



AUC

Alberta Utilities Commission

ATCO Pipelines, a division of ATCO Gas and Pipelines Ltd.

2012 Interim Revenue Requirement

Costs Awards

August 21, 2012



The Alberta Utilities Commission

Decision 2012-227: ATCO Pipelines, a division of ATCO Gas and Pipelines Ltd.

2012 Interim Revenue Requirement

Costs Awards

Application Nos. 1608435 and 1608441

Proceeding ID No. 1874

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1 Introduction

1. ATCO Pipelines (AP), a division of ATCO Gas and Pipelines Ltd., filed its 2012 interim revenue requirement application with the Alberta Utilities Commission (AUC or Commission) on January 17, 2012, requesting approval of AP's 2012 interim revenue requirement of \$193,182,000.00 and AP's forecast for 2012 capital expenditures of \$192,377,000.00.
2. On January 19, 2012, the Commission issued notice with respect to the 2012 interim revenue requirement application. Any party who wished to intervene in this proceeding was required to file a statement of intent to participate (SIP) with the AUC by February 2, 2012.
3. The Commission received SIP's from the following parties:
 - BP Canada Energy Company (BP)
 - TransAlta Corporation (TransAlta)
 - EnCana Corporation (Encana)
 - Canadian Association of Petroleum Producers (CAPP)
 - NOVA Gas Transmission Ltd. (NGTL)
 - Consumers' Coalition of Alberta (CCA)
 - Office of the Utilities Consumer Advocate (UCA)
 - Industrial Gas Consumers Association of Alberta (ICGAA)
4. CAPP indicated in its statement of intent to participate that it did not object to AP's 2012 interim revenue requirement application, but it did have concerns related to the magnitude and timing of specific capital expenditures. CAPP noted concerns with the \$127.4 million of "improvements" included in its capital expenditures, and specifically the expenditures related to AP's "urban pipeline initiative" (UPI).¹ CAPP anticipated that these matters could be dealt with in a written proceeding if AP provided a full justification of the entire initiative, timing and cost of each project constituting the UPI.
5. The CCA and UCA indicated in their SIPs that they wished to intervene in this proceeding. The CCA stated that it intended only to monitor the proceeding but later participated

¹ In its response to AUC-AP01(a) under Proceeding ID No. 1666, AP described the UPI as a series of transmission connector pipeline projects that AP plans to construct in the transmission and utility corridors (TUCs) located on the perimeter of the current Calgary and Edmonton footprints. The UPI projects were initiated in 2011 and are planned to be completed over a five year period by 2015. The UPI projects have been initiated to ensure that safe and reliable high pressure transmission service is provided to the Calgary and Edmonton markets in a manner that accommodates the future growth of the cities. The UPI projects allow for a staged and orderly transition away from the existing aging pipeline infrastructure that currently operates in the central core areas of each city.

in submitting information requests, argument, and reply argument. The UCA stated that it supported the total revenue requirement calculations attached to the application but it wanted to test the reasonableness of capital expenditures.

6. BP, TransAlta, Encana, and NGTL indicated a desire to monitor the proceeding and reserved the right to participate in all aspects of the proceeding.

7. On February 3, 2012, the Commission issued a written process schedule for the 2012 interim revenue requirement application, with a deadline of February 17, 2012, for information requests from parties. Information responses were due on March 2, 2012.

8. On February 22, 2012, the AUC received a letter from AP requesting a time extension to filing information responses from March 2, 2012, to March 16, 2012, due to resource constraints and in order to enable AP to give full and meaningful responses.

9. In the interest of getting the best information possible, the Commission approved AP's extension request on February 24, 2012. The Commission provided an amended process schedule for the remainder of the proceeding. In accordance with this schedule, the due date for AP's responses was March 16, 2012. Argument and reply argument were due on March 30, 2012, and April 13, 2012, respectively.

