


MADE at the City of Calgary, in the Province of Alberta, on 18 th day of August 2005	 ALBERTA ENERGY AND UTILITIES BOARD
ATCO Gas 2003/2004 GRA Impact of the Retail Transfer Compliance Filing Pursuant to Decision 2005-039	Application No. 1403730

Order U2005-307 issued by the Alberta Energy and Utilities Board on July 26, 2005 contained three errors. The corrections are noted in bold.


In the Introduction section the first sentence contained a reference to “Decision 2005-039, dated May 3, 2000” which should have read “Decision 2005-039, dated May 3, **2005.**”

In the Order section the 2004 Base Rate Revenue Requirements for ATCO Gas North and ATCO Gas South were reversed. The Orders should have read as follows:

- 1) The ATCO Gas North 2004 Base Rate Revenue Requirement is finalized as **\$196,184,000** and the revenue shortfall is \$(3000) in 2003 and \$(299,000) in 2004.
- 2) The ATCO Gas South 2004 Base Rate Revenue Requirement is finalized as **\$198,058,000** and the revenue shortfall is \$0 in 2003 and \$4,058,000 in 2004.

This Errata has been incorporated into the Order that appears on the EUB Web site.

END OF DOCUMENT

<p>MADE at the City of Calgary, in the Province of Alberta, on 26th day of July 2005.</p>	<p> ALBERTA ENERGY AND UTILITIES BOARD</p>
<p>ATCO Gas 2003/2004 GRA Impact of the Retail Transfer Compliance Filing Pursuant to Decision 2005-039</p>	<p>Application No. 1403730</p>

1 INTRODUCTION

On June 3, 2005 ATCO Gas filed its Compliance Filing with the Alberta Energy and Utilities Board (the Board) pursuant to Decision 2005-039, dated May 3, 2000, regarding the adjustment to the 2003/2004 General Rate Application (GRA) due to the impact of the retail transfer to Direct Energy Regulated Services. A portion of Decision 2005-039 also dealt with the ITBS [I-Tek Business Services] volume forecast for 2003/2004, and directed a separate compliance filing in respect of ITBS. This Order will deal with only those directions that do not include ITBS volume forecasts.

On June 15, 2005 the Board issued a letter outlining a review process, which was amended by letter dated June 29, 2005, permitting submissions from interested parties by July 4, 2005 and reply by ATCO Gas by July 15, 2005.

2 COMPLIANCE WITH BOARD DIRECTIONS

Direction 1 (Royalty Fee)

Direction 1 required ATCO Gas to include in the next GRA any royalty fee payable in 2005 that was required to true-up the fee in accordance with the License Agreement.

Board Findings

ATCO Gas referenced "Tab 1.0, Decision 2005-039" of its 2005-2007 GRA filing, wherein it indicated that it would include any update in the compliance filing to the 2005-2007 GRA. The Board notes there were no objections to ATCO Gas' submission and considers that ATCO Gas has satisfactorily complied with Direction 1.

Direction 3 (Customer Communications)

In Direction 3 the Board directed ATCO Gas to reduce the amount claimed by it from \$2.9 million to \$2.65 million and to divide it equally between ATCO Gas North (AGN) and ATCO Gas South (AGS).

Board Findings

The Board notes that Alberta Urban Municipalities Association and Public Institutional Consumers of Alberta (AUMA/PICA) were satisfied that ATCO Gas had complied. The Board also notes that The City of Calgary (Calgary) questioned whether ATCO Gas had properly calculated the amount. ATCO Gas' reply explained its calculation and the Board is satisfied that ATCO Gas has complied with Direction 3.

Direction 4 (Administration Costs)

Decision 2005-039 directed ATCO Gas to reduce the amount of Administration Costs (account 721) in 2004 by taking 7/12 of 10% of the amount approved in Decision 2004-047, dated June 15, 2004, to arrive at the amount by which to reduce the 2004 revenue requirement.

Board Findings

In its submission, AUMA/PICA did not object to the reductions as filed by ATCO Gas. Calgary questioned whether the calculation was done correctly. In its reply, ATCO Gas explained its understanding of the Board's direction. Accordingly, the Board is satisfied that the calculation was done correctly and that ATCO Gas has complied with Direction 4.

Direction 10 (Collection of Revenue Shortfall)

Direction 10 required ATCO Gas to include in the Compliance Filing a proposal to collect any revenue shortfall resulting from Decision 2005-039.

