


MADE at the City of Calgary, in the Province of Alberta, on 20th day of June 2008.	 ALBERTA UTILITIES COMMISSION
ATCO Gas Suspension of Riders and Rate	Application No. 1574733 Proceeding ID. 61

1 INTRODUCTION

On June 3, 2008, ATCO Gas (AG), a division of ATCO Gas and Pipelines Ltd., filed an application (the Application) with the Alberta Utilities Commission (AUC or the Commission) requesting elimination of the following rate riders and rate, effective July 1, 2008:

- Company Owned Production Rate Rider (COPRR) – Rider “G”,
- Company Owned Storage Rate Riders (COSRRs) – Rider “H” and Rider “I” (Irrigation), and
- Carbon Production and Storage Charge (P&SC).

Given that the date for the monthly filing of the COPRR and COSRRs for July 2008 is June 24, 2008, AG requested that the Commission deal with the Application no later than June 23, 2008. By letter dated June 13, 2008, AG proposed that in the event the Commission could not deal with the Application by June 23, 2008, it would submit its July 2008 filing with rates of \$0.000 per gigajoule for the rate riders and P&SC.

Certain revenues and costs associated with the Carbon storage facility (Carbon), which is presently included in the rate base of AG South (AGS), have been currently paid or collected monthly from AGS’s customers through Riders “G”, “H” and “I”. The monthly determination of the COPRR is made through AGS’s deferred company-owned production account and the COSRRs through AGS’s deferred company-owned storage account.¹ From their inception, these Riders have been mostly credit riders, which have provided payments to AGS’s customers. Other costs not included in the respective deferred accounts that are also related to the operation of Carbon have been included in AGS’s distribution rates. The P&SC is currently included in AGS’s low use delivery service, high use delivery service and irrigation delivery service at \$0.116 per gigajoule.

¹ Refer to Decision [2001-75](#) – Methodology for Managing Gas Supply Portfolios and Determining Gas Cost Recovery Rates (Methodology) Proceeding and Gas Rate Unbundling (Unbundling) Proceeding. Part A: GCRR Methodology and Gas Rate Unbundling (Application 2001040, 2001093) (Released: October 30, 2001)

2 DETAILS OF THE APPLICATION

In a decision released on May 27, 2008, the Alberta Court of Appeal issued a Decision² (Court of Appeal Decision) which determined that the Alberta Energy and Utilities Board (Board) in Decision 2007-005³ erred in law or jurisdiction when it included Carbon in the rate base as an asset “used or required to be used to provide service to the public within Alberta” when the only function of those facilities is to generate revenue. Consequently, as an interim measure, pending the filing of an application to remove Carbon from utility service and revenue requirement effective April 1, 2005, AG proposed that the COPRR, COSRRs and the P&SC be eliminated from its rate schedules, effective July 1, 2008.

The Commission issued Notice of Application (Notice) electronically to interested parties on June 10, 2008.⁴ The Notice requested that interested parties submit a Statement of Intent to Participate (SIP) by June 17, 2008.

The Commission received SIPs by the due date from the Alberta Sugar Beet Growers and the Potato Growers of Alberta (jointly ASBG/PGA), the Public Institutional Consumers of Alberta (PICA), The City of Calgary (Calgary) and the Office of the Utilities Consumer Advocate (UCA).

ASBG/PGA and the UCA submitted no comments with respect to the Application in their SIPs. However, PICA submitted that a process schedule should be established for the Application which would allow for information requests and responses. More particularly, PICA believed the further examination of the timing for the elimination of production and storage riders and any adjustments to base rates resulting from the Court of Appeal Decision was necessary. Calgary opposed the Application on the basis that it was premature in respect to how the Commission will deal with Court of Appeal Decision and Calgary’s outstanding review and variance of Decision 2006-098, concerning the use of Carbon for load balancing.