10. The Commission considers the record for this proceeding to have closed on April 13, 2012.

2 Background

11. On April 29, 2009, the Commission issued Decision [2009-051](#)² approving AP's request to negotiate its 2010-2012 General Rate Application Phase I revenue requirements subject to AP filing certain information with the Commission. The Commission approved the negotiated settlement agreement (the settlement) between AP and its customers in Decision [2010-228](#)³. The settlement established a methodology to calculate the revenue requirements for each of 2010, 2011 and 2012. AP's initial revenue requirements of \$211,782,000.00 for 2010, \$207,482,000.00 for 2011 and \$215,182,000.00 for 2012 were approved subject to future adjustments in accordance with the terms of the settlement. The settlement established that for each test year AP was to file interim and final revenue requirement applications with the AUC. A condition of the settlement approved in Decision 2010-228 is for AP to hold an annual meeting with its customers, as outlined in clauses 4, 10 and 17 of the settlement. Clause 17 of the settlement states:

After the annual November meeting with customers, AP will file an application for regulatory approval of items resolved at the November meeting.

and

² Decision 2009-051: ATCO Pipelines Request to Negotiate 2010-2012 General Rate Application Phase I, Application No. 1604425, Proceeding ID No. 160, Released: April 29, 2009.

³ Decision 2010-228: ATCO Pipelines 2010-2012 Revenue Requirement Settlement and Alberta System Integration, Application No. 1605226, Proceeding ID No. 223, Released: May 27, 2010.

AP will file for interim revenue requirements and interim rates if required, to be effective January 1 of the following year.

12. On November 26, 2011, AP provided documentation to customers updating its forecast 2012 revenue requirement, in accordance with the terms of the settlement. AP held an annual customer meeting on November 29, 2011, to review updated capital expenditure forecasts, 2012 business cases and the 2012 interim revenue requirement. On December 8, 2011, AP provided parties with additional documentation requested by customers.

13. On June 20, 2012, the Commission issued Decision [2012-170](#).⁴ In Decision 2012-170, the Commission approved AP's 2012 revenue requirement and supporting calculations on an interim refundable basis, with the exception of the UPI component of AP's proposed interim revenue requirement. The Commission found that further information was required including the need for the UPI and the justification of the technical solutions and costs. The Commission denied the inclusion of costs related to the UPI and directed AP to decrease its interim revenue requirement by two per cent to \$189,318,360.00 to reflect the removal of all of the UPI capital expenditures and costs.

14. AP filed its costs claim on May 9, 2012, which was followed by the CCA's costs claim submission on May 11, 2012. Both costs claims were received before the costs submission deadline of May 13, 2012.

15. On May 14, 2012, the Commission circulated a summary of costs being claimed to interested parties. Parties were advised that any comments regarding the figures listed in the summary or the merits of the costs claimed were to be filed by May 29, 2012. The Commission did not receive any comments regarding the costs claims submitted in this proceeding. Accordingly, the Commission considers the costs process to have closed on May 29, 2012.

3 Views of the Commission – authority to award costs

16. When assessing a costs claim pursuant to Section 21 of the *Alberta Utilities Commission Act*, the Commission applies the AUC Rule 022: *Rules on Intervener Costs in the Utility Rate Proceedings* (Rule 022). Rule 022 also prescribes a *Scale of Costs* applicable to applicant and intervener costs claims.

17. In exercising its discretion to award costs, the Commission will, in accordance with Section 11 of Rule 022, consider whether an eligible participant acted responsibly and contributed to a better understanding of the issues before the Commission, and whether the costs claimed are reasonable and directly and necessarily related to the proceeding. The Commission considers these factors in light of the scope and nature of the issues in question.

18. In the Commission's view, the responsibility to contribute positively to the process is inherent in the choice to intervene in a proceeding. The Commission 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. To the extent reasonably possible, the Commission will be mindful of participants' willingness to co-operate

⁴ Decision 2012-170: ATCO Pipelines 2012 Interim Revenue Requirement, Application No. 1608058, Proceeding ID No. 1666, Released: June 20, 2012.

with the Commission and other participants to promote an efficient and cost-effective proceeding.

