



## ATCO Gas

2005-2007 General Rate Application – Phase I  
Third Compliance Filing to Decision 2006-004  
Part B

Cost Awards

**ALBERTA ENERGY AND UTILITIES BOARD**

Utility Cost Order 2007-040: ATCO Gas  
2005-2007 General Rate Application – Phase I  
Third Compliance Filing to Decision 2006-004 (Part B)  
Application No. 1502769  
Cost Application No. 1510112

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# ALBERTA ENERGY AND UTILITIES BOARD

Calgary, Alberta

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## 1 INTRODUCTION

On February 14, 2007, ATCO Gas (AG) filed its third compliance filing (the Application) with the Alberta Energy and Utilities Board (EUB or Board). AG filed the Application as directed by the Board in Decision [2006-133](#).

The Board considered the Application by way of a written proceeding, and on May 15, 2007 the Board issued Decision [2007-036](#).

On April 27, 2007, summaries of the costs being claimed was circulated to interested parties. Parties were advised that any comments regarding the figures listed in the summaries or the merits of the total costs claimed were to be filed by May 4, 2007. The Board did not receive any comments. Accordingly, the Board considers, for the purposes of this Cost Order, the cost process to have closed on May 4, 2007.

## 2 VIEWS OF THE BOARD – Authority to Award Costs

The Board's authority to award costs is derived from section 68 of the *Public Utilities Board Act*, R.S.A. 2000, c. P-45, which states in part:

- (1) The costs of and incidental to any proceeding before the Board, except as otherwise provided for in this Act, are in the discretion of the Board, and may be fixed in any case at a sum certain or may be taxed.

...

- (3) The Board may order by whom or to whom any costs are to be paid, and by whom they are to be taxed and allowed.

When assessing a cost claim pursuant to section 68, the Board is guided by Part 5 of its *Rules of Practice*, [AR 101/2001](#) and by the principles and policies expressed in Directive 031B, *Guidelines for Utility Cost Claims (Directive 031B)*. Before exercising its discretion to award costs, the Board must consider the effectiveness of a participant's contribution to the process, its relevance to the issues, and whether the costs claimed are fair and reasonable in light of the scope and nature of the issues in question.

In the Board's view, the responsibility to contribute positively to the process is inherent in the choice to intervene in a proceeding. The Board expects that those who choose to participate will prepare and present a position that is reasonable in light of the issues arising in the proceeding and necessary for the determination of those issues. When determining a cost award, the Board will consider if the participant acted responsibly in the proceeding and contributed to a better understanding of the issues before the Board. To the extent reasonably possible, the Board will be mindful of participants' willingness to co-operate with the Board and other participants to promote an efficient and cost-effective proceeding.

As the costs of a utility proceeding are generally passed on to customers, it is the Board's duty to ensure that customers receive fair value for a party's contribution. As such, the Board only approves those costs that are reasonable and directly and necessarily related to the party's participation in the proceeding.

### **3 VIEWS OF THE BOARD – Assessment**

#### **3.1 Compliance Filing**

With respect to the Compliance Filing, the Board received cost claims from the Alberta Urban Municipalities Association and City of Edmonton (AUMA/EDM), and from the Consumers' Coalition of Alberta (CCA), totalling \$20,470.43.

AUMA/EDM submits a claim totalling \$6,228.26, and allocates its claims equally between ATCO Gas North (AGN) and ATCO Gas South (AGS). The claim includes legal fees, expenses, and GST in the amount of \$2,076.76; and consulting fees, expenses, and GST in the amount of \$4,151.50. The Board has reviewed the Statement of Justification dated April 24, 2007 together with the supporting invoices and finds the cost claim to be commensurate with the value that the Board received from AUMA/EDM's participation. The Board also notes that the costs are claimed within the prescribed Scale of Costs found in Appendix C to Directive 031B. The Board approves AUMA/EDM's claim in full.

CCA submits two cost claims. One claim is with respect to the Application, and the second is with respect to the ATCO Utilities head office rent negotiations. The costs claimed in respect of the Application total \$3,097.85. The amount represents consulting fees, expenses, and GST incurred by Professional Regulatory Services Inc. The CCA allocates its claim equally between AGN and AGS. The Board has reviewed the Statement of Justification dated April 30, 2007 together with the supporting invoice and finds the cost claim to be commensurate with the value that the Board received from CCA's participation. The Board also notes that the costs are claimed within the prescribed Scale of Costs found in Appendix C to Directive 031B. The Board approves CCA's cost claim for the Application in full.

#### **3.2 Head Office Negotiations**

CCA's claim with respect to the head office negotiations totals \$11,144.32, and is allocated equally between AGN and AGS. The claim includes legal fees and GST of \$4,247.16; consulting fees, expenses, and GST of \$4,114.66 incurred by Professional Regulatory Services, Inc.; and further consulting fees and GST of \$2,782.50, incurred by CB Richard Ellis Alberta Limited.

The cost claim for the head office negotiations was submitted on January 25, 2007. Following receipt of the cost claim, EUB utility staff contacted AG to confirm that it would consider the costs; however it would do so in the cost process for the third compliance filing proceeding.

The head office negotiation process was initiated by AG in a letter to the former Chairman of the EUB, Mr. Neil McCrank. On August 30, 2006 Mr. McCrank responded to AG encouraging the process to move forward. Mr. McCrank's letter provides the following.

