


MADE at the City of Calgary, in the Province of Alberta, on  24th day of August 2005.	 ALBERTA ENERGY AND UTILITIES BOARD
AltaGas Utilities Inc. 2003/2004 General Rate Application(GRA) Deficiency Rider and Disposition of Residual Revenue Excesses and Gains from the 2000/2001/2002 GRA	Application No. 1413073

## 1 INTRODUCTION

On August 10, 2005, the Alberta Energy and Utilities Board (the Board or EUB) received an application (the Application) from AltaGas Utilities Inc. (AUI or the Company) requesting approval to:

- Collect the net 2003/2004 revenue deficiency; and,
- Eliminate of the residual balance remaining from the disposition of residual revenue excesses and other gains from the 2000/2001/2002 GRA.

On August 12, 2005, the Board issued a Notice of Application to all parties on AUI's 2003/2004 GRA distribution lists. Parties who wished to register an objection to, or submission in support of the Application, were asked to do so by August 22, 2005. The Board did not receive any objections or submissions with respect to the Application.

## 2 PARTICULARS OF THE APPLICATION

By letter dated November 9, 2004, the Board approved AUI's 2003 and 2004 revenue requirements of \$138,190,699 and \$124,534,752, respectively. At existing rates, the resulting 2003 excess was \$7,625 and the 2004 deficiency was \$629,317.

In Decision 2003-024, the Board approved AUI's proposal to distribute revenue excesses and other gains stemming from the 2000/2001/2002 GRA Phase I process. Subsequent to the distribution, a reconciliation report indicated a residual balance of \$79,914 remained to be paid to customers.

AUI proposed to recover the net deficiency amount of \$541,778 from customers through a deficiency rider in the month of October 2005. This one-time charge would be applicable to AUI's sales, buy-sell, and transportation end-use customers on bills processed in that month and applied to each account based on billed revenues, excluding gas charges, on statements processed in the January 2004 through December 2004 billing cycles. In this context, billed

revenues refer to the monthly fixed charge, variable base energy charge, and monthly demand charge, where applicable.

Based on 2004 billed revenues, excluding gas charges, AUI calculated the deficiency rider as follows:

1	Net amount to be recovered	\$541,778
2	2004 Billed revenue (net of gas charges)	\$27,282,700
	<b>2004 Deficiency rider</b> (line 1 divided by line 2)	<b>\$0.020</b>

AUI estimated that a typical residential customer that had used 125 GJs in 2004 would be charged approximately \$7 (or approximately 6.5% of the estimated total gas and delivery charges) via the rider in October 2005. Any balance remaining after the deficiency rider is applied would be considered at the time of the next GRA. A reconciliation of the amounts recovered through the deficiency rider should be filed with the Board by March 31, 2006.

#### **4 BOARD FINDINGS**

The Board notes that no parties objected to AUI's proposed deficiency rider set to recover the net amount of \$541,778 from the 2003/2004 revenue deficiency and the residual balance remaining from the disposition of residual revenue excesses and other gains from the 2000/2001/2002 GRA.

The Board considers AUI's proposal of a single rider across all classes is a pragmatic approach that is simple, and should collect very close to the desired revenue amount.

The Board notes that AUI indicated that a typical residential customer that used 125 GJs in 2004 would be charged approximately \$7 (or approximately 6.5% of the estimated total gas and delivery charges) in October 2005. The Board considers that a one time rider of \$7 appears reasonable given that October is not a high consumption period and should therefore be less of a cost burden on customers than if it occurred during the winter period.

The Board therefore approves AUI's proposed deficiency rider to be applied on a one-time basis in the month of October 2005. Any balance left after the deficiency rider has been applied would be considered at the time of the next GRA. The Board expects AUI to file a reconciliation of the amounts recovered through the deficiency rider with the Board by March 31, 2006.

#### **5 ORDER**

THEREFORE IT IS ORDERED THAT:

- (1) The Board hereby approves AUI's deficiency rider of \$0.020 per dollar of billed revenue to be applied, as applied for, on a one-time basis in the month of October 2005.
- (2) The Board directs AUI to file a reconciliation of the amounts recovered through the deficiency rider with the Board by March 31, 2006.

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