



## ATCO Gas

2003-2004 General Rate Application Phase II  
Part 1 – 2003/2004 Final Rates  
Part 2 – Terms and Conditions of Service

Cost Awards

**ALBERTA ENERGY AND UTILITIES BOARD**

Utility Cost Order 2006-059: ATCO Gas  
2003-2004 General Rate Application Phase II  
Part 1 – 2003/2004 Final Rates  
Part 2 – Terms and Conditions of Service  
Application No.1416346  
Cost Application No. 1456289

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# ALBERTA ENERGY AND UTILITIES BOARD

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Calgary, Alberta

ATCO Gas

2003-2004 General Rate Application Phase II

Part 1 – 2003/2004 Final Rates

Part 2 – Terms and Conditions of Service

Utility Cost Order 2006-059

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## 1 INTRODUCTION

The Alberta Energy and Utilities Board (EUB/Board) received an application (Application) from ATCO Gas (AG) on August 31, 2005 for the approval of a 2003-2004 General Rate Application (GRA) Phase II. The Application requested approvals in relation to the following general topics:

- 2003-2004 rates charged as final, utilizing placeholders for outstanding costs;
- Use of a deferral account with respect to Transmission Service charges commencing January 1, 2007;
- Terms and Conditions of Service (T&Cs); and
- Establishment of concepts and principles, including the notion of uniform North and South distribution service rates, to be used to develop rates for the 2005-2007 GRA Phase II leading to rates effective January 1, 2007.

The Board dealt with finalizing the 2003-2004 rates and the T&Cs by way of written process and on June 27, 2006 issued Decisions [2006-062](#) and [2006-075](#) respectively.

By way of letter dated May 30, 2006 the EUB acknowledged that it may be some time before all four modules would be complete and as such claims for module one (finalizing 2003-2004 rates) and module three (T&Cs) were to be submitted by June 13, 2006. Accordingly this Cost Order is reflective of claims with respect to modules one and three.

On June 23, 2006, summaries of the costs being claimed for modules one and three were circulated to interested parties. Parties were advised that any comments regarding the figures listed in the summary or the merits of the total costs claimed were to be filed by July 7, 2006. 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 July 7, 2006.

## 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' will 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.

Various participants submitted cost claims totalling \$163,984.39 with respect to the Proceeding, with \$44,815.85 being allocated to ATCO Gas North (AGN) and \$119,168.54 allocated to ATCO Gas South (AGS).

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

#### **3.1 Aboriginal Communities (Abcomm)**

Abcomm submitted a cost claim totalling \$6,512.50 allocated in its entirety to AGN. The claim represents the professional fees incurred by Graves Engineering Corporation. Abcomm's efforts did not contribute to the Board's consideration of this application. In examining this claim the Board found that the billing detail does not provide sufficient detail to understand what effort was made to contribute to the assessment of the application. In some circumstances the invoices supporting the cost claim appear to relate to another application. The Board accepts that in some circumstances costs may be recoverable even though a participant makes a decision not to provide formal argument to the Board, however, in such cases it is imperative that the participant provide appropriate and complete justification for the costs incurred and why the Board should accept such efforts as contributing the proceeding. In this case the Board finds that Abcomm has not established that its efforts merit a cost award and the Board denies this claim in full.

### 3.2 Alberta Irrigation Projects Association (AIPA)

AIPA submitted a cost claim totalling \$12,892.00 and allocated the claim in its entirety to AGS. The claim represents the professional fees incurred by Unryn & Associates. The Board notes that a total of 66.8 hours were incurred with 45.3 hours allocated to preparation and 21.5 hours allocated to argument.

In reviewing Mr. Unryn's cost claim and the record for these modules, the Board has concluded that the value received from each of the arguments which were filed for each module are disproportionate to the cost incurred. While the Board does not dispute that the arguments were of assistance to the Board, it does recognize that the arguments were modest in length and did not provide for overly technical or complex discussions. In arriving at this conclusion the Board has also considered the amount of preparation time which should have ultimately reduced the time required for preparing argument.

