



ATCO Gas

Carbon Rider Reconciliation

April 25, 2012



The Alberta Utilities Commission

Decision 2012-113: ATCO Gas

Carbon Rider Reconciliation

Application No. 1608299

Proceeding ID No. 1802

April 25, 2012

Published by

The Alberta Utilities Commission

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1 Introduction

1. On October 19, 2010, the Alberta Utilities Commission (the AUC or the Commission) issued Decision 2010-496¹ which implemented the findings of the Carbon Appeal decision. Carbon riders “H” and “I” were designed to recover the approved pre-interest amount owed to ATCO Gas (AG) of \$43,727,482 plus a calculated interest amount of \$6,271,973 from AG South customers from May 1, 2010 to December 31, 2011.

2. The AUC stated in paragraph 251 of Decision 2010-496 that:

251. ... Given the significance of the approved pre-interest amount owed to AGS of \$43,727,482 and the inherent difficulty in accurately forecasting natural gas throughput, especially over long periods of time ... there is the possibility that the actual amount of money AGS collects through these interim and final riders will be different than the approved amounts. Therefore, the Commission directs that AGS file an application no later than three months after the final riders expire on December 31, 2011 which includes details of the actual amounts recovered through the interim and final riders.

3. On March 29, 2012, AG filed an application (application), requesting approval that the over-recovery balance owed by AG of \$2,325,144 be applied in the determination of the final revenue requirement that is approved by the AUC for AG’s 2011-2012 General Rate Application (GRA) Phase I Compliance Filing.²

4. The Commission issued a notice of application on March 30, 2012 to interested parties. Statements of intention to participate (SIPs) were to be filed with the AUC by April 13, 2012. The AUC received a SIP from the Office of the Utilities Consumer Advocate (UCA).

5. The UCA stated the following in its SIP:³

The UCA has reviewed the application and does not object to ATCO Gas's proposal to apply the over-recovery balance owed by ATCO Gas in the amount of \$2,325,144 in the determination of the final revenue requirement to be approved by the Commission in ATCO Gas's 2011-2012 GRA Phase I Compliance Filing.

6. The Commission considers that the record for this proceeding closed on April 13, 2012.

¹ Decision 2010-496, ATCO Gas South Removal of Carbon Related Assets from Utility Service, Application No. 157086, Proceeding ID. 87, October 19, 2010.

² Application No. 1608144, Proceeding ID No. 1709.

³ Exhibit 7.01.

7. 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 Particulars of the application

8. AG provided three tables in the application which detailed the actual amounts recovered by riders "H" and "I", monthly interest amounts and the outstanding balance. In Table 1, the total Carbon rider recoveries including interest calculations was shown as an over-recovery balance owed by AG of \$2,325,144 as of January 31, 2012. This residual amount was attributed primarily to colder than normal weather. A further breakdown of the balance owing by Low, Mid, High Use vs. Irrigation was provided in tables 2 and 3.⁴

9. In its SIP the UCA stated the following:

The UCA's only concern is with respect to ensuring that the under-collection from Irrigation customers (in the amount of \$403,324) is reconciled with the over-recovery from Low, Mid and High Use customers (in the amount of \$2,728,468). The UCA requests that in approving the above-noted application that the Commission specify that the issue of allocating the balances amongst customer classes shall be dealt with in ATCO Gas's 2011-2012 GRA Phase II or in such other proceeding as is appropriate.⁵

2.1 Commission findings

10. The Commission has reviewed the calculations in tables 1-3 provided in the application. The Commission is satisfied that AG has complied with the direction from Decision 2010-496 to file an application no later than three months after the final riders expire on December 31, 2011, which includes details of the actual amounts recovered through the interim and final riders.

11. The Commission agrees with the UCA that the amount of the under-collection from Irrigation customers in the amount of \$403,324 and the over-recovery from Low, Mid and High Use customers of \$2,728,468 should be properly allocated to each rate class. The Commission notes that in the Rate Regulation Initiative,⁶ AG has confirmed its intention to file a Phase II GRA prior to the implementation of its performance-based ratemaking plan. As its Phase II negotiated settlement which was approved in Decision 2010-291⁷ remains in effect, AG intends to base its upcoming Phase II application on the cost allocation methodology approved in the settlement.⁸

12. The Commission approves AG's request to apply the Carbon riders over-recovery total balance in the amount of \$2,325,144 in the determination of the final revenue requirement to be

⁴ Application, paragraph 4.

⁵ Exhibit 7.01.

⁶ Proceeding ID No. 566.

⁷ Decision 2010-291: ATCO Gas 2008-2009 General Rate Application – Phase II Negotiated Settlement, Application No. 1604944, Proceeding ID. 184, June 25, 2010.

⁸ Proceeding ID No. 566, Exhibit 472.02, paragraph 146 and 147.

approved by the Commission in AG's 2011-2012 GRA Phase I Compliance Filing.⁹ The Commission directs AG in its upcoming Phase II application to allocate the under-recovery amount of \$403,324 to its Irrigation customers and the over-recovery amount of \$2,728,468 to its Low, Mid and High Use customers.

13. In approving this application the Commission is not making any finding or determination with respect to any of the matters to be considered in the 2011-2012 GRA Phase I Compliance Filing or any other related applications.

3 Order

14. It is hereby ordered that:

- (1) The Carbon rider over-recovery total of \$2,325,144 shall be applied to the final 2011-2012 revenue requirement for ATCO Gas.

Dated on April 25, 2012.

The Alberta Utilities Commission

(original signed by)

Bill Lyttle
Commission Member

⁹ Application No. 1608144, Proceeding ID No. 1709.

Appendix 1 – Proceeding participants

Name of organization (abbreviation) counsel or representative
ATCO Gas (AG) R. Trovato L. Fink
The Office of the Utilities Consumer Advocate (UCA) T. Marriott R. Daw M. Stauff

The Alberta Utilities Commission
Commission B. Lyttle, Commission Member
Commission Staff D. Larder (Commission counsel) B. Whyte

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 approves AG's request to apply the Carbon riders over-recovery total balance in the amount of \$2,325,144 in the determination of the final revenue requirement to be approved by the Commission in AG's 2011-2012 GRA Phase I Compliance Filing. The Commission directs AG in its upcoming Phase II application to allocate the under-recovery amount of \$403,324 to its Irrigation customers and the over-recovery amount of \$2,728,468 to its Low, Mid and High Use customers. Paragraph 12