



## **AltaGas Utilities Inc.**

**2008-2009 General Rate Application – Phase II  
Negotiated Settlement**

**March 8, 2011**

**The Alberta Utilities Commission**  
Decision 2011-073 AltaGas Utilities Inc.  
2008-2009 General Rate Application – Phase II  
Negotiated Settlement  
Application No. 1606230  
Proceeding ID No. 651

March 8, 2011

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## **1 Introduction**

1. On May 21, 2010, AltaGas Utilities Inc. (AltaGas or AUI) filed a 2008-2009 General Rate Application (GRA) Phase II (the Phase II application) with the Alberta Utilities Commission (the AUC or the Commission<sup>1</sup>). The Phase II application requested approval of the following:

- the proposed cost of service concepts and principles
- the proposed rate design and resulting distribution service rates, effective January 1, 2011
- the proposed method to administer the 2007, 2008 and 2009 deficiency balance
- the rates in place for 2008 and 2009 as final rates
- the proposed Terms and Conditions of Service (T&Cs) and special charges, effective January 1, 2011
- the continuation and application of the above noted cost of service concepts and principles, rate design concepts<sup>2</sup> and T&Cs and special charges for the finalization of rates to recover AltaGas' 2010-2012 revenue requirement to be determined as part of its forthcoming 2010-2012 GRA Phase I.<sup>3</sup>

2. The Commission published notice of the Phase II application on May 26, 2010, which included a requirement that interested parties wishing to intervene in the proceeding must submit a statement of intent to participate (SIP) to the AUC by June 14, 2010. Parties that submitted a SIP were ATCO Gas, a division of ATCO Gas and Pipelines Ltd., BP Canada Energy Company, the Consumers' Coalition of Alberta (CCA) and The Office of the Utilities Consumer Advocate (UCA).

3. By letter dated May 27, 2010, AltaGas requested that the Commission include a provision in the process schedule which would allow it to pursue a negotiated settlement process (NSP) with interested parties. By letter dated June 17, 2010, the Commission sought comments from interested parties concerning the provision for a NSP and the process schedule to be used for the Phase II application. In letters dated June 25, 2010 the Commission received comments from the UCA and the CCA. Both parties supported the NSP and the UCA, supported by the CCA, proposed a schedule for the process to the time of an oral hearing commencing

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<sup>1</sup> AUC refers to the Alberta Utilities Commission as an organizational entity; Commission refers to the AUC Commission members as a collective body or a panel.

<sup>2</sup> By letter dated August 16, 2010, AltaGas filed corrections to two errors it found in its cost of service study and rate design.

<sup>3</sup> Application No. 1606822, Proceeding ID No. 969.

November 15, 2010, if a hearing was considered necessary. In response to the scheduling proposal by the UCA, AltaGas submitted an alternate proposal in which a possible oral hearing would commence on October 25, 2010.

4. By letter dated June 30, 2010, the Commission approved AltaGas' request to pursue the NSP for the 2008-2009 test years only with interested parties. The Commission established the following process schedule for the Phase II application:

Process Step	Deadline Date
Information Request Round 1 to AUI (Phase II application)	July 26, 2010 – 2 p.m.
Information Response Round 1 from AUI (Phase II application)	August 16, 2010 – 2 p.m.
Intervener Evidence	September 7, 2010 – 2 p.m.
Deadline for Settlement	September 30, 2010 – 2 p.m.
Information Request Round 2 to AUI (Settlement)	October 15, 2010 – 2 p.m.
Information Response Round 2 to AUI (Settlement)	October 29, 2010 – 2 p.m.

If the negotiations failed to result in a settlement, the following remaining schedule steps would apply:

Process Step	Deadline Date
Deadline for Settlement	September 30, 2010 – 2 p.m.
Information Requests on Evidence	October 15, 2010 – 2 p.m.
Information Responses	October 29, 2010 – 2 p.m.
Rebuttal Evidence	November 15, 2010 – 2 p.m.
Oral Hearing, if Necessary	November 24-26, 2010
Simultaneous Argument	To be determined
Simultaneous Reply Argument	To be determined

5. By letter dated July 6, 2010, the Commission advised parties on its gas and pipeline distribution list of AltaGas' subsequent request to negotiate and the Commission's related approval. The Commission's May 26, 2010 notice did not include any reference to the NSP because AUI had not applied for it at that time. On July 21, 2010, the Commission received a letter from AltaGas in which it expressed concern that the Commission restricted approval for its request to pursue a NSP with interested parties only to the 2008 and 2009 test years referred to in the Phase II application. In particular, AltaGas noted that, in the Phase II application, it requested the Commission's approval to apply the cost of service concepts and principles, rate design concepts and T&Cs, and special charges from a potential settlement to recover AUI's 2010-2012 revenue requirement, which would be determined in AltaGas' forthcoming 2010-2012 Phase I GRA.

6. By virtue of AltaGas' letter of July 21, 2010, the Commission considered that AltaGas had amended its request to pursue a settlement with interested parties by expanding the NSP beyond the 2008 and 2009 test years. The Commission found that the cost of service study (COSS) filed by AltaGas as part of the Phase II application would sufficiently address the 2010-2012 time period. Consequently, by letter dated July 29, 2010, Commission allowed AltaGas to

include the cost of service concepts and principles, rate design concepts and T&Cs, and special charges determined in AUI's 2010-2012 revenue requirement in the NSP.

7. Notwithstanding its approval for expanding the scope of the NSP, the Commission was not satisfied that all potentially interested parties had been made aware that AltaGas intended to apply determinations made by the Commission in respect of the Phase II application to periods beyond the 2008 and 2009 test years. Therefore, the Commission required that an additional Notice of the Phase II application be published in all of AltaGas' service territories in order that all potentially interested parties could be informed of AltaGas' intent to include matters relating to the years 2010-2012 in the NSP.

8. The Commission published a notice of application (supplementary) on August 5, 2010, which included a requirement that interested parties wishing to intervene in the Phase II application, who had not previously filed a SIP, do so by August 23, 2010. No additional party submitted a SIP.

9. By letter dated September 30, 2010, AltaGas advised the Commission that the UCA, the CCA and AltaGas had reached a tentative agreement regarding all key matters raised in the Phase II application and requested a one-week extension, which was granted by the Commission.

10. By letter dated October 15, 2010, AltaGas submitted to the Commission a settlement brief (settlement application) and negotiated settlement agreement (settlement agreement) which had been ratified by the participants in the NSP. These documents set out the requested approval for the settlement, the history of events leading up to the settlement, the extension of its terms to the years 2010 through 2012, and the key issues covered by the settlement.

11. Approval for the settlement, implementation of final rates and terms and conditions of service for 2008 and for 2009, and extension of the agreed upon terms to 2010 through 2012 were requested pursuant to Section 44 of the *Gas Utilities Act*, AUC [Rule 001: Rules of Practice](#), and AUC [Rule 018: Rules on Negotiated Settlements](#) (Rule 018). Copies of the settlement application and settlement agreement are attached to this decision as [Appendix 3](#).

12. In the settlement application, AltaGas requested the following specific approvals:

- the proposed cost of service concepts and principles, as revised under the terms of the settlement and reflected in Appendix A of the settlement
- the proposed rate design set forth in Appendix A of the settlement and resulting distribution service rates as set forth in Appendix B of the settlement, with the proposed rates to take effect January 1, 2011
- the method proposed in the GRA to administer the 2007, 2008 & 2009 deficiency balance
- the rates in place for 2008 and 2009 as final rates
- the Terms and Conditions of Service (T&Cs) attached as Appendix C to the settlement on a final basis
- the Special Charges Schedule in the Natural Gas Utility Service Rules included in Appendix C to the settlement, effective January 1, 2011

- establishment of 2010-2012 rates based on provisions of the settlement
- all other provisions of the settlement

13. By letter dated November 3, 2010, the Commission advised that it had reviewed the settlement application and settlement agreement, and revised the process schedule to include additional information requests. The information requests were issued to parties participating in the NSP on November 17, 2010. Information request responses were due on December 1, 2010, and received on December 1, 2010. Argument was due on December 8, 2010, and received on December 8, 2010.

14. The Commission considers the record for Proceeding ID. No. 651 to have closed on December 8, 2010, with the submission of argument by AltaGas and the UCA.

15. The Commission panel assigned to deal with the Phase II application consisted of Mr. Tudor Beattie, QC, Panel Chair, Mr. Bill Lyttle, Commission Member and Mr. Mark Kolesar, Commission Member.

16. In reaching its determinations set out within this decision, the Commission has considered all relevant materials comprising the record of this proceeding, including the submissions provided by each party. Accordingly, references in this decision to specific parts of the record are intended to assist the reader in understanding the Commission's reasoning relating to a particular matter and should not be taken as an indication that the Commission did not consider all relevant portions of the record with respect to that matter.

