rates for AG North and AG South for its transmission service charge Rider T effective March 1, 2013.

2. The following table shows a comparison of the current and proposed rates for each of AG North and South for low, mid and high usage customers.¹

Table 1. North and South AG transmission service charge (Rider T)

	North current	North proposed	South current	South proposed
LOW (per GJ)	\$0.612	\$0.572	\$0.477	\$0.528
MID (per GJ)	\$0.570	\$0.534	\$0.410	\$0.488
HIGH (per day of GJ demand)	\$0.187	\$0.139	\$0.136	\$0.128

3. The Commission issued a notice of application on January 7, 2013 to interested parties. Statements of intention to participate (SIPs) were to be filed with the AUC by January 21, 2013. The AUC received SIPs from:

- Consumers' Coalition of Alberta (CCA)
- Utilities Consumer Advocate (UCA)

4. The SIP filed by the UCA stated that it was reviewing the application and proposed that a written proceeding with information requests (IRs) followed by argument and reply be used by the Commission. The UCA indicated that it did not intend to file evidence.

5. The SIP filed by the CCA requested an opportunity to test the application through a process of written IRs before commenting on whether it objects to the application.

¹ AG application, January 4, 2013, Table 1 and 2.

6. On January 21, 2013, the Commission sent out a letter to the registered parties that established the following timeline for the process to test the application:

Process step	Due date
Information requests to applicant	2 p.m., January 28, 2013
Information responses from applicant	2 p.m., February 7, 2013
Tentative argument	2 p.m., February 14, 2013
Tentative reply argument	2 p.m., February 21, 2013

7. The CCA was the only party to file argument. By letter dated February 15, 2013, AG advised that in order to facilitate a March 1, 2013 implementation date for the proposed Rider T, which was preferred by the UCA, that it would endeavour to file its reply argument by February 19, 2013, and that it was understood from discussions with the UCA that the UCA would also file reply argument by February 19, 2013. AG and the UCA filed their reply arguments on February 19, 2013, and the Commission considers the close of record to be February 19, 2013.

8. In reaching the determinations set out within this decision, the Commission has considered all relevant materials comprising the record of this proceeding, including the evidence and 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.

2 Background

9. The Commission issued Decision [2012-107](#)² on April 18, 2012, establishing the current Rider T charged by AG.

10. On December 7, 2012, the National Energy Board approved 2013 interim rates for Nova Gas Transmission Ltd. (NGTL). Effective January 1, 2013, the FT-D3 rate charged to AG south customers increased from \$2.87 per GJ/day to \$3.74 per GJ/day while the rate for AG North remained unchanged at \$4.12.

11. The applied for Rider T is influenced by both the FT-D3 rates charged by NGTL and the contract demand quantity (CDQ) with NGTL. AG submitted that the CDQs used in the Rider T calculations was based on its existing 2012 contracts with NGTL which became effective January 1, 2013. AG filed the calculations of the proposed transmission service charge riders for AG North and AG South if approved for a March 1, 2013 effective date in Schedule 3 (a) and Schedule 3 (b) to the application (attached as [Appendix 2](#) and [Appendix 3](#)) which showed the impact of Rider T for typical customers in each rate class.

12. The annual impact of the change to Rider T on a typical residential customer consuming 120 GJ annually would be a reduction in annual distribution rates from \$482 to \$479 in the North

² Decision 2012-107 (Errata): ATCO Gas Errata to Decision 2012-107, 2012 Interim Rates Application No. 1608226, Proceeding ID No. 1751, April 19, 2012.

and an increase from \$414 to \$418 in the South. AG has applied for the new Rider T to be effective from March to December 2013.³

13. AG submitted that these rate changes were reasonable and would not result in rate shock when compared to existing rates.⁴

3 Issues

14. The three significant issues raised during this proceeding were the treatment of a possible over or under collection of transmission costs through Rider T, whether irrigation customers should be allocated a portion of transmission expenses, and whether the contracts between AG and NGTL which set out the CDQ should be confidential.

3.1 Rider T over or under collection of transmission expenses

15. Both the UCA and CCA submitted information requests (IRs) to AG regarding the possible over or under collection of transmission expenses through Rider T.⁵ In response to the IRs, AG stated that any over or under collection by Rider T in 2013 would be trued-up in the application for the 2014 Rider T.