Board Findings

Due to their immateriality, ATCO Gas proposed to hold the shortfall amounts for AGN in a deferral account pending the finalization of the remaining placeholders for the 2003/2004 GRA. For AGS, ATCO Gas proposed to collect the amounts by way of a rate rider during the period August 1, 2005 to December 31, 2005.

The Board has reviewed the concerns expressed by AUMA/PICA with respect to collection by AGS of the \$4.058 million shortfall by way of a rider during the period August 1 to December 31, 2005. AUMA/PICA submitted that the Board should not approve the collection of the revenue shortfall because the adjustments due to the ITBS volumes have not been substantiated. The Board notes no other party expressed any views. The Board considers that the Compliance Filing has substantiated the shortfall with respect to all items with the exception of those dealing

with the ITBS volumes. However, any changes, positive or negative, that may result from Application No. 1403050, the process dealing with the issue of ITBS volumes, are subject to a deferral account and can be dealt with following the decision on that application. There is no need to delay collection of the \$4.058 million while awaiting such a decision. In addition, there is the current ATCO Gas 2005-2007 GRA process in which ATCO Gas has requested interim rates for only 50% of the for shortfall related to the filed revenue requirement. All these processes will ultimately be reconciled. Accordingly, the Board finds it unnecessary to delay collection of the shortfall and dismisses the objection of AUMA/PICA.

The Board accepts ATCO Gas' proposal with respect to the shortfall amounts applicable to AGN and AGS. Refer to Appendix A for the amount of the shortfall riders.

Direction 11 (2003/2004 GRA Phase II)

In Direction 11 ATCO Gas was required to provide an update respecting a 2003/2004 GRA Phase II application.

Board Findings

ATCO Gas indicated it did not plan to file new rates in the Phase II application, but would demonstrate that the rates charged in 2003 and 2004 were fair and reasonable. However, ATCO Gas suggested that a Phase II application should be filed to finalize the rates for 2003/2004 and for the purpose of establishing principles that can be used for the determination of final rates for 2005-2007 GRA (the 2005-2007 GRA Phase I was filed on May 13, 2005). ATCO Gas stated it expected it could file the Phase II application no later than 30 days after the Compliance Filing decision was issued. There were no comments from any interested parties on this matter.

At this time, the Board will not make any determinations regarding the function of the proposed 2003/2004 GRA Phase II filing, but will await the filing, expected 30 days from the date of this Order, and the subsequent process to address the proposals.

Other Items and Revenue Requirement

ATCO Gas included in the Compliance Filing replacement amounts for the ATCO Pipelines transmission fee placeholders applicable to both AGN and AGS.

Also included was the removal of \$50,000 of production assets for AGN, which had previously not been removed from rate base, and updated cost of service to Deferred Gas Account and Storage Rider schedules for revised weighted cost of capital calculations.

Board Findings

The Board notes there were no comments from interested parties on these matters and finds the amounts to be reasonable. The Board accepts the adjustments to the revenue requirements for AGN and AGS as filed.

3 ORDER

IT IS HEREBY ORDERED THAT:

- 1) The ATCO Gas North 2004 Base Rate Revenue Requirement is finalized as \$198,058,000 and the revenue shortfall is \$(3,000) in 2003 and \$(299,000) in 2004.
- 2) The ATCO Gas South 2004 Base Rate Revenue Requirement is finalized as \$196,184,000 and the revenue shortfall is \$0 in 2003 and \$4,058,000 in 2004.
- 3) ATCO Gas implement a rate rider to collect the shortfall in the amount of \$4,058,000 from customers of AGS between August 1 and December 31, 2005, as per the attached Appendix A.

END OF DOCUMENT

**ATCO GAS
SHORTFALL RIDERS
effective August 1, 2005**

ATCO Gas South

RATE	DESCRIPTION	2004 * REVENUE AT EXISTING RATES (\$000)	% of REVENUE AT EXISTING RATES %	SHARE OF REVENUE SHORTFALL (\$000)	FORECAST ** Aug 1-DEC 31 2005 CONSUMPTION TJ	SHORTFALL RATE RIDER (\$/GJ)
1	GENERAL	149,095	89.4%	3,629.7	33,148	\$ 0.110
3	LARGE USE	10,416	6.2%	253.6	3,902	\$ 0.065
5	IRRIGATION	832	0.5%	20.3	296	\$ 0.068
13	DISTRIBUTION TRANS	6,343	3.8%	154.4	7,815	\$ 0.020
		<u>166,686</u>	<u>100.0%</u>	<u>4,058.0</u>	<u>45,161</u>	

* 5-11 Attachment 1-4 2003/04 GRA Application

** TAB 7.5 South 2005-2007 GRA Application