## 2 Background

17. AltaGas' previous GRA Phase II, for the 2005-2006 test years, was approved in Decision [2007-079](#).<sup>4</sup> A compliance filing that required AltaGas to update its T&Cs pursuant to specified directions included in that decision was approved in Decision [2007-093](#).<sup>5</sup> For purposes of clarity regarding the aforementioned decisions, approvals of AltaGas' Natural Gas Utility Service Rules, Retailer Distribution Service Regulations, standard contracts associated with the Retailer Distribution Service Regulations, Transportation Service Regulations and General T&Cs were confirmed in Decision [2007-079 \(Addendum\)](#).<sup>6</sup>

18. In December 2006, AltaGas filed a 2007 GRA Phase I, which was approved in Decision [2007-094](#).<sup>7</sup> A compliance filing in respect of that decision was approved in Decision [2008-032](#).<sup>8</sup> AltaGas was not required to file a Phase II application for the 2007 GRA.

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<sup>4</sup> Decision 2007-079: AltaGas Utilities Inc., 2005/2006 General Rate Application Phase II, Application No. 1491262, October 16, 2007.

<sup>5</sup> Decision 2007-093: AltaGas Utilities Inc., 2005/2006 General Rate Application Phase II, Compliance Filing, Application No. 1543961, November 27, 2007.

<sup>6</sup> Decision 2007-079 (Addendum): AltaGas Utilities Inc., 2005/2006 General Rate Application Phase II, Request for Clarification, Application No. 155666, February 12, 2008.

<sup>7</sup> Decision 2007-094: AltaGas Utilities Inc., 2007 General Rate Application Phase I, Application No. 1494406, December 11, 2007.

<sup>8</sup> Decision 2008-032: AltaGas Utilities Inc., 2007 General Rate Application Phase I Refiling, Application No. 1556301, April 30, 2008.



19. Subsequent to its 2007 GRA Phase I, AltaGas filed applications for 2007, 2008 and 2009 interim rate approvals, which were granted in Decision [2008-103](#),<sup>9</sup> Order [U2008-324](#),<sup>10</sup> Decision [2009-024](#),<sup>11</sup> Decision [2009-026](#),<sup>12</sup> and Decision [2009-038](#).<sup>13</sup>

20. In July 2008, AltaGas filed a 2008-2009 GRA Phase I, which was approved in Decision [2009-176](#).<sup>14</sup> A compliance filing in respect of that decision was approved in Decision [2010-197](#).<sup>15</sup>

21. In May 2010, AltaGas filed an application requesting approval, on an interim basis, for proposed amendments to its T&Cs and Special Charges, effective June 26, 2010, involving its Natural Gas Utility Service Rules and Retailer Distribution Service Rules. In September 2010, AltaGas filed revisions to the T&Cs. In Decision [2010-484](#),<sup>16</sup> AltaGas' amended T&Cs were approved on an interim basis, effective October 7, 2010.

22. In October 2010, AltaGas filed an application requesting approval for the continuation of the existing interim rates approved in Decision [2009-038](#) as 2010 interim rates, which would allow AltaGas to recover approximately 50 percent of its forecast revenue deficiency for 2010. AltaGas had forecast a revenue deficiency for 2010, which was calculated by comparing the amount of revenue that would be collected under the existing interim rates against the amount of revenue that would be collected under the settlement. Continuation of the interim rates approved in Decision [2009-038](#) as the 2010 interim rates, effective December 1, 2010, was approved in Decision [2010-535](#).<sup>17</sup>

23. On December 3, 2010, AltaGas applied for approval of 2011 interim rates effective January 1, 2011 and was awarded a 6.045 per cent increase in all rates, effective January 1, 2011. In the decision,<sup>18</sup> the Commission also directed AltaGas, assuming the Commission approves the rate methodology set out in the settlement, to continue to collect the 2011 Interim Revenue Requirement, pursuant to the methodology set out in the settlement, on the first day of the month following the Commission's approval.

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<sup>9</sup> Decision [2008-103](#): AltaGas Utilities Inc., 2007 Deficiency Rider, Interim Refundable Rates, and Standard Contribution – Rural Other, Application No. 1575162, Proceeding ID. 64, October 21, 2008.

<sup>10</sup> Order [2008-324](#): AltaGas Utilities Inc., Compliance Filing, Application No. 1592368, October 31, 2008.

<sup>11</sup> Decision [2009-024](#): AltaGas Utilities Inc., 2009 Interim Refundable Rates, Application No. 1598641, Proceeding ID. 145, February 11, 2009.

<sup>12</sup> Decision [2009-026](#): AltaGas Utilities Inc., 2009 Interim Refundable Rates, Rate Schedules, Application No. 1604809, Proceeding ID. 169, February 27, 2009.

<sup>13</sup> Decision [2009-038](#): AltaGas Utilities Inc., 2008 Interim Refundable Rates, Application No. 1604826, Proceeding ID. 170, March 30, 2009.

<sup>14</sup> Decision [2009-176](#): AltaGas Utilities Inc., 2008-2009 General Rate Application Phase I, Application No. 1579247, Proceeding ID. 88, October 29, 2009.

<sup>15</sup> Decision [2010-197](#): AltaGas Utilities Inc., 2008-2009 General Rate Application, Phase I Compliance Filing, Application No. 1605779, Proceeding ID. 452, May 6, 2010.

<sup>16</sup> Decision [2010-484](#): AltaGas Utilities Inc., Interim Terms and Conditions of Service, Application No. 1606231, Proceeding ID. 652, October 7, 2010.

<sup>17</sup> Decision [2010-535](#): AltaGas Utilities Inc., Interim 2010 Rates Application, Application No. 1606665, Proceeding ID. 889, November 18, 2010.

<sup>18</sup> Decision [2010-621](#): AltaGas Utilities Inc., 2011 Interim Rates, Application No. 1606827, Proceeding ID. 971, December 24, 2010.

### 3 Settlement overview

24. The settlement application and the settlement agreement include the following topics:

- settlement fairness/public interest
- settlement term and comprehensiveness
- COSSs underlying the settlement and associated changes to functionalization, classification and distribution of costs
- timing of settlement COSS and rate design, and contemplated rate level and rate schedule changes
- methodology to administer 2007, 2008 and 2009 deficiency balances
- finalization of 2008 and 2009 rates
- T&Cs, including the Special Charges Schedule
- AltaGas commitments for future studies

### 4 Statutory and Commission requirements for a negotiated settlement

#### 4.1 Legislation

25. As noted above, AltaGas requested approval of the settlement and implementation of final rates and terms and conditions of service for 2008 and 2009 and extension of the agreed upon terms to 2010 through 2012, pursuant to Section 44 of the *Gas Utilities Act*, the AUC's Rule 001: *Rules of Practice*, and AUC Rule 018: *Rules on Negotiated Settlements*.<sup>19</sup>

26. Under Section 36 of the *Gas Utilities Act*, the Commission has the power to fix just and reasonable rates and tolls. The *Gas Utilities Act*<sup>20</sup> also provides the Commission with the power to consider and approve negotiated settlements.

27. Sections 4(1) and (2) of AUC Rule 018 set out the requirements for initiating a negotiated settlement process.

**4(1)** An applicant may only commence negotiations with the approval of the Commission.

**(2)** An applicant must notify the Commission of its intention to initiate a negotiated settlement process and provide the Commission with an outline of the pertinent issues to be resolved.

28. In Section 6 of AUC Rule 018, the utility must provide material to allow the Commission to assess the impact of a negotiated settlement to rates and services, including:

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<sup>19</sup> Exhibit 40.01 AltaGas Utilities Inc. 2008-2009 GRA Phase II Settlement, page 1, paragraph 2.

<sup>20</sup> Sections 28.51, 28.52 and 28.53.

- 6(1) Subject to section 3, when an agreement is reached on all or some of the issues, the text of the agreement, including a representation that no party has withheld relevant information, must be circulated to all parties to the agreement.
- (2) Upon the concurrence of the parties on the text of the agreement, an application for approval must be filed with the Commission.
- (3) At a minimum, the application must include the following:
  - (a) evidence of adequate notice;
  - (b) the settlement agreement;
  - (c) details of issues not resolved;
  - (d) outline of issues where acceptance is not unanimous, including the names of those who disagree;
  - (d) the rates that result or will result from the settlement, supported by schedules, to assist the Commission in understanding how the rates were derived;
  - (e) the text of any changes to the terms and conditions of service with supporting information;
  - (f) a description of any outstanding issues; and
  - (g) unless the Commission directs otherwise, a settlement brief explaining the basis of the settlement and how it meets the interests of the parties and the public interest.

29. Section 6(5) indicates that the onus is on the applicant to ensure that there is sufficient evidence to support the application, and that the quality and detail of the evidence and the rationale for the settlement of issues are sufficient to enable the Commission to understand and assess the agreement.

30. AUI submitted the settlement represented an acceptable compromise based on a reasonable balance of interests of the parties to the settlement and was also in the public interest. Consequently, the components of the settlement are inextricably linked and the settlement is presented to the Commission for approval as a single package and is contingent upon the Commission's approval of the entire settlement.<sup>21</sup>

31. Section 28.6 of the *Gas Utilities Act* provides:

**28.6** If the parties negotiate a settlement on the basis that the settlement is contingent on the Commission's accepting the entire settlement, the Commission must either approve the entire settlement or refuse it.