Based on the foregoing discussion the Board finds it appropriate to disallow 10 hours from the argument phase of the cost claim ( $\$195 \times 10 \text{ hrs} = \$1,950.00$ ). Accordingly the Board approves professional fees in the amount \$10,942.00.

### 3.3 Remaining Participants

The Board has reviewed the costs submitted by the remaining participants, bearing in mind the principles specified in the Board's *Scale of Costs* set out in Appendix C to [Directive 031B](#). The Board finds that the participation of the interveners was, for the most part, effective and of assistance in reviewing the Application. The Board notes the scope and complexity of the issues before it and the extent of the examination thereof. The Board also notes that the claims for professional fees and other claims were in accordance with the *Scale of Costs*. Accordingly, the Board considers the claims for fees, disbursements, and applicable GST for all participants to be reasonable as outlined in [Appendix A](#) the amount of \$38,303.35 and in [Appendix B](#) in the amount of \$114,647.96, for a combined total of \$152,951.31.

## 4 GST

In accordance with the Board's treatment of the GST on cost awards, each Applicant 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 \$1,078.06 as shown in column (g) of [Appendix A](#) and \$2,983.11 as shown in column (g) of [Appendix B](#). The GST allowed by the Board may also be charged against each Applicant's 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. ATCO Gas North shall pay intervener costs in the amount of \$30,345.42, as set out in column (h) of [Appendix A](#).
2. ATCO Gas North's external costs in the amount of \$7,957.93, as set out in column (h) of [Appendix A](#), are approved.
3. ATCO Gas North shall record in its Hearing Cost Reserve Account the allowed external applicant and intervener costs in the amount of \$38,303.35, as set out in column (h) of [Appendix A](#).
4. ATCO Gas South shall pay intervener costs in the amount of \$106,690.03, as set out in column (h) of [Appendix B](#).
5. ATCO Gas South's external costs in the amount of \$7,957.93, as set out in column (h) of [Appendix B](#), are approved.
6. ATCO Gas South shall record in its Hearing Cost Reserve Account the allowed external applicant and intervener costs in the amount of \$114,647.96, as set out in column (h) of [Appendix B](#).

Dated in Calgary, Alberta on this 21<sup>st</sup> day of November, 2006.

**ALBERTA ENERGY AND UTILITIES BOARD**

*<Original Signed by B.T. McManus, Q.C.>*

B.T. McManus, Q.C.  
Board Member



## **APPENDIX A – Summary of Costs Claimed and Awarded (AGN)**



Appendix A - AGN

## **APPENDIX B – Summary of Costs Claimed and Awarded (AGS)**



Appendix B - AGS

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AGN  
03/04 GRA Phase II  
Modules 1 and 3