16. Further, AG submitted that if there were a material change to ATCO's transmission expenses during the year, it would apply to the Commission to vary Rider T. In the absence of a "large known variance" such as a change in the NGTL rate, AG would not apply to change Rider T in order to minimize rate changes during the year.⁶

17. In argument the CCA expressed concern that AG did not specify the level of variance that would initiate an application to vary Rider T.

18. In reply argument, the UCA noted that as Rider T is subject to annual true-ups, there should be no need to change Rider T unless there was a rate change with a large known variance. The UCA also stated that "in general, one annual rate adjustment would promote regulatory efficiency and rate stability."⁷

19. The Commission agrees with the UCA that varying Rider T once per year promotes regulatory efficiency and rate stability. The Commission considers AG's position that if there were a material change to ATCO's transmission expenses during the year it would apply to the Commission to vary Rider T to be reasonable and does not consider it necessary to set a specific level at which such application would be made.

³ Application, paragraph 10.

⁴ Ibid.

⁵ Exhibit 17.01, UCA-AG-01(a-c) and Exhibit 16.01, CCA-AG-03(b), (c).

⁶ Exhibit 16.01, CCA-AG-03(b).

⁷ Exhibit 22.02, paragraph 7.

3.1.1 Allocation of transmission to irrigation

20. The CCA submitted an IR enquiring why irrigation does not receive an allocation of Rider T costs.⁸ In reply, AG stated that it allocates transmission expenses based on coincident peak demand, as established by Decision [2010-291](#).⁹

21. The UCA noted that 2013 forecast throughputs and demands submitted by AG in its PBR Compliance filing¹⁰ show that irrigation consumption only occurs from May to October.

22. Both AG and the UCA noted that as irrigation load occurs only in the summer months, where the throughput volumes are lower than in the winter, irrigation customers' load is not part of the coincident peak used for allocations.¹¹ The CCA stated that irrigation customers should be allocated transmission expense and that AG "should be directed to address the transmission allocation to irrigation in its next transmission rider filing."¹²

23. AG noted that in accordance with Section 2.23 of the Phase 2 negotiated settlement, the cost allocation methodology is to remain in effect until December 31, 2015.¹³

24. The UCA noted that if the coincident peak demand occurred during the summer months, AG might be required to examine whether irrigation customers should be allocated some of the Rider T costs.¹⁴

25. The Commission considers that there is no basis to question the terms of the negotiated settlement and that no change should be made to the current allocation method. The Commission denies the request of the CCA to direct AG to address the transmission allocation to irrigation in its next transmission rider filing which will be within the period of the negotiated settlement and suggests that the CCA raise the issue once the negotiated settlement has expired.

3.1.2 Contract demand quantity (CDQ) contracts

26. Both the CCA and UCA submitted IRs asking AG for details of its CDQ contracts with NGTL for 2013 as described in the application.¹⁵

27. In reply, AG indicated that the executed contracts are confidential since they show CDQ by location.¹⁶ In lieu of releasing the contracts, AG supplied in UCA-AG-03(a-b) attachment, a signed document from NGTL confirming that the CDQ volumes in AG's application are consistent with their contractual commitments.

28. In argument, the CCA disputed that the contracts are confidential, stating that there would be no harm in disclosing the contract details.

⁸ Exhibit 16.01, CCA-AG-06(b).

⁹ Decision 2010-291: ATCO Gas, 2008-2009 General Rate Application – Phase II, Negotiated Settlement, Application No. 1604944, Proceeding ID. 184, June 25, 2010.

¹⁰ Exhibit 16.01, CCA-AG-06(a) cites Schedule 6.2 of ATCO Gas' 2012 PBR Compliance Filing, schedules 6.2 and 6.3.

¹¹ Exhibit 22.02, paragraph 8.

¹² Exhibit 20.01, paragraph 9.

¹³ Exhibit 23.01, paragraph 5.

¹⁴ Exhibit 22.02, paragraph 9.

¹⁵ Exhibit 16.01, CCA-AG-01(d), and Exhibit 17.01, UCA-AG-03(a, b).

¹⁶ Exhibit 17.01, UCA-AG-03(a).

29. In its reply argument, the UCA submitted that it does not object to AG's answer to its IR, as its concern was the volume of CDQs and NGTL has confirmed the CDQ volumes in Schedule 1 of the application.

30. The Commission considers the confirmation by NGTL of the accuracy of AG's CDQs is sufficient for the purpose of this application.