32. As the settlement was negotiated on the basis that it must be accepted or rejected in its entirety by the Commission, the Commission will proceed on that basis in this decision.

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<sup>21</sup> Exhibit 40.01, page 1, paragraph 3.

33. Section 8 of Rule 018 deals with unanimous or unopposed settlements. Section 8(1) provides that the Commission must assess whether the settlement results in rates and terms and conditions that are just and reasonable. Section 8(2) states that the Commission must intervene if the Commission determines that a unanimous settlement is patently against the public interest or contrary to law.

34. In Decision 2008-133,<sup>22</sup> the Commission canvassed previous regulatory and court decisions on the Alberta Energy and Utilities Board's (EUB) Guidelines and AUC Rule 018. The Commission stated:

The Guidelines and subsequent amendments have been considered in several Board and Alberta Court of Appeal decisions. Decision 2000-85<sup>16</sup> considered the 1998 version of the Guidelines at page 6 and outlined the approach to be utilized by the Board when reviewing a unanimous settlement:

In a consensus settlement, the Board considers that two main questions arise. First, the Board must examine the settlement process to ensure it was fair and in accordance with the criteria set out in the Negotiated Settlement Guidelines. In particular, the Board considers that it should be satisfied that proper notice has been provided, no negative response was received to the notice for objections, due process has been provided to participants by allowing for meaningful participation in the process including the funding of interveners' participation, Board staff has participated as an observer in the settlement discussions, and all parties expressing an interest have signed off on the settlement.

Second, the Board must evaluate the settlement to determine whether there are elements which, in the Board's view, could result in rates which are not just and reasonable. In exercising this discretion, the Board believes that it should proceed with caution. The Board is charged with determining whether the settlement will result in rates that are just and reasonable. However, the Board acknowledges that if a settlement is changed in a way that is significant to the parties, it could prove detrimental to that agreement and any future settlements. The Board is mindful that in a package settlement compromises are struck that underpin the acceptability of the agreement among the parties, the importance of which may not be readily apparent to the Board. However, if a review of the settlement, including the possible empanelling of witnesses, reveals provisions that are patently against the public interest, the Board must act to change the agreement. To do otherwise would result in rates that are not just and reasonable. It may do that in a number of ways, including sending the settlement back to enable parties to deal with certain issues before the Board decides, deny the application citing the areas of concern, or direct that the settlement be litigated.

The Board recognizes that when unanimous settlements agreed to by all the interested parties are presented to it, it should restrain any inclination to alter the consensus settlement solely on the basis that it may have done things differently. It is only in circumstances where the settlement is

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<sup>22</sup> Decision 2008-133: NOVA Gas Transmission Ltd. 2008-2009 Revenue Requirement Settlement Application, Application No. 1566927, Proceeding ID. 23, December 17, 2008.

patently against the public interest or contrary to law that the Board should intervene.<sup>23</sup>

<sup>16</sup> Decision 2000-85, Northwestern Utilities Limited Approval of Rates, Tolls, Charges, and Terms and Conditions of Service for Core Customers, and Approval of Amendments to the North Core Agreement (Application 2000297) (Released: December 22, 2000) pp. 3-8

35. The items discussed above in Decision 2000-85 and Rule 018 can be divided into two main considerations: the fairness of the process used in arriving at a negotiated settlement and the degree to which the settlement is in the public interest. In particular, in assessing whether or not to approve the settlement, the Commission must accept or reject the settlement in its entirety, and in so doing must consider:

1. if the process resulting in the settlement was fair, and
2. if approval of the settlement will lead to rates and terms and conditions that are just and reasonable. In making this determination the Commission will consider if the settlement is patently contrary to the public interest or contrary to law.

36. In considering these elements in the context of the settlement, the Commission has taken into account the direction of the Alberta Court of Appeal as set out in *ATCO Electric Limited v. Alberta (Energy and Utilities Board)*, 2004 ABCA 215 (ATCO Electric Decision). In the ATCO Electric Decision, the Court provided guidance with respect to the EUB's obligations in considering settlement agreements. In accordance with findings of the Court in that decision, the Commission considers that the responsibility for approving negotiated settlements – and ensuring that the process operates in a fair and reasonable manner – rests with the Commission.<sup>24</sup>

37. In assessing negotiated settlements, the Commission is aware that, while one or more of the interested parties to a settlement may represent some consumers, none will represent all. Further, as noted by the Court at paragraph 138 of the ATCO Electric Decision, “even a broad range of [i]ntervenors will not necessarily translate into a wide spectrum of positions since parties may make trade-offs which leave other issues unresolved, unaddressed or compromised.” Consequently, the negotiated settlement process does not replace an appropriate and informed review by the Commission as to what is in the overall public interest.<sup>25</sup> As AltaGas had requested and received Commission approval to negotiate a settlement with its customers, subsequently negotiated and executed the settlement, and then applied to the Commission for approval of the settlement in its entirety, in accordance with the ATCO Electric Decision, the Commission will proceed on the basis that the settlement satisfies the interests of AltaGas, and will only assess the settlement from the point of view of the consuming public.<sup>26</sup>

#### 4.2 Fairness of the negotiated settlement process

38. As noted in the previous section of this decision, the first question for the Commission to consider is whether the process for the NSP was fair.

<sup>23</sup> Decision 2008-133, page 5.

<sup>24</sup> ATCO Electric Decision, paragraph 138.

<sup>25</sup> ATCO Electric Decision, paragraph 139.

<sup>26</sup> ATCO Electric Decision, paragraphs 145 and 146.

#### 4.2.1 The negotiated settlement process

39. In the settlement application AUI submitted:

The process leading to this Settlement Agreement was open and fair and provided an appropriate forum for meaningful stakeholder participation. Further, it is agreed there was sufficient information available to the parties to facilitate and reach the Settlement Agreement.<sup>27</sup>

40. Section 3 of AUC Rule 018 deals with the provision of notice by the utility to parties who may be interested in participating in the settlement negotiations. Rule 018 states:

**3(1)** The Commission requires a statement in the settlement agreement confirming that proper notice was provided by the applicant to all interested parties.

**(2)** The notice provisions in the Rules of Practice apply [to] the giving of notice under these rules.

41. In paragraphs 6 – 14 of the settlement application, AUI summarized the various notices and other written communications that related to AUI's 2008-2009 GRA Phase II, the settlement, and AUI's interim T&Cs that were vetted in AUI's interim application and finalized in the settlement.<sup>28</sup> AUI submitted that such documentation would have made all potentially interested parties aware of all matters involved in the Phase II application and was therefore evidence that adequate notice was provided.

42. AUI noted that its T&Cs were largely vetted and refined in a separate Interim T&Cs application subsequently approved on an interim basis on October 7, 2010,<sup>29</sup> and reviewed again in the course of the NSP. AUI considered that notice was provided with respect to AUI's interim T&Cs on May 25, 2010, when notice was published for the Interim T&Cs application. AUI noted that the only active intervener registered in the Phase II application, but not registered in the Interim T&Cs application, was the CCA.

43. Parties active in the negotiations and, ultimately, signatories to the settlement were AUI, CCA and the UCA. Negotiation meetings resulting in the settlement were held on September 16, 27 and 29, 2010. A Commission observer was present at these meetings.

44. As permitted by Section 5(2) of Rule 018, the Commission observer advised the Commission as to the fairness of the settlement process. The Commission observer concluded that the settlement process was open and fair and provided a forum for meaningful participation by all parties.

45. The Commission considers that the CCA and UCA had, at the time that negotiations commenced, sufficient information to allow them to understand the Phase II application and participate in the NSP on an informed basis.

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<sup>27</sup> Exhibit 40.01, page 1, paragraph 4.

<sup>28</sup> Ibid, pages 2-4.

<sup>29</sup> Decision 2010-484: AltaGas Utilities Inc. Interim Terms and Conditions of Service Application No. 1606231, Proceeding ID. 652. October 7, 2010.

#### 4.2.2 Commission findings on fairness of the NSP

46. Based on the above and its review of the settlement, the Commission is satisfied that the settlement application and settlement agreement meet the requirements set out in Section 6(3) of AUC Rule 018 because:

- (a) evidence of adequate notice was provided
- (b) the settlement was filed with the Commission
- (c) all issues were either resolved or provision for resolution, including timing, were specifically included in the settlement
- (d) acceptance of the settlement was unanimous
- (e) the settlement application included rates to be effective January 1, 2011, the finalization of rates for 2008 and 2009, and the cost of service study principles that are expected to be applied to determine rates for AUI upon approval of its 2010-2012 GRA Phase I
- (f) a copy of the T&Cs were included as appendix C to the settlement and updated in the response to AUC-SP-14(d)
- (g) there are no outstanding issues, other than those noted in the settlement and agreed upon by the parties to the settlement to be addressed in the future, and
- (h) a settlement brief (the settlement application) explaining the basis of the settlement and how it meets the interests of the parties and the public interest was provided

47. Additionally, the Commission is satisfied that the information filed with the settlement, the notice provided by AUI and supplemented by the Commission, and the attendance of a Commission observer at the negotiations provide a sufficient level of assurance that interested parties were provided with sufficient notice, adequate materials, and the opportunity to meaningfully participate, and that the negotiations were conducted in an open and fair manner.