Thank you for your letter of August 29, 2006, wherein ATCO Gas outlines an innovative process for exploring various office space options with its customers in advance of the lease expiry date.

The proposal has considerable merit as it allows the issue to be addressed well in advance of the renewal date, likely resulting in more options being potentially achievable, while allowing interested parties the opportunity for input.

As indicated in Mr. McCrank's letter to AG, the Board fully supported this process, and is of the view that the costs incurred are not unreasonable given the tasks undertaken. In making this determination the Board has taken into account the circumstances under which CCA incurred the costs; CCA's Statement of Justification dated January 25, 2007; and the supporting invoices. The Board approves this cost claim in full.

#### **4 GST**

In accordance with the Board's treatment of the GST on cost awards, AG is required to pay only that portion of the GST paid by interveners that may not be recoverable through the GST credit mechanism, accordingly where parties are eligible for a GST credit the Board has reduced this particular portion of their claim. Eligible GST approved by the Board amounts to \$1,158.84 and is allocated equally between AGN and AGS. The GST allowed by the Board may be charged against AGN's and AGS' respective Hearing Cost Reserve Account.

The Board emphasizes that its treatment of the GST claimed in no way relieves participants or their lawyers and consultants from their GST obligations pursuant to the *Excise Tax Act*, R.S.C. 1985, c. E-15.

#### **5 ORDER**

IT IS HEREBY ORDERED:

1. Intervener costs are approved in the amount of \$20,470.43, as set out in column (h) of [Appendix A](#).
2. ATCO Gas North and ATCO Gas South shall each be responsible for one half of the approved intervener costs, being \$10,235.21 and \$10,235.22, respectively.
3. ATCO Gas North shall record in its Hearing Cost Reserve Account one half of the allowed intervener costs, being \$10,235.21.

4. ATCO Gas South shall record in its Hearing Cost Reserve Account one half of the allowed intervener costs, \$10,235.22.

Dated in Calgary, Alberta on this 1<sup>st</sup> day of June, 2007.

**ALBERTA ENERGY AND UTILITIES BOARD**

*<Original Signed by Thomas McGee>*

Thomas McGee  
Board Member



## APPENDIX A – SUMMARY OF COSTS CLAIMED AND AWARDED



Appendix A

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**ATCO Gas  
Compliance Filing III Pursuant to D2006-133  
(1502769)**

**Costs Claimed and Awarded**

**Cost App. No. 1510112**

	Total Fees Claimed (a)	Total Expenses Claimed (b)	Total GST Claimed (c)	Total Amount Claimed (d)	Total Fees Awarded (e)	Total Expenses Awarded (f)	Total GST Awarded (g)	Total Amount Awarded (h)
<b>APPLICANT</b>								
ATCO Gas North								
ATCO Gas North and South	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Sub-Total	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
<b>INTERVENERS</b>								
Alberta Urban Municipalities Association/City of Edmonton								
Bryan & Company	\$1,950.00	\$9.20	\$117.56	\$2,076.76	\$1,950.00	\$9.20	\$117.56	\$2,076.76
Robert Bruggeman Regulatory Consulting Ltd.	\$3,895.00	\$21.50	\$235.00	\$4,151.50	\$3,895.00	\$21.50	\$235.00	\$4,151.50
Sub-Total	\$5,845.00	\$30.70	\$352.56	\$6,228.26	\$5,845.00	\$30.70	\$352.56	\$6,228.26
Consumers' Coalition of Alberta								
Professional Regulatory Services Inc.	\$2,922.50	\$0.00	\$175.35	\$3,097.85	\$2,922.50	\$0.00	\$175.35	\$3,097.85
Sub-Total	\$2,922.50	\$0.00	\$175.35	\$3,097.85	\$2,922.50	\$0.00	\$175.35	\$3,097.85
Consumers' Coalition of Alberta - Office Rent Negotiations								
Wachowich & Company	\$4,006.75	\$0.00	\$240.41	\$4,247.16	\$4,006.75	\$0.00	\$240.41	\$4,247.16
Professional Regulatory Services Inc.	\$3,850.00	\$31.64	\$233.02	\$4,114.66	\$3,850.00	\$31.64	\$233.02	\$4,114.66
Al Manon, CB Richard Ellis Alberta Limited	\$2,625.00	\$0.00	\$157.50	\$2,782.50	\$2,625.00	\$0.00	\$157.50	\$2,782.50
Sub-Total	\$10,481.75	\$31.64	\$630.93	\$11,144.32	\$10,481.75	\$31.64	\$630.93	\$11,144.32
<b>TOTAL INTERVENER COSTS</b>	<b>\$19,249.25</b>	<b>\$62.34</b>	<b>\$1,158.84</b>	<b>\$20,470.43</b>	<b>\$19,249.25</b>	<b>\$62.34</b>	<b>\$1,158.84</b>	<b>\$20,470.43</b>
<b>TOTAL INTERVENER AND APPLICANT COSTS</b>	<b>\$19,249.25</b>	<b>\$62.34</b>	<b>\$1,158.84</b>	<b>\$20,470.43</b>	<b>\$19,249.25</b>	<b>\$62.34</b>	<b>\$1,158.84</b>	<b>\$20,470.43</b>