4 Commission findings

31. The Commission has reviewed calculation of Rider T in Schedule 2 of the application and finds the calculations to be correct. The Commission has also considered the requested term for the rider, being from March to December of 2013, and the resulting impact on customers. Schedule 3 to the application indicates that except for high use customers in AG North, who will be experiencing a reduction in rates, that the percentage change is less than five per cent. The Commission finds that the term of the rider and the resulting impact on rates are reasonable and approves Rider T as applied for.

5 Order

32. It is hereby ordered that:

- (1) The rates for ATCO Gas North, as set out in the application are approved on an interim refundable basis, effective March 1, 2013.
- (2) The rates for ATCO Gas South, as set out in the application are approved on an interim refundable basis, effective March 1, 2013.

Dated on February 22, 2013.

The Alberta Utilities Commission

(original signed by)

Kay Holgate
Commission Member

Appendix 1 – Proceeding participants

Name of organization (abbreviation) counsel or representative
ATCO Gas (AG) A. Green R. Trovato V. Chan
Consumers' Coalition of Alberta (CCA) J. A. Wachowich J. A. Jodoin
The Office of the Utilities Consumer Advocate (UCA) T. Marriott R. Daw B. Shymanski G. Garbutt K. Dannacker

The Alberta Utilities Commission Commission Panel K. Holgate, Commission Member Commission Staff B. Whyte M. Slagorsky

Appendix 2 – AG North impact of proposed rates

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ATCO Gas North Impact of Proposed Rates						
INTERIM PBR BASE RATES INCLUDING RIDER T EFFECTIVE JANUARY 1, 2013			PROPOSED RIDER T CHANGE EFFECTIVE MAR 1, 2013			
RATE	FIXED \$/day	ENERGY \$/GJ	DEMAND \$/GJ/day	FIXED \$/day	ENERGY \$/GJ	DEMAND \$/GJ/day
-	-	-	-	-	-	-
-	-	-	-	-	-	-
LOW	0.867	1.387			(0.040)	
MID	0.867	1.398			(0.036)	
HIGH	5.137		0.349			(0.048)

RATE	ANNUAL	MONTHLY	2013 CHARGES - EXISTING BASE RATE AND RIDER T JAN 1, 2013 to DEC 31, 2013			
	SALES GJ	DEMAND GJ	FIXED (\$)	DEMAND (\$)	ENERGY (\$)	TOTAL (\$)
LOW	120		0	316	166	482
MID	3,000			316	4,194	4,510
HIGH		190	1,875	24,203		26,078

RATE	MAR - DEC	BILLING	CHANGE IN CHARGES ON RIDER T				% CHANGE
	SALES GJ	DEMAND GJ	FIXED (\$)	DEMAND (\$)	ENERGY (\$)	TOTAL (\$)	
LOW	85				(3)	(3)	-0.6%
MID	2,100				(76)	(76)	-1.7%
HIGH		190		(2,791)		(2,791)	-10.7%

Appendix 3 – AG South impact of proposed rates

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ATCO Gas South Impact of Proposed Rates								
-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	
-	INTERIM PBR BASE RATES INCLUDING RIDER T EFFECTIVE JANUARY 1, 2013			PROPOSED RIDER T CHANGE EFFECTIVE MAR 1, 2013				
RATE	FIXED \$/day	ENERGY \$/GJ	DEMAND \$/GJ/day	FIXED \$/day	ENERGY \$/GJ	DEMAND \$/GJ/day		
LOW	0.747	1.172			0.051			
MID	0.747	1.109			0.078			
HIGH	4.440		0.275				(0.008)	
				2013 CHARGES - EXISTING BASE RATE AND RIDER T JAN 1, 2013 to DEC 31, 2013				
RATE	ANNUAL SALES GJ	MONTHLY BILLING DEMAND GJ		FIXED (\$)	DEMAND (\$)	ENERGY (\$)	TOTAL (\$)	
LOW	120		0	273		141	414	
MID	3,000			273		3,327	3,600	
HIGH		190		1,621	19,071		20,692	
				CHANGE IN CHARGES ON RIDER T				
RATE	MAR - DEC SALES GJ	BILLING DEMAND GJ		FIXED (\$)	DEMAND (\$)	ENERGY (\$)	TOTAL (\$)	% CHANGE
LOW	85					4	4	1.0%
MID	2,100					164	164	4.6%
HIGH		190			(465)		(465)	-2.2%