48. The Commission also accepts that the settlement was to be considered by the Commission in its entirety and that sufficient opportunity was presented for parties representing the interests of customers. Specifically, the Commission notes that the UCA and CCA represented a diverse cross-section of customers, as noted in the response to Commission's information request AUC.SP-14,<sup>30</sup> with the CCA representing mainly residential customers and the UCA being mandated by the Alberta Government to represent the interests of Alberta residential, farm and small business customers before proceedings of the Alberta Utilities Commission.

49. The Commission notes that larger commercial and industrial customers were not specifically represented in the settlement negotiations. However, the Commission considers that the lack of representation for these customers is mitigated by changes to cost allocations and rates. The settlement resulted in a decline in rates for Rate Classes 2/12 and 3/13, which typically serve larger customers.<sup>31</sup> Given these declines in rates and no opposition from larger commercial

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<sup>30</sup> Exhibit 0043.01.AUI-651.

<sup>31</sup> Exhibit 43.01, AUC.SP-21(c) - Rate 2 (large general service) will decrease by 10.86 per cent, Rate 3 (demand) will decrease by 5.26 per cent compared against rates approved in Decision 2009-032 after normalizing rates by removing revenue shortfall collections associated with previous test periods.

and industrial customers, the Commission concludes that the settlement is a reasonable balance of interests of all customers and rate classes.

### **4.3 Public interest**

#### **4.3.1 Basis for analysis**

50. The second question for the Commission to consider is whether the settlement is in the public interest, including whether or not it will result in rates that are just and reasonable. In this regard the Commission is guided by the *Gas Utilities Act* and AUC Rule 018, particularly Section 8(2) of AUC Rule 018 which states that the Commission must intervene if it determines that a unanimous settlement is patently against the public interest or contrary to law.

51. In conducting the public interest assessment, given that the Commission must consider the settlement taken as a whole, the Commission has considered the public interest from the ratepayers' perspective in accordance with the guidance provided by the Court of Appeal, referred to in paragraph 36 above. The Commission also considered whether the effect of the settlement, taken as a whole, would lead to rates and T&Cs that were just and reasonable.

52. In addition, by way of further comfort to the Commission in considering the public interest, the Commission has reviewed each of the material provisions of the settlement in order to determine if any of these provisions appeared to be contrary to accepted regulatory practices, unusual or could result in undue rate impacts, service concerns, preferences or other difficulties in future rate applications. The Commission found no instance where any particular provision would unduly affect the public interest.

53. In conducting its public interest analysis the Commission has taken into account all information on the record. The settlement includes material filed in the Phase II application prior to the commencement of negotiations which was tested by the Commission and interveners through information requests and interveners' filed evidence. The settlement itself was tested by information requests from the Commission. Together, this material provided the Commission with an additional basis on which to conduct its public interest analysis.

#### **4.3.2 General public interest factors**

54. AUI submitted that the settlement provided a reasonable balance of all parties' interests and resulted in fair and reasonable rates, specifically:

- The parties who are signatories to the settlement are knowledgeable concerning the matters addressed by the settlement and their consensus provides a basis on which the Commission can reasonably conclude the settlement is in the public interest.
- The settlement is consistent with existing law and Commission policies.
- The settlement results in rates that will recover AUI's approved 2009 revenue requirement.
- Arriving at reasonable rates for 2008 and 2009 and establishing the method for finalization of rates for 2010 through 2012, following conclusion of AUI's 2010-2012 GRA Phase I, will result in regulatory efficiency and avoids many of the costs that would have been incurred had a 2010-2012 GRA Phase II process been required.



- Expediting establishment of 2010-2012 final rates will enable AUI to realign its rates and test periods, particularly as AUI and other utilities transition to Incentive Regulation.<sup>32</sup>

55. The topics that were issues in the litigated part of the proceeding have been addressed by and resolved in the settlement.

#### 4.3.3 Public interest factor: rates and terms and conditions included in settlement

56. Based on negotiations, the parties to the settlement agreed to the rates in Table 1 below:<sup>33</sup>

**Table 1. Rates negotiated in the settlement**

Rate	Fixed Charge (\$/mo.)	Default Supply Provider DSP Admin. Fee (\$/mo.)	Base Energy (\$/GJ)	Demand Charge (\$/mo./GJ)
1/11 (residential)	23.370	1.698	1.360	
2/12 (large general service)	266.000	1.698	0.894	
3/13 (demand)	609.000	1.698	0.020	6.025
4/14 (irrigation)	78.000	1.698	0.810	

57. Based on forecast consumption levels, the rates noted in the table above result in a forecast annualized revenue increase for Rate 1/11 (residential) of 1.69 per cent, a 3.35 per cent decrease for Rate 1/11 (commercial), a 0.57 per cent increase for Rate 1/11 (rural), a 10.86 per cent decrease for Rate 2/12 (large general service), a 5.26 per cent decrease for Rate 3/13 (demand) and 4.51 per cent increase for Rate 4/14 (irrigation) above rates approved in Decision 2009-038 (normalized to remove all revenue shortfall collections).<sup>34</sup>

58. The Commission is satisfied that the proposed rates in the settlement are reasonable and do not result in rate shock or rate instability based on a comparison against rates approved in Decision 2009-038 (normalized to remove all revenue shortfall collections). (see Section 7)

59. Pursuant to the settlement, continuation of the existing rates to December 31, 2010 will result in the recovery of the remaining 2007, 2008 and 2009 deficiencies and approximately 49 per cent of AUI's forecast revenue deficiency for 2010, and also mitigates rate shock as it reduces the revenue shortfall to be collected that may occur when the Commission decision on AUI's 2010-2012 GRA Phase I Application is released.

60. AUI requested that interim rates approved in Decisions 2007-079, 2008-103, 2009-026 and 2009-038 be approved as final rates for 2008 and 2009. The Commission considers that the finalization of 2008 and 2009 rates is in the public interest and would provide for regulatory efficiency.

<sup>32</sup> Exhibit 40.01, settlement application, page 12.

<sup>33</sup> Exhibit 40.01, page 8, paragraph 28.

<sup>34</sup> Exhibit 40.01 Appendix A, Schedule 5.0 - Rate Change Impact of Proposed Relative to Existing (2008 Interim) Rates.

61. The Commission also notes that the settlement requested Commission approval to apply the cost of service concepts and principles, rate design concepts and T&Cs and special charges included in the settlement in the recovery of AUI's 2010-2012 revenue requirement. For the period 2010 through 2012, any changes in rates are to be applied on an across the board basis to maintain the same revenue to cost ratio percentages for each of the billing components (i.e. fixed, variable and demand) applicable to each of the rate classes. Once AUI's revenue requirement has been finalized for the period 2010 to 2012, AUI would file a Phase II compliance filing to establish final rates for that period. The Commission considers that AUI's proposed process to recover its 2010-2012 revenue requirement would provide for regulatory efficiency.

62. As discussed in detail in Section 5 below, the Commission finds that the material provisions of the settlement are consistent with accepted regulatory practices and should not result in undue rate and/or service impacts to customers.

63. The participation of the CCA and the UCA in the Phase II application and NSP provides the Commission with some assurance that the majority of AUI's customer groups (being Rates 1/11 and 4/14) impacted by the rate changes resulting from the NSP were adequately represented. For Rate Classes 2/12 and 3/13, the Commission observes that rates generally will decrease. Rate Classes 1/11 and 4/14 will see moderate increases as a result of the settlement, when compared against rates approved in Decision 2009-038 (normalized to remove revenue shortfall collections). These increases still result in revenue to cost ratios within the 95 – 105 per cent range approved by the EUB in Decision 2007-079 and which the Commission continues to find to be in the public interest.

64. The Commission finds that the settlement represents a unanimous agreement reached as a result of a successful negotiation reflecting a number of compromises of different interests and positions of the parties. The fact that the settlement resulted from negotiations with the UCA and CCA representing a majority of AUI's customers, and that the settlement was unopposed, support a finding that the settlement is in the public interest. The Commission also concurs with AUI that approval of the settlement will result in greater regulatory efficiency and cost savings to customers than would a process involving further litigation.

65. Further, given the Commission's assessment of each of the above public interest factors, the Commission finds no reason that might infer that the settlement, taken as a whole, would not be in the public interest or would result in rates and T&Cs that would not be just and reasonable.