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

4 Views of the Commission - assessment

4.1 AP's costs claim

20. AP submitted a costs claim totalling \$21,070.00. The claim is comprised of legal fees for Bennett Jones in the amount of \$21,070.00 for a total of 60.2 hours of legal work. In its costs claim, AP stated that Bennett Jones LLP provided legal review and consultation regarding AP's application. The legal hours incurred for consultation and review of the application were 2.7 hours. The time summary prepared by Bennett Jones LLP, and attached to AP's costs application, indicated that additional hours incurred were: 28.4 hours for preparation and review of information responses, 3.1 hours for argument, and 26 hours for reply argument.

21. The Commission finds that the participation of AP was effective and of assistance in reviewing the application. The Commission notes the scope, complexity of the issues before it and the extent of the examination required in relation to AP's 2012 interim revenue requirement application. Most of the time AP has claimed for legal consulting related to preparation of information responses, argument, and reply argument. The Commission also notes that the claim for professional fees were in accordance with the *Scale of Costs*. Accordingly, the Commission considers AP's claim for costs in the total amount of \$21,070.00 to be reasonable given the number of information responses and the submissions provided in the course of this proceeding. The Commission approves AP's costs as filed.

4.2 The CCA's costs claim

22. The CCA submitted a costs claim totalling \$6,059.97. The claim is comprised of consulting fees for Regulatory Services Inc. in the amount of \$5,750.00, with disbursements of \$21.40 and GST of \$288.57. Regulatory Services Inc. hours for consulting services were 19 hours for preparation and 6 hours for argument and reply.

23. The Commission finds that the participation of the CCA was effective and of assistance in reviewing the application. The Commission notes the scope, complexity of the issues before it and the extent of the examination required in relation to AP's 2012 interim revenue requirement application. The Commission also notes that the claim for professional fees were in accordance with the *Scale of Costs*. Accordingly, the Commission considers the CCA's claim for costs in the total amount of \$6,059.97 to be reasonable given the information requests and the submissions provided in the course of this proceeding. The CCA's costs claim is approved as filed.

5 GST

24. In accordance with the Commission's treatment of GST on costs awards, AP is required to pay that portion of the GST paid by interveners that may not be recoverable through the GST

credit mechanism. Accordingly, the eligible GST approved by the Commission amounts to \$288.57. The GST allowed by the Commission may also be charged against AP's hearing costs reserve account.

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

6 Order

26. It is hereby ordered that:

- (1) ATCO Pipelines shall pay the Consumers' Coalition of Alberta's intervener costs in the amount of \$6,059.97, as set out in column (h) of Appendix A.
- (2) ATCO Pipelines shall pay external costs in the amount of \$21,070.00, as set out in column (h) of Appendix A.
- (3) ATCO Pipelines shall record in its hearing costs reserve account the allowed intervener and external costs in the amount of \$27,129.97.

Dated on August 21, 2012.

The Alberta Utilities Commission

(original signed by)

Anne Michaud
Commission Member

(original signed by)

Neil Jamieson
Commission Member

ATCO Pipelines
2012 Interim Revenue Requirement
Proceeding ID No. 1874
App. Nos. (1608058)1608435,1608441
Total Costs Claimed/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)
APPLICANT								
ATCO Pipelines								
Bennett Jones LLP	\$21,070.00	\$0.00	\$0.00	\$21,070.00	\$21,070.00	\$0.00	\$0.00	\$21,070.00
Sub-Total	\$21,070.00	\$0.00	\$0.00	\$21,070.00	\$21,070.00	\$0.00	\$0.00	\$21,070.00
Amount of Intervener Costs				\$6,059.97				\$6,059.97
Amount to be recorded in Hearing Costs Reserve Account				\$27,129.97				\$27,129.97
INTERVENER								
Consumers' Coalition of Alberta								
Regulatory Services Inc.	\$5,750.00	\$21.40	\$288.57	\$6,059.97	\$5,750.00	\$21.40	\$288.57	\$6,059.97
Sub-Total	\$5,750.00	\$21.40	\$288.57	\$6,059.97	\$5,750.00	\$21.40	\$288.57	\$6,059.97
TOTAL INTERVENER COSTS				\$6,059.97	\$5,750.00	\$21.40	\$288.57	\$6,059.97
TOTAL INTERVENER AND APPLICANT COSTS				\$27,129.97	\$26,820.00	\$21.40	\$288.57	\$27,129.97