


MADE at the City of Calgary, in the Province of Alberta, on 6 th day of October 2005	 ALBERTA ENERGY AND UTILITIES BOARD
ATCO Gas and ATCO Electric Daily Fixed and Demand Charges	Application No. 1411332

1 BACKGROUND AND DETAILS OF THE APPLICATION

The Alberta Energy and Utilities Board (Board) received a joint application (Application) from ATCO Gas and ATCO Electric (ATCO) on July 28, 2005 requesting approval to convert monthly fixed charges and monthly demand charges to daily rates effective January 1, 2006. ATCO proposed that the final rate calculations and revised rate schedules would subsequently be submitted for Board approval as a compliance filing interim rate application in conjunction with other rate changes proposed for January 1, 2006.

ATCO submitted that this change would streamline billing procedures for retailers and reduce customer confusion and complaints. ATCO considered that the change would align with implementation of the Tariff Billing Code (TBC) requirement for full-day billing and would facilitate increased functionality and understanding associated with prorated charges for customer/retailer events occurring within a month. Additionally, ATCO indicated that no revenue variation would arise as a result of the change.

The Board invited interested parties to make submissions on the ATCO Application by September 7, 2005 and indicated that if no material concerns were identified, the Board would proceed with disposition of the Application without further process. Submissions were received from the Utilities Consumer Advocate (UCA) and Consumers Coalition of Alberta (CCA). ATCO responded to the UCA and CCA submissions on September 21, 2005.

The Board considers that the record for this Application closed on September 21, 2005.

2 VIEWS OF THE BOARD

The Board considers that the issues to be examined in this Application can be categorized as follows:

- Appropriate forum to deal with the proposed conversion to daily charges
- Requirement and implications of daily charges
- Timing of implementation

The Board will discuss each topic in the following sections.

Appropriate Forum to Deal with the Proposed Conversion to Daily Charges

The CCA and UCA identified that it might be appropriate to deal with the topics of this Application in subsequent General Rate Application (GRA) Phase II proceedings for ATCO Gas and ATCO Electric. The Board concurs with ATCO that in the circumstances, the issues require attention and resolution earlier than would be attainable through subsequent GRA proceedings, as ATCO has identified earlier deadlines arising from other processes such as the TBC process development. While the Board also recognizes the workload concerns as identified by the UCA, it considers that this Application should more appropriately be dealt with at this time.

Requirement and Implications of Daily Charges

ATCO identified that it prepared this Application incorporating consideration for compliance with the TBC. The Board notes that under *Board Directive 012: Alberta Tariff Billing Code*, a TBC has been developed as a result of a consultative process facilitated by the Board and involved wire owners, regulated rate providers, competitive retailers, the Department of Energy (Electricity Business Unit), and third-party billing agents (collectively called the market participants). While the terminology in the TBC is currently specific for electricity, it was developed to accommodate the exchange of information for the retail natural gas market as well. The Board anticipates that the scope of the TBC documentation will be expanded for natural gas and notes that a process in that regard has been initiated under ATCO Gas Tariff Billing Code Application 1411645. Accordingly, the Board considers that procedures and systems will be required for both electricity and gas, and anticipates that efficiencies will be attainable for ATCO customers by considering electricity and gas needs simultaneously, consistent with the approach in this Application.

As ATCO has identified, Section 2.7 of the TBC addresses a requirement for full-day billing as noted below:

2.7 Full-Day Billing

To comply with the tariff bill file standards, wire owners must present their tariff charges and usage information in terms of whole days, in accordance with the processes that they have filed with the EUB (see Appendix C). The consequence of this obligation is that only one tariff rate code per site may be presented in a full day.

The Board concurs with ATCO's comments in this Application that provision of full-day billing information for fixed charges and demand charges is consistent with the provisions of Section 2.7 of the TBC and would effectively facilitate its implementation.

ATCO also referenced Section 6.1 of the TBC, which deals with the obligations for the utility to develop market readiness procedures to maintain compliance with the TBC. While the UCA had expressed a lack of clarity as to why this section required daily charges, ATCO explained that the linkage related to the overall establishment of procedures which would include matters such as making partial month calculations of utility charges. ATCO described that it considered these charges would be more clear and certain for the utilities, retailers/default supply provider and customers if the determination methodology was clearly documented within the published rates. The Board concurs with this interpretation respecting Section 6.1.

The Board notes that ATCO did not address whether or not there were any cost implications that might arise from the conversion from monthly fixed charges and monthly demand charges to

daily rates. However, ATCO has stated that the proposed changes would be implemented in a fashion leaving both customers and utility shareholders revenue neutral. Accordingly, the Board considers that there are no apparent cost or revenue related concerns with respect to the procedural change. If any concerns should arise, the Board could address them in a subsequent proceeding.

For the reasons discussed above, the Board considers that the ATCO request to convert its rates from monthly fixed charges and monthly demand charges to daily rates is appropriate and in the public interest.

Timing of Implementation

The UCA expressed a concern that it might be appropriate to align the conversion proposed in the Application with the ends of billing cycles, rather than at a fixed date of January 1, 2006 as proposed by ATCO, as the conversion process could trigger some occurrence of events that it was intended to alleviate. In this regard ATCO clarified that prorating of any new rate was a standard procedure in ATCO's billing system wherein accounts would be charged the appropriate rate based on the number of days in the billing period to which each rate was applicable.

The Board accepts ATCO's perspective that it will be able to effectively manage the one-time transition from monthly to daily rates and considers that the implementation result will be beneficial in aggregate.

The Board notes that ATCO has proposed a January 1, 2006 implementation date and that ATCO considered that timing would facilitate the testing and implementation of electric TBC dates of July 1, 2006 (previously February 1, 2006) as prescribed by the Board. ATCO also noted that a conversion at the beginning of a year would make the transition calculation simpler due to the varying number of days in each month. The Board considers a January 1, 2006 implementation date to be appropriate and notes that ATCO would incorporate the new rate calculations into a subsequent compliance filing application including other January 1, 2006 interim rates, which the Board considers would be procedurally efficient.

3 ORDER

THEREFORE, IT IS HEREBY ORDERED THAT:

- (1) ATCO Gas and ATCO Electric convert from monthly fixed charges and monthly demand charges to daily rates effective January 1, 2006.
- (2) ATCO Gas and ATCO Electric file compliance applications with the Board including their respective rate calculations and rate schedules incorporating daily fixed charges and demand charges by not later than December 5, 2005.

END OF DOCUMENT