## **5 Provisions of the settlement**

66. As discussed above, the Commission, in considering the public interest, has reviewed each of the material provisions of the settlement in order to assess whether any of them, individually, are contrary to accepted regulatory practices or could result in undue rate and/or service impacts to customers. The Commission recognizes that settlements, by their very nature, are the result of compromises and trade-offs among negotiating parties. Accordingly, in its assessment of the individual provisions of the settlement, the Commission has not examined whether or not one may favour one party or another. In this section of the decision, the Commission will review the following material provisions of the settlement:

- the cost of service studies supported by the settlement

- the costs functionalized, classified and allocated to the various rate groups prepared in the Phase II application which were debated in the litigated portion of the proceeding, and the subsequent adjustments made in the settlement
- the term of the settlement, and
- certain other material provisions included in the settlement, including:
  - T&Cs, including the Special Charges Schedule
  - rate design matters
  - methodology to administer the 2007, 2008 and 2009 deficiency balances, and
  - rates

67. Further, in Decision 2007-079 the EUB identified several issues it directed be addressed in the next GRA Phase II application (this proceeding). The Commission will consider these issues in the context of the settlement and specifically in Section 7 below. These issues include:

- allocation of meter costs, including improving the precision of the existing meter cost allocation method<sup>35</sup>
- allocation of services costs, including a cost/benefit analysis of using the diameter-length method together with a review of other reasonable alternatives<sup>36</sup>
- allocation of distribution mains costs, including:
  - whether there is a need for a region specific calculation given the uniform -40° C and for revising the model calculations to be able to account for low or no heating load<sup>37</sup>
  - the classification of mains general costs, particularly the appropriateness of classifying such costs on the same basis as the mains pipe costs, and
  - whether the inclusion of cost data and capacity within the diameter-length method is appropriate when allocating costs between demand and customer-related for distribution mains, including the feasibility of tracking contributions more closely to the costs they are intended to offset rather than a general allocation based on multiple factors<sup>38</sup>
- whether customers served in Rate Class 1/11 are reasonably homogeneous and that the tariffs applied in Rate Class 1/11 are fair and reasonable to the customers within that class<sup>39</sup>

## 5.1 Cost of service study methodology

68. AUI retained Chymko Consulting Ltd. (Chymko) to perform a COSS to support its Phase II application. The COSS utilizes the final 2009 revenue requirement, rate base, and revenue forecast approved by the Commission in Decision 2009-176. The COSS maintains the

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<sup>35</sup> Decision 2007-079, page 7.

<sup>36</sup> Decision 2007-079, page 9.

<sup>37</sup> Decision 2007-079, page 10.

<sup>38</sup> Decision 2007-079, page 20.

<sup>39</sup> Decision 2007-079, page 34.

same functions approved in AUI's 2005-2006 GRA<sup>40</sup> and the method to functionalize AUI's revenue requirement is materially unchanged from the 2006 COSS. Chymko did recommend changes to the functionalization of income tax and municipal tax, which are addressed in Section 5.1.4 below.

69. In the Phase II application, the methods used to classify AUI's functionalized revenue requirement also remained largely unchanged from the 2006 COSS. Similarly, in the Phase II application, the methods for allocating AUI's classified revenue requirement to rate classes remain largely unchanged.<sup>41</sup> However, the calculation of the allocation percentages was updated to be consistent with what was approved in AUI's 2008-2009 GRA Phase I – for example energy and site count statistics.

70. Certain changes were made as a result of the settlement negotiations to the costs classified and allocated to the rate classes. Each of the meters, distribution mains and distribution services functions are major cost categories for AltaGas. Since many of the associated costs cannot be directly classified and allocated, over time the assignment of costs to these functions has been the subject of some debate. The changes made were described in the settlement application and the settlement agreement and further described in AUI's responses to information requests. They are discussed in Sections 5.1.1 and 5.1.2 below.

71. One change to functionalization (general plant costs, see Section 5.1.3.1) was discussed during settlement negotiations and a change was agreed on, but further analysis and implementation of that change was proposed to be deferred to the next Phase II application. Two other potential changes to the COSS (services and subdivision of Rate Class 1/11), driven by EUB directions from Decision 2007-079, were also addressed in the Phase II application and the settlement negotiations. These two topics are discussed in Section 5.1.3.2 and 5.1.3.3 below.

## **5.1.1 Distribution mains**

### **5.1.1.1 Distribution/mains pipe**

72. AUI classified distribution or mains pipe costs partially to Customer and partially to Demand. In the COSS filed as part of the Phase II application, mains pipe costs were classified 58 per cent to Customer and 42 per cent to Demand.

73. EUB Direction 4<sup>42</sup> relating to classification of distribution mains costs stated:

In summary, the Board is satisfied with AUI's utilization of the Diameter-Length method when classifying the costs of distribution mains between customer-related costs and demand-related. However, the Board directs AUI in its next Phase II to address:

- the classification of mains general costs, particularly the appropriateness of classifying such costs on the same basis as the mains pipe costs, and

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<sup>40</sup> With the exception of enrolment which constitutes a very minor percentage of the revenue requirement (0.04 percent in the 2006 COSS) and was not explicitly identified in the current study.

<sup>41</sup> Two changes were made and are described later in this decision in Section 7. The first change was in response to the second part of board direction number two - that the COSS could be improved to better account for contributions and revised the allocation of no-cost capital. The second change was in response to board direction number four - the allocation of mains general costs were changed to be consistent with the allocation of mains pipe costs.

<sup>42</sup> Decision 2007-079.

- whether the inclusion of cost data and capacity within the Diameter-Length method is appropriate when allocating costs between demand and customer-related for distribution mains.

74. Part 1 of EUB Direction 4 is discussed in Section 5.1.1.2 below. Part 2 of EUB Direction 4 (also see Section 7) required AUI to consider the inclusion of cost data and capacity within the diameter-length method. In the COSS filed with the Phase II application, Chymko agreed that reflecting both cost and capacity was intuitively appealing and would improve the ability of the model to allocate costs according to actual cost drivers. However, cost and capacity would act as offsets to each other to an unknown degree. Chymko submitted that it should be possible to assign some form of capacity weighting to each pipeline diameter. However, Chymko's understanding was that the data that would enable quantification of the relationship between cost and diameter does not exist and, even if it was collected by AUI, would be unreliable due to some degree of subjective judgement that would be required by AUI staff in the assigning of costs to each pipeline diameter used in a particular project. Since the impact of introducing cost and capacity would be expected to offset each other, introducing one without the other into the cost allocation between demand and customer for mains was not recommended as it would skew the results of the allocation.

75. In its evidence, the UCA expressed concern with the continued use of the diameter-length method to classify distribution pipe costs to Customer and Demand, and presented and supported several alternatives which allocate a lower proportion of costs to Customer and a higher proportion to Demand. The UCA also submitted that the results of its review of other North American jurisdictions indicated little support for the percentage of costs that AUI classifies to Customer. The UCA recommended for AUI that 30 per cent of costs be allocated to Customer and 70 per cent to Demand.

76. In the settlement, parties agreed for the purposes of this GRA, that mains pipe will be classified as 45 per cent Customer and 55 per cent Demand. AUI submitted that this classification was not unreasonable because it reflected movement towards a more narrowly defined<sup>43</sup> concept of a "minimum system". No change was made to the cost allocation, with Customer costs continuing to be allocated by number of customers and Demand costs allocated on the basis of Non-Coincident Peak (NCP) demand. While AUI took no position on the appropriateness of the methods referenced in the UCA's evidence, it agreed further analysis was appropriate and committed to undertake further study and analysis on its mains pipe costs including, but not limited to, preparation of a zero intercept analysis.

77. In response to AUC.SP-15(c)<sup>44</sup> that requested the relevant regulatory, cost of service, rate design and public interest principles that support moving from the currently approved 58 per cent/42 per cent Customer/Demand classification to the 45 per cent/55 per cent Customer/Demand classification proposed in the settlement, AUI responded that it reflected:

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<sup>43</sup> Exhibit 0043.01.AUI-651, in response to AUC-SP-15(a), AUI described "narrowly defined" as implying a minimum system representing the customer component of costs for distribution mains needed to serve customers at a predefined minimum load. Such a minimum load would not include a demand component. In contrast, a determination of the customer component of costs for distribution mains based upon the minimum installed size of pipe, which by definition includes a demand component of cost, reflects a broader definition of the minimum system.

<sup>44</sup> Exhibit 43.01. AUI-651.

- a reasonable balance of parties' positions
- the gives and takes of negotiations
- the judgement of well-informed parties that negotiated on the basis of the analysis of the mains pipe function costs
- Customer/Demand classifications used by other utilities, having regard to AUI as a primarily rural utility, and reasonably represented the underlying cost drivers and was appropriate pending consideration of further data in the next Phase II GRA

78. The impact to rate classes from changing the percentage of costs classified to Demand and Customer ranges from a decrease in classified costs of one per cent for Rate Class 1/11 to an increase of 11 per cent for Rate Class 4/14.<sup>45</sup>

#### 5.1.1.2 Mains general

79. EUB Direction 4,<sup>46</sup> relating to classification of distribution mains costs, stated:

In summary, the Board [is satisfied with AUI's utilization of the Diameter-Length method when classifying the costs of distribution mains between customer-related costs and demand-related. However, the Board directs AUI in its next Phase II to address:

- the classification of mains general costs, particularly the appropriateness of classifying such costs on the same basis as the mains pipe costs, and
- whether the inclusion of cost data and capacity within the Diameter-Length method is appropriate when allocating costs between demand and customer-related for distribution mains.

80. The second part of EUB Direction 4 was dealt with in Section 5.1.1.1 above. In response to the first part of the above EUB direction (also see Section 7), AUI proposed to include distribution station (mains general) costs with distribution pipes costs and classify those costs based on the diameter-length method (58 per cent Customer/42 per cent Demand).<sup>47</sup> The UCA in its evidence<sup>48</sup> presented reasons why these costs, with the possible exception of land rights, should be treated as 100 per cent related to distribution NCP demand, as AUI had done in the past.