Application No. 1416346  
Cost App. No. 1456289

Costs Claimed and Awarded

	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>								
<b>ATCO Gas North</b>								
Bennett Jones LLP	\$1,620.00	\$2.38	\$0.00	\$1,622.38	\$1,620.00	\$2.38	\$0.00	\$1,622.38
ATCO Gas North	\$0.00	\$6,335.55	\$0.00	\$6,335.55	\$0.00	\$6,335.55	\$0.00	\$6,335.55
<b>Sub-Total</b>	<b>\$1,620.00</b>	<b>\$6,337.93</b>	<b>\$0.00</b>	<b>\$7,957.93</b>	<b>\$1,620.00</b>	<b>\$6,337.93</b>	<b>\$0.00</b>	<b>\$7,957.93</b>
<b>INTERVENERS</b>								
<b>Aboriginal Communities</b>								
Graves Engineering Corporation	\$6,512.50	\$0.00	\$0.00	\$6,512.50	\$0.00	\$0.00	\$0.00	\$0.00
<b>Sub-Total</b>	<b>\$6,512.50</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$6,512.50</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>
<b>Alberta Urban Municipalities Association/ City of Edmonton</b>								
Bryan & Company	\$1,050.00	\$92.85	\$80.00	\$1,222.85	\$1,050.00	\$92.85	\$80.00	\$1,222.85
Robert L. Bruggeman Regulatory Consulting Ltd.	\$6,562.50	\$34.21	\$461.77	\$7,058.48	\$6,562.50	\$34.21	\$461.77	\$7,058.48
<b>Sub-Total</b>	<b>\$7,612.50</b>	<b>\$127.06</b>	<b>\$541.77</b>	<b>\$8,281.33</b>	<b>\$7,612.50</b>	<b>\$127.06</b>	<b>\$541.77</b>	<b>\$8,281.33</b>
<b>Consumers' Coalition of Alberta</b>								
Wachowich & Company	\$3,290.63	\$0.00	\$230.34	\$3,520.97	\$3,290.63	\$0.00	\$230.34	\$3,520.97
Professional Regulatory Services, Inc.	\$4,331.25	\$39.40	\$305.95	\$4,676.60	\$4,331.25	\$39.40	\$305.95	\$4,676.60
<b>Sub-Total</b>	<b>\$7,621.88</b>	<b>\$39.40</b>	<b>\$536.29</b>	<b>\$8,197.57</b>	<b>\$7,621.88</b>	<b>\$39.40</b>	<b>\$536.29</b>	<b>\$8,197.57</b>
<b>Public Institutional Consumers of Alberta</b>								
Energy Management & Regulatory Consulting Ltd.	\$1,567.50	\$0.00	\$0.00	\$1,567.50	\$1,567.50	\$0.00	\$0.00	\$1,567.50
Nancy J. McKenzie Professional Corp.	\$1,450.00	\$10.00	\$0.00	\$1,460.00	\$1,450.00	\$10.00	\$0.00	\$1,460.00
<b>Sub-Total</b>	<b>\$3,017.50</b>	<b>\$10.00</b>	<b>\$0.00</b>	<b>\$3,027.50</b>	<b>\$3,017.50</b>	<b>\$10.00</b>	<b>\$0.00</b>	<b>\$3,027.50</b>

AGN  
03/04 GRA Phase II  
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Costs Claimed and Awarded

	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)
Rate 13 Group								
Fasken Martineau DuMoulin LLP	\$4,075.00	\$212.64	\$0.00	\$4,287.64	\$4,075.00	\$212.64	\$0.00	\$4,287.64
Sproule Management Consulting Ltd.	\$6,456.88	\$94.50	\$0.00	\$6,551.38	\$6,456.88	\$94.50	\$0.00	\$6,551.38
Sub-Total	\$10,531.88	\$307.14	\$0.00	\$10,839.02	\$10,531.88	\$307.14	\$0.00	\$10,839.02
TOTAL INTERVENER COSTS	\$35,296.26	\$483.60	\$1,078.06	\$36,857.92	\$28,783.76	\$483.60	\$1,078.06	\$30,345.42
TOTAL INTERVENER AND APPLICANT COSTS	\$36,916.26	\$6,821.53	\$1,078.06	\$44,815.85	\$30,403.76	\$6,821.53	\$1,078.06	\$38,303.35