3 ORDER

The Commission has reviewed the Application and considers that, in the circumstances surrounding the Court of Appeal Decision regarding Carbon, there appears to be questionable merit in AGS continuing to pay the monthly COPRR and COSRRs. However, as the matter of the continued use of Carbon for utility purposes is expected to be dealt with in an upcoming application to be filed by AG, and as the review and variance application by Calgary concerning Decision 2006-098 has not been finalized, the Commission considers that the final elimination of the riders and rate on July 1, 2008 as proposed by AG would be inappropriate. Instead, the Commission will suspend Rider “G”, Rider “H”, Rider “I” and the P&SC effective July 1, 2008,

² *ATCO Gas and Pipelines Ltd. v. Alberta (Energy and Utilities Board)*, 2008 ABCA 200

³ Decision [2007-005](#) – ATCO Gas South, Carbon Facilities Part 1 Module – Jurisdiction (2005/2006 Carbon Storage Plan) (Application 1357130) (Released: February 5, 2007)

⁴ The Notice was emailed to parties on the AUC’s list for the gas cost flow-through rate of Direct Energy Regulated Services AGS service territory and the lists for Application No. 1357130 (AGS 2005/2006 Carbon Storage Plan) and Application No. 1506285 (AG Carbon Storage Facilities - Part 1B Module). The Notice was also posted on the AUC’s website.

which on an interim basis will also relieve AGS of the requirement for making its monthly filing with the Commission for acknowledgement of the Riders.

Nothing in the Order will bind, affect or prejudice the Commission's consideration of any matter relating to Carbon. Specifically, the Commission retains the ability to exercise regulatory scrutiny and to review the operations of Carbon pending the outcome from any application made by AG to remove Carbon from utility service and revenue requirement.

THEREFORE, IT IS HERBY ORDERED THAT:

- (1) Until such time as the Commission may provide further direction, the following riders and rate related to the Carbon storage assets are suspended from the rate schedules of ATCO Gas, effective July 1, 2008:
 - Rider "G" Company Owned Production,
 - Rider "H" Company Owned Storage,
 - Rider "I" Irrigation Company Owned Storage, and
 - Carbon Production and Storage Charge.
- (2) The rate schedules of ATCO Gas, which are revised effective July 1, 2008 in accordance with this Order, are attached in Appendix 1.

Effective by Order U2008-213
On Consumption on and after July 1, 2008

**ATCO GAS AND PIPELINES LTD. – SOUTH
RIDER “G” TO ALL RATES
FOR CREDITING OR DEBITING COMPANY OWNED PRODUCTION RELATED
BENEFITS/COSTS**

To be applied to the energy delivered to all Delivery Service customers unless otherwise specified by specific contracts or the Board.

Company Owned Production Rate Rider (COPRR): \$0.000 per GJ

Effective by Order U2008-213
On Consumption on and after July 1, 2008

**ATCO GAS AND PIPELINES LTD. – SOUTH
RIDER “H” TO ALL RATES EXCEPT FOR IRRIGATION DELIVERY SERVICE
FOR CREDITING OR DEBITING CARBON STORAGE RELATED BENEFITS/COSTS**

To be applied to the energy delivered to all Delivery Service customers (except Irrigation Delivery Service customers) unless otherwise specified by specific contracts or the Board.

Company Owned Storage Rate Rider (COSRR): \$0.000 per GJ

Effective by Order U2008-213
On Consumption on and after July 1, 2008

**ATCO GAS AND PIPELINES LTD. – SOUTH
RIDER “I” FOR IRRIGATION DELIVERY SERVICE
FOR CREDITING CARBON STORAGE RELATED BENEFITS/COSTS**

To be applied to the energy delivered to Irrigation Delivery Service customers unless otherwise specified by specific contracts or the Board.

Company Owned Storage Rate Rider (COSRR): \$0.000 per GJ

Effective by Order U2008-213
On Consumption July 1, 2008
This Replaces Rate 1 and Rate 11
Previously Effective January 1, 2008

**ATCO GAS AND PIPELINES LTD. – SOUTH
LOW USE DELIVERY SERVICE**

Available to all customers using less than 8,000 GJ per year except those customers who utilize the Company's facilities for emergency service only.