81. In the settlement application, AUI stated:

As costs related to Distribution stations are, arguably, more closely driven by demand than number of customers, all plant and O&M costs related to Distribution stations will be identified and removed from existing functions and re-functionalized into a new category called Distribution Stations. Those costs will then be classified as 100% demand and allocated on the basis of NCP demand. The remaining Mains General costs will be

<sup>45</sup> Exhibit 43, response to AUC.SP-15(f).

<sup>46</sup> Decision 2007-079.

<sup>47</sup> Exhibit 2, Section 2.5, paragraphs 57-60 of the Phase II application.

<sup>48</sup> Exhibit 34, Section 3.0.

classified in the same manner as Mains Pipe (as described in Paragraph 23 of this Settlement Brief).<sup>49</sup>

82. The following paragraph verifies the above statement and includes the classification percentages for the remaining mains general costs:

All plant and O&M costs related to Distribution Stations will be removed from their current functions, re-functionalized as Distribution Stations, classified as 100% demand and allocated on the basis of NCP demand. **The balance of costs in those functions will be classified in the same manner as Mains Pipe, namely 45% customer and 55% demand.**<sup>50</sup> (Emphasis added)

83. AUI provided the relevant regulatory, cost of service, rate design and public interest principles that support the proposal to classify the newly created distribution stations function as 100 per cent to Demand. AUI submitted:

The distribution stations function, comprised of measuring and regulating station equipment, relates to common equipment that is almost completely unrelated to the number of customers on the system. This equipment is largely located a long distance from most individual customers at city gate locations and locations where the distribution system pressure is reduced. When a customer is added, measuring and regulating plant is not added to serve that customer, unless the customer is an extremely large industrial customer. Equipment is only added if demand grows, causing the system to outgrow a connection point, or if entirely new areas are added to the system.

AUI considers the NSA proposal to be in the public interest because the proposed treatment is not unreasonable, customer representatives' support and accept the proposed treatment and regulatory costs are reduced.<sup>51</sup>

84. The first paragraph of AUI's response to AUC.SP-16(c) appears to have adopted the UCA's position provided in the UCA's evidence, as it mirrors the explanation provided by the UCA.<sup>52</sup>

85. The impact to rate classes of the distribution stations proposal, as illustrated in the response to AUC.SP-16(e), is a less than one per cent increase for Rate Class 1/11, a two per cent increase to Rate Class 2/12 and a three per cent increase for Rate Classes 3/13 and 4/14.

### 5.1.2 Distribution meters

86. AUI concluded that it could improve upon the meter replacement cost new (RCN) calculation by better modelling the decision process used by field staff to estimate the cost of meter installations and replacements. This change was implemented in the Chymko COSS filed as part of the Phase II application. The impact to rate classes from updating the method of estimating RCN, as illustrated in Table 10 in paragraph 44 of the COSS, ranges from an increase in allocated costs of one per cent for Rate Class 1/11 to a decrease of 20 per cent for Rate Class 4/14. See also Section 7 later in this decision.

<sup>49</sup> Exhibit 40.01.AUI-651, settlement application, paragraph 24.

<sup>50</sup> Settlement agreement, paragraph 4b.

<sup>51</sup> Exhibit 43, response to AUC.SP-16(c).

<sup>52</sup> Exhibit 34, paragraphs 170 to 171.

### 5.1.3 Further COSS changes and analysis

#### 5.1.3.1 General plant

87. In the settlement application, AUI stated:

25. For the 2013-2018 Incentive Regulation Phase II filing, General Plant costs currently functionalized on the basis of labour will be re-functionalized on the basis of all other revenue requirement. As labour may not be the only driver for these costs, the Parties agreed to use a broader allocator for this group of costs.<sup>53</sup>

88. AUI made a similar statement in the settlement agreement.<sup>54</sup>

89. The Commission requested clarification of the statements in AUC.SP-17. AUI responded that:

- a) “On the basis of all other revenue” means the identified general plant costs will be functionalized according to the same proportions as all other directly assigned and allocated components of revenue requirement not related to these particular general plant expenses.
- b) For purposes of the NSA. The Parties agreed that the cost-causation relationship between labour expenses and the general plant in question (office space, furniture, and computers) is not considered to be perfect and labour expense may not be the only driver impacting these costs.
- c) Based on preliminary analysis by AUI, parties to the NSA agreed the proposed change would not result in material impacts to the 2009 allocated revenue requirement.<sup>55</sup>

#### 5.1.3.2 Services costs

90. EUB Direction 2 from Decision 2007-079 (see Section 7 below) related to AUI’s cost/benefit analysis of using the diameter-length method and the results of its review of other reasonable alternatives for the allocation of services cost in its COSS. The EUB direction also required AUI to examine the feasibility of tracking contributions more closely to the costs they are intended to offset rather than a general allocation based on multiple factors.

91. While Chymko was able to develop standard service line specifications for representative Rate 1/11 sites, it submitted in its COSS that, due to the additional complexity and uniqueness of many Rate 2/12 and 3/13 sites, it was unable to complete a standard costing for each rate class in time for the filing of the Phase II application, and indicated it would be ready with the full analysis for the next GRA.

92. AUI further informed the Commission<sup>56</sup> that costing analysis for all rate classes would not be available in time for the settlement negotiations.

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<sup>53</sup> Exhibit 40, settlement application, paragraphs 25 and 35.

<sup>54</sup> Exhibit 40, settlement agreement, paragraph 5.

<sup>55</sup> Exhibit 0043.01.AUI-651.

<sup>56</sup> Exhibit 43, response to AUC-AUI-7.



93. AUI agreed, as a result of the negotiations, to complete the service costs analysis:

... AUI has agreed to complete its analysis of Services costs for Rates 2, 3 and 4. Rate 1 data was provided as part of the current GRA.<sup>57</sup>

As part of its next COSS and Phase II filing, AUI agrees to provide:

6a) Further data and analysis regarding the typical costs for Services for Rates 2, 3 and 4. Further, AUI will provide additional typical cost data for Rate 1 customers based on consumption levels of 300, 600, 1200, 1800 and 3000 GJ/year...<sup>58</sup>

94. With respect to treatment of contributions, in its COSS filed with the Phase II application, Chymko submitted that there are hundreds of factors that may influence total cost or expected future revenues of a single site, and attempting to isolate and assign contribution dollars to each factor would be complicated and impractical. Chymko did however agree that the COSS could be improved to better account for contributions and therefore revised the allocation of no-cost capital (which includes both contributions and grants) in its COSS that was filed with the application. No further changes were made in the settlement.

### 5.1.3.3 Subdivision of Rate Class 1/11

95. In the proceeding leading to Decision 2007-079, there was concern and disagreement by interested parties with respect to the homogeneity of Rate Class 1/11 and the appropriateness of its rate class structure. In EUB Direction 5, the EUB directed AUI to prepare a report on this issue for its next GRA.

96. Chymko worked with AltaGas to perform a study to address EUB Direction 5 and described the study and results in the COSS filed with the Phase II application. Based on Chymko's findings and given the increase in administrative time, effort and cost associated with splitting Rate Class 1/11, AUI proposed there be no change to existing rate class structure in this GRA or in the foreseeable future.

97. The CCA and UCA addressed the topic of splitting Rate 1/11 into sub-classes, and the type of additional data required. AUI agreed to pursue the study of Rate Class 1/11 homogeneity further, with the settlement application and the settlement agreement providing for AUI to provide additional data to assist parties in better assessing the merits of splitting Rate 1 in the next Phase II GRA:

27. To assist parties in better assessing the merits of splitting Rate 1 in the next GRA, AUI has agreed to provide typical Services cost data for Rate 1 customers with consumptions of 300, 600, 1200, 1800 and 3000 GJ per year. Although AUI submits there is sufficient evidence on the record in this proceeding indicating the existing Rate 1 is a homogenous rate class, it is prepared to undertake further work to aid parties' assessment of this position. Other than a minor shift in the transition point between Rates 1 and 2, no change in the structure of Rate 1 is proposed in the GRA or during the term of the Settlement Agreement (i.e. 2008-2012).<sup>59</sup>

<sup>57</sup> Exhibit 40, settlement application, paragraph 26.

<sup>58</sup> Exhibit 40, settlement agreement, paragraph 6a).

<sup>59</sup> Exhibit 40, settlement application, paragraph 27.

... 6b) Analysis of the rate impacts based on a split of Rate 1 into two rate classes. One rate class would have consumption of 300 GJ/year or less and the other rate class would have consumption greater than 300 GJ/year.<sup>60</sup>

#### 5.1.4 Income tax and municipal tax

98. In Section 2.8 of the COSS filed as part of AUI's Phase II application, Chymko described recommended changes to the method previously used to functionalize income tax and municipal tax. Both types of tax were functionalized by the same proportions as total gross revenue requirement in the 2006 COSS. Chymko submitted that the revisions it made to the functionalization of taxes in the current COSS result in better alignment with the cost drivers behind income tax and municipal tax.