AGS  
03/04 GRA Phase II  
Modules 1 and 3

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<b>APPLICANT</b>								
<b>ATCO Gas South</b>								
Bennett Jones LLP	\$1,620.00	\$2.38	\$0.00	\$1,622.38	\$1,620.00	\$2.38	\$0.00	\$1,622.38
ATCO Gas North	\$0.00	\$6,335.55	\$0.00	\$6,335.55	\$0.00	\$6,335.55	\$0.00	\$6,335.55
<b>Sub-Total</b>	<b>\$1,620.00</b>	<b>\$6,337.93</b>	<b>\$0.00</b>	<b>\$7,957.93</b>	<b>\$1,620.00</b>	<b>\$6,337.93</b>	<b>\$0.00</b>	<b>\$7,957.93</b>
<b>INTERVENERS</b>								
<b>Alberta Irrigation Projects Association</b>								
Unryn & Associates	\$12,892.00	\$0.00	\$0.00	\$12,892.00	\$10,942.00	\$0.00	\$0.00	\$10,942.00
<b>Sub-Total</b>	<b>\$12,892.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$12,892.00</b>	<b>\$10,942.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$10,942.00</b>
<b>Alberta Urban Municipalities Association/ City of Edmonton</b>								
Bryan & Company	\$1,050.00	\$92.85	\$80.00	\$1,222.85	\$1,050.00	\$92.85	\$80.00	\$1,222.85
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<b>City of Calgary</b>								
Stephen Johnson Chartered Accountants	\$13,680.00	\$0.00	\$957.60	\$14,637.60	\$13,680.00	\$0.00	\$410.43	\$14,090.43
McLennan Ross LLP	\$4,444.00	\$211.32	\$356.67	\$5,011.99	\$4,444.00	\$211.32	\$139.67	\$4,794.99
Energy Group Inc.	\$45,162.24	\$0.00	\$3,161.36	\$48,323.60	\$45,162.24	\$0.00	\$1,354.96	\$46,517.20
<b>Sub-Total</b>	<b>\$63,286.24</b>	<b>\$211.32</b>	<b>\$4,475.63</b>	<b>\$67,973.19</b>	<b>\$63,286.24</b>	<b>\$211.32</b>	<b>\$1,905.05</b>	<b>\$65,402.61</b>
<b>Consumers' Coalition of Alberta</b>								
Wachowich & Company	\$3,290.63	\$0.00	\$230.34	\$3,520.97	\$3,290.63	\$0.00	\$230.34	\$3,520.97
Professional Regulatory Services, Inc.	\$4,331.25	\$39.40	\$305.95	\$4,676.60	\$4,331.25	\$39.40	\$305.95	\$4,676.60
<b>Sub-Total</b>	<b>\$7,621.88</b>	<b>\$39.40</b>	<b>\$536.29</b>	<b>\$8,197.57</b>	<b>\$7,621.88</b>	<b>\$39.40</b>	<b>\$536.29</b>	<b>\$8,197.57</b>

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<b>Public Institutional Consumers of Alberta</b>								
Energy Management & Regulatory Consulting Ltd.	\$1,567.50	\$0.00	\$0.00	\$1,567.50	\$1,567.50	\$0.00	\$0.00	\$1,567.50
Nancy J. McKenzie Professional Corp.	\$1,450.00	\$10.00	\$0.00	\$1,460.00	\$1,450.00	\$10.00	\$0.00	\$1,460.00
<b>Sub-Total</b>	<b>\$3,017.50</b>	<b>\$10.00</b>	<b>\$0.00</b>	<b>\$3,027.50</b>	<b>\$3,017.50</b>	<b>\$10.00</b>	<b>\$0.00</b>	<b>\$3,027.50</b>
<b>Rate 13 Group</b>								
Fasken Martineau DuMoulin LLP	\$4,075.00	\$212.64	\$0.00	\$4,287.64	\$4,075.00	\$212.64	\$0.00	\$4,287.64
Sproule Management Consulting Ltd.	\$6,456.88	\$94.50	\$0.00	\$6,551.38	\$6,456.88	\$94.50	\$0.00	\$6,551.38
<b>Sub-Total</b>	<b>\$10,531.88</b>	<b>\$307.14</b>	<b>\$0.00</b>	<b>\$10,839.02</b>	<b>\$10,531.88</b>	<b>\$307.14</b>	<b>\$0.00</b>	<b>\$10,839.02</b>
<b>TOTAL INTERVENER COSTS</b>	<b>\$104,962.00</b>	<b>\$694.92</b>	<b>\$5,553.69</b>	<b>\$111,210.61</b>	<b>\$103,012.00</b>	<b>\$694.92</b>	<b>\$2,983.11</b>	<b>\$106,690.03</b>
<b>TOTAL INTERVENER AND APPLICANT COSTS</b>	<b>\$106,582.00</b>	<b>\$7,032.85</b>	<b>\$5,553.69</b>	<b>\$119,168.54</b>	<b>\$104,632.00</b>	<b>\$7,032.85</b>	<b>\$2,983.11</b>	<b>\$114,647.96</b>