CHARGES:

Fixed Charge:	\$0.556 per Day
Variable Charge:	\$0.877 per GJ
Production and Storage Charge:	\$0.000 per GJ
COPRR:	Rider "G"
COSRR:	Rider "H"
Delivery Rate Surcharge:	Rider "J"

ADDITIONAL CHARGES:

For Low Use Delivery Service customers that obtain their gas services from Retailers the following additional charges will apply.

Unaccounted For Gas:	Rider "D"
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Effective by Order U2008-213
 On Consumption July 1, 2008
 This Replaces Rate 3 and Rate 13
 Previously Effective January 1, 2008
 High Use page 1 of 2

ATCO GAS AND PIPELINES LTD. – SOUTH HIGH USE DELIVERY SERVICE

Available to all customers using 8,000 GJ or more per year on an annual contract except those customers who utilize the Company's facilities for emergency service only.

CHARGES:

Fixed Charge:	\$0.625 per Day
Demand Charge:	\$0.238 per Day per GJ of 24 Hr. Billing Demand
Variable Charge:	\$0.00 per GJ
Production and Storage Charge:	\$0.000 per GJ
COPRR:	Rider "G"
COSRR:	Rider "H"
Delivery Rate Surcharge:	Rider "J"

DETERMINATION OF BILLING DEMAND:

The Billing Demand shall be the greater of:

1. The greatest amount of gas in GJ delivered in any consecutive 24-hour period during the current and preceding eleven billing periods provided that the greatest amount of gas delivered in any consecutive 24 hours in the summer period shall be divided by 2, **or**
2. The Nominated Demand

PROVIDED that for a customer who elects to take service only during the summer period, the Billing Demand for each billing period shall be the greatest amount of gas in GJ in any consecutive 24 hours in that billing period.

In the first contract year, the Company shall estimate the Billing Demand from information provided by the customer.

NOMINATED DEMAND:

A customer whose maximum consumption exceeds 4 500 GJ for any 24-hour period in the winter period must nominate in writing twelve months in advance of each contract year the maximum consumption for any 24-hour period in the winter period in that contract year (the "Nominated Demand"). The Company reserves the right to restrict the amount of gas in GJ delivered in the winter period to the Nominated Demand and to restrict the amount of gas in GJ delivered in any one hour to **5%** of the Nominated Demand.

ADDITIONAL CHARGES:

For High Use Delivery Service customers that obtain their gas services from Retailers the following additional charges will apply.

Unaccounted For Gas:**Rider "D"****Gas Imbalances:****Settlement of Monthly Imbalance Quantity when Based on Daily Information:**

<u>Magnitude of Imbalance Quantity</u>	<u>Reasons for Imbalance Quantity</u>	<u>Settlement by Company</u>	<u>Price</u>
<5%	Overdeliveries	N/A	N/A
	Underdeliveries	N/A	N/A
>5%	Overdeliveries	Purchase	75% of the Average Daily AECO "C" prices for that Month
	Underdeliveries	Sale	130% of the Average Daily AECO "C" prices for that Month

Settlement of Imbalance Quantity Arising from Adjustments:

When the Customer's Account is put out of balance by actual adjustments, the Customer is required to bring the account into balance by providing 1/25 of the imbalance amount on a daily basis over a 25-day period.

Effective by Order U2008-213
On Consumption July 1, 2008
This Replaces Rate 5 and Rate 18
Previously Effective January 1, 2008

**ATCO GAS AND PIPELINES LTD. – SOUTH
IRRIGATION DELIVERY SERVICE**

Available to all customers who use natural gas as a fuel for engines pumping irrigation water between April 1 and October 31.

CHARGES:

Fixed Charge:	\$0.933 per Day
Variable Charge:	\$0.787 per GJ
Production and Storage Charge:	\$0.000 per GJ
COPRR:	Rider "G"
COSRR:	Rider "I"
Delivery Rate Surcharge:	Rider "J"

ADDITIONAL CHARGES:

For Irrigation Delivery Service customers that obtain gas services from Retailers the following additional charges will apply.

Unaccounted For Gas:	Rider "D"
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