99. Income tax is a function of AUI's return on equity, which in turn is a function of rate base. AUI's 2009 income tax was forecast to be \$0 which means that the recommended functionalization change would have no impact on allocated revenue requirement. If AUI's income tax were to be \$1 million, for example, the impact of the recommended functionalization change to the costs allocated to the rate classes would be one per cent or less.

100. With respect to municipal tax, Chymko stated in its COSS:

Municipal taxes in AUI's revenue requirement are limited to the municipal assessment on AUI's head office in Leduc, while all other municipal taxes are flowed through to end-use customers using Rate Riders A and B. Thus, the functionalization of property tax in revenue requirement should be consistent with the functionalization of AUI's head office in rate base. This and previous cost of service studies rationalize that the purpose of AUI's head office is to support labour, and therefore head office in rate base is functionalized according to the same proportions as labour.<sup>61</sup>

101. The impact to the rate classes of functionalizing municipal tax using the same proportions as labour are one per cent or less.<sup>62</sup> The CCA asked an information request but did not refer to taxes in its evidence. Taxes do not appear as an issue in the settlement.

#### Commission findings

102. The Commission accepts the explanations provided and set out above with respect to the functionalizations, cost classifications and allocations. The Commission accepts the rationale provided by Chymko for the changes it made to taxes in the COSS and, given that there was no opposition to the recommended changes, directs AUI to implement these changes.

103. Section 7 also addresses a number of these issues from the perspective of outstanding EUB directions in AUI's last Phase II GRA.

104. While the Commission accepts the settlement application and provisions of the settlement agreement which change COSS classification and allocation methodologies previously established in Decision 2007-079, the Commission directs AUI in its next GRA Phase II or in its filing to establish going in rates for performance based regulation (PBR), as the case may be, to

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<sup>60</sup> Exhibit 40, settlement agreement, paragraph 6b).

<sup>61</sup> Exhibit 2, Section 2.8, paragraph 83.

<sup>62</sup> Exhibit 2, Section 2.8, paragraph 81.

review each of these matters and indicate, with reasons, which methodologies AUI considers will best result in just and reasonable rates. Any further settlement application must also address the rationale for the methodologies selected.

## 5.2 Terms and conditions of service

105. AUI filed a separate interim T&Cs application, which was approved on an interim basis in Decision 2010-484.<sup>63</sup> The interim aspect was in order to be compliant with AUC [Rule 004: Alberta Tariff Billing Code Rules Version 1.4](#) (Alberta Tariff Billing Code for all transactions with competitive natural gas retailers operating in AUI's service territory) which came into effect June 26, 2010, before the GRA had been processed. AUI submitted that the interim T&Cs and Special Charges would be replaced, to the extent there may be changes, by the final T&Cs and Special Charges approved as part of the GRA.

106. In Decision 2010-484, the Commission directed AUI to apply for final approval of its revised T&Cs and stated that it expected that such an application for final approval of the T&Cs would be filed prior to December 31, 2010.

107. AUI filed, as Appendix C to the settlement, an amended version of the approved interim T&Cs. The amended version includes one change to the Natural Gas Utility Service Rules and three changes to the Special Charges Schedule. Note the Special Charges Schedule was specifically removed from consideration in the Interim T&Cs application and the one included in the amended version of the T&Cs therefore replaces the one filed in the Phase II application.

108. The change to the Natural Gas Utility Service Rules consists of the removal of the word "competitive" from Part 1, paragraph 2(b). The first change to the Special Charges Schedule is the replacement of the word "including" with the words "such as" in the definition of "Town" under Special Criteria. The second change is the replacement of the word "appropriate" with the word "economic" under "Other" in the section dealing with Non-Standard Non-Refundable Contributions. The third change is the inclusion on page 2 of the Special Charges Schedule of a Service Guarantee for customers who purchase default supply. This is a requirement of AUC [Rule 003: Service Quality and Reliability Performance Monitoring and Reporting for Regulated Rate Providers and Default Supply Providers](#).

109. In response to AUC.SP-14(d), AUI advised that it had inadvertently omitted from the settlement the Producer Transportation Service Rules and had included an incorrect version of the Natural Gas Utility Service Rules. AUI filed a complete and correct version of all documents comprising AUI's T&Cs with the response to AUC.SP-14(d). A copy of the T&Cs is attached as [Appendix 4](#) to this decision.

### Commission findings

110. The Commission has reviewed the proposed change to the T&Cs and accepts AUI's explanation for the changes. The Commission also notes that the settlement addresses and approves the changes to the T&Cs, and explains that all parties to the settlement negotiations, including the CCA who was not a registered party in the proceeding that resulted in Decision 2010-484 approving the interim T&Cs, were given the opportunity to review the amended T&Cs and identify any remaining areas of concern.

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<sup>63</sup> Decision 2010-484: AltaGas Utilities Inc., Interim Terms and Conditions of Service, Application No. 1606231, Proceeding ID. 652, October 7, 2010.

111. The Commission directs AUI to place a notice on its website that its T&Cs have been updated and update its website with the new T&Cs.

### 5.3 Rate design and rates

112. In this section the Commission looks at how the settlement addresses the determination of rates for the requested test years 2008 through 2012 and going forward and whether or not rate shock may result from changes to rate design or COSS cost allocations.

#### 5.3.1 Rates

113. The settlement application<sup>64</sup> and the settlement agreement<sup>65</sup> proposed interim rates in place and approved in Decisions 2007-079, 2008-103, 2009-036 and 2009-038 be considered final rates for 2008 and 2009. AUI requested, in its 2010 Interim Rate Application, that the rates approved in Decision 2009-038 continue to apply for the period January 1, 2010 to December 31, 2010. As indicated in the 2010 Interim Rate Application, continuation of the existing rates to December 31, 2010, would result in the recovery of the remaining 2007, 2008 and 2009 Deficiencies and approximately 50 per cent of AUI's forecast revenue deficiency for 2010. AUI's request for continuation of the interim rates approved in Decision 2009-038 as the 2010 interim rates was approved in Decision 2010-535, effective December 1, 2010.

114. In the settlement application and settlement agreement, AUI outlined its proposal for rates during the 2010-2012 period:

For the period 2010 through 2012, any changes in rates are to be applied on an across the board basis to maintain the same revenue to cost ratio percentages for each of the billing components (i.e. fixed, variable and demand) applicable to each of the rate classes. Once AUI's revenue requirement has been finalized for the period 2010, 2011 and 2012, AUI will file a Phase II Compliance Filing to establish final rates for the period 2010 through 2012.<sup>66</sup>

115. In the settlement application,<sup>67</sup> AUI proposed January 1, 2011 as the date for the new rates to take effect based on the new COSS. AUI also submitted that, as the COSS uses the 2009 approved revenue requirement, the rates may be subject to later revision as a result of interim or final rate adjustments related to 2010, 2011 or 2012. AUI further requested any changes to rates made during the period 2010 to 2012 be applied on an across the board basis to maintain the same revenue to cost ratio percentages for all billing components of all rate classes as set forth in the rate design summary included as Appendix A to the settlement.

116. On December 3, 2010, AltaGas applied for approval of 2011 interim rates effective January 1, 2011 using the new COSS as filed in the settlement. In Decision 2010-621, the Commission awarded AUI a 6.045 percent increase in all rates, using the rate design approved in Decision 2007-079,<sup>68</sup> effective January 1, 2011. In Decision 2010-621, the Commission said:

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<sup>64</sup> Exhibit 40, settlement application, paragraph 31.

<sup>65</sup> Exhibit 40, settlement agreement, paragraph 7.

<sup>66</sup> Exhibit 40, settlement application, paragraph 33.

<sup>67</sup> Exhibit 40, settlement application, paragraph 32 and 33.

<sup>68</sup> Decision 2010-621: AltaGas Utilities Inc., 2011 Interim Rates, Application No. 1606827, Proceeding ID. 971, December 24, 2010.

17. The Commission does not accept AUI’s use of the proposed rate methodology for the 2011 interim rates at this time. That methodology is based [on] the methodology set out in a negotiated settlement agreement made among AUI, UCA and the CCA. The Commission has not approved that agreement and the methodology set out therein because the Commission’s decision on the negotiated settlement agreement is pending. Therefore, the Commission is of the view that the recovery of any forecast revenue deficiency at this time should be done using the current rate methodology. If, however, the Commission approves the toll methodology set out in AUI’s negotiated settlement agreement, the Commission conditionally approves AUI to continue collection of the approved interim revenue requirement using the new methodology on the first day of the month following the issuance of a decision. The Commission will provide confirmation of this approval, if appropriate, as part of a decision on the 2009 negotiated settlement agreement (Proceeding ID. 651).<sup>69</sup>

117. AUI submitted<sup>70</sup> that, compared to rates approved in Decision 2009-038, the proposed 2009 rates in the settlement would result in decreases for all rate classes. In Appendix A, Schedule 5.0 to the settlement, and as clarified in response to an AUC information request,<sup>71</sup> AUI normalized the rate impacts to each rate class. AUI calculated the normalized rate impacts by scaling down the rates from Decision 2009-038 to remove all revenue shortfalls from Decision 2009-038 rates in order to reflect a 2009 revenue requirement. These normalized rate impacts are provided in Table 2 below.

**Table 2. Rate impact of settlement**

Rate Class	Rate Impact (%) *
1/11- Residential	1.69
1/11 – Commercial	(3.35)
1/11 - Rural	0.57
2/12 – Large General Service	(10.86)
3/13 – Demand	(5.26)
4/14 - Irrigation	4.51

\*Impact to annual bills, based on typical consumption levels

### 5.3.2 Rate design

118. Section 4.3 of the settlement application and paragraphs 7 and 8 of the settlement agreement contain several rate design provisions:

- a change to the transition point between Rate Classes 1/11 and 2/12
- changes in revenue to cost ratios resulting from the proposed changes to rate design

119. AUI also indicated that a minor shift occurs to the transition point between Rate 2 and 3.<sup>72</sup> AUI submitted that the transition point shift is the result of introducing gradualism into the Rate 1/11 fixed charge to achieve a closer match with the corresponding customer costs.

<sup>69</sup> Decision 2010-621, paragraph 17.

<sup>70</sup> Exhibit 40, settlement application, paragraph 30.

<sup>71</sup> Exhibit 43, response to AUC.SP-21.

<sup>72</sup> Exhibit 43, response to AUC.SP-19b).

120. AUI included the revenue to cost ratios that result from the COSS in Schedule 1.0 of Appendix A to the settlement. They are replicated in Table 3 below:

**Table 3. Revenue to cost ratios resulting from the settlement**

Rate Class	Revenue to Cost Ratio (%)
1/11	99.606
2/12	104.950
3/13	104.998
4/14	99.911

121. To reflect the fact that Rate 3/13 is no longer a commodity rate, the parties to the settlement propose that the word “commodity” be removed from the name of Rate 3/13 wherever it appears in AUI’s Rate Schedules or T&Cs.

122. The settlement application<sup>73</sup> and settlement agreement<sup>74</sup> describe AUI’s intent to file a demand side management and conservation initiative as part of its 2013-2018 PBR filing. AUI has agreed to examine the potential use of a tiered rate for Rate 1/11, as well as the appropriate structure for optimizing energy conservation by AUI customers.

**Commission findings**

123. Given the sign-off on the settlement by the active interveners in this proceeding and Decision 2010-535 approving the continuation of the Decision 2009-038 interim rates to December 31, 2010 to collect the remaining 2008 and 2009 revenue deficiencies, and the Commission finding in Section 4.3.3 that the finalization of 2008 and 2009 rates is in the public interest and would provide for regulatory efficiency, the Commission approves the finalization of rates for 2008 and 2009, as requested. AUI is directed to finalize its rates for 2008 and 2009 rates as proposed.

124. Consistent with Decision 2010-621, the Commission directs AUI to submit, in its compliance filing to this decision, new rate schedules that result from the directions contained in this decision being applied to the 2011 Interim Revenue Requirement as established by Decision 2010-621. The existing interim 2011 rates as approved in Decision 2010-621 will continue to be in effect until the new rate schedules are filed and approved. The new rate schedules will be effective the first day of the month following the Commission’s approval of those rate schedules.

125. The Commission accepts the rate design changes included in the settlement, and notes, as described in Section 5, that the impact of the adjustments made is not material to the rate classes. In Decision 2007-079, the EUB stated:

<sup>73</sup> Exhibit 40, settlement application, paragraph 41.

<sup>74</sup> Exhibit 40, settlement agreement, paragraph 11.

The Board also notes its findings from Decision 2005-029:

With respect to revenue-to-cost ratios, the Board is of the view that cost of service analysis is not an exact science, and that blind adherence to 100% revenue-to-cost ratios in the design of rates would not be appropriate. Nevertheless, the Board considers that one objective of rate design is to design rates that recover 100% of allocated costs. The Board recognizes, however, that consideration of other rate design criteria such as rate stability, mitigation of rate shock and customer acceptance, may conflict with the desire to achieve a 100% revenue-to-cost ratio. Recognizing that cost of service analysis is not an exact science, and recognizing that other rate design criteria may conflict with the desire to achieve a 100% revenue-to-cost ratio, the Board remains of the view that a revenue-to-cost ratio range of 95% to 105% generally remains an appropriate target for all rate classes. However, the Board agrees with MGCI that due to the size of the Rate 1 class, small changes in the revenue-to-cost ratio for Rate 1 would have very large impacts on the revenue-to-cost ratios for the other rate classes. Therefore, the Board considers that the revenue-to-cost ratio for Rate Class 1 should be maintained as close as practicable to 100%.

126. The Commission continues to endorse the maintenance of revenue to cost ratios in the 95 – 105 per cent range and notes that the revenue to cost ratios that result from the settlement remain in this range. AUI described the drivers behind the rate changes in rates that were included in its Phase II application<sup>75</sup> as intended to:

- establish the fixed customer charges for Rate Classes 2/12 and 3/13 as close as possible to unity in order to avoid any potential intra class cross subsidies
- establish the revenue to cost ratios of rate classes experiencing decreases in the proportion of allocated cost of service, at or as close as possible to the upper end of the 95 per cent to 105 per cent revenue to cost tolerance limit
- establish the demand charge for Rate 3/13 at or close to the revenue to cost tolerance limit of 95 per cent-105 per cent, as may be possible, in order to satisfy the revenue to cost ratio tolerance requirement for the class as a whole as noted in bullet two above
- establish the fixed monthly charge for residential so as to maintain the transition point between Rate Classes 1/11 and 2/12 as close as possible to existing levels, in order to avoid material rate migration from one class to the other
- maintain the transition points between Rate Classes 2/12 and 3/13 as close as possible to existing transition points to avoid material rate migration from one class to the other
- establish the fixed monthly charge for irrigation consistent with the fixed customer cost recovery percent for residential in order to reflect gradualism in moving the irrigation rate towards cost recovery
- establish the fixed and variable energy charges for Rate 1/11 in order to meet the above criteria and also meet an overall Rate 1/11 revenue to cost ratio as close as possible to unity

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<sup>75</sup> Exhibit 30, AUC.AUI-12.

127. AUI also provided<sup>76</sup> the regulatory, cost of service, rate design and public interest principles that were used in deciding on the changes to the criteria used in determining the rate components by rate class in the settlement as compared to the Phase II application. AUI submitted that the principle of gradualism, as applied to fixed charge increases for Rate Class 1/11, was an important driver for the rate design changes in the settlement as compared to the Phase II application. The gradualism objective was balanced to ensure costs by rate class and rate component were kept substantially within the revenue to cost tolerance range. This required corresponding changes to the variable energy rate for Rate Class 1/11. Other drivers included a desire to:

- establish fixed customer charges for Rate Classes 2/12 and 3/13 as close to unity as possible to avoid any potential intra class cross subsidies
- maintain a minimal change to the transition points between rate classes (especially the transition to Rate Classes 2/12 and 3/13 in order to avoid material migration of customers from one rate class to another)
- establish the revenue to cost ratios of rate classes (2/12 and 3/13) experiencing overall decreases in the proportion of allocated cost of service at, or as close as possible to, the upper end of the 95 – 105 per cent range in the interest of gradualism
- establish the demand charge for Rate Class 3/13 at, or as close as possible to, the upper end of the 95 – 105 per cent range
- establish the fixed monthly charge and variable charge for Rate Class 4/14 to achieve a revenue to cost ratio close to unity while moderating the fixed charge increase

128. AUI included in its settlement application and settlement agreement a provision for any changes to rates made during the period 2010-2012 to be applied on an across the board basis to maintain the same revenue to cost ratio percentages for all billing components of all rate classes, as set forth in the rate design summary included as Appendix A to the settlement. By letter dated July 29, 2010, the Commission indicated its support for this. Also, as indicated above, the Commission supports the continued adherence to the 95 – 105 per cent revenue to cost ratio band and accepts the various trade-offs made and the regulatory, cost of service, rate design and public interest principles as explained by AUI in response to the Commission's information request. The Commission therefore approves the request to apply any changes to rates made during the period 2010-2012 on an across the board basis in order to maintain the same revenue to cost ratio percentages for all billing components of all rate classes. The Commission considers (see Section 4.3.3 above) this will also provide for regulatory efficiencies, which in the Commission's view will be in the public interest and therefore directs AUI, once its revenue requirement has been finalized for 2010-2012 in Proceeding ID No. 904,<sup>77</sup> to file an updated COSS for 2010-2012 in a Phase II compliance filing. However, as per Decision 2010-621, the Commission notes that rates for 2010 and a portion of 2011 have already been collected under the current rate design approved in Decision 2007-079. AUI is therefore directed, in its final rate applications for the years 2010 and 2011, to include the reconciliation between the rate design approved in this decision and that in place when the revenues were collected.

<sup>76</sup> Exhibit 43, AUC.SP-22.

<sup>77</sup> Application No. 1606694, AUI 2010-2012 General Rate Application Phase I.



129. With respect to rate impacts to the rate classes and the Commission’s assessment of whether rate shock will occur as a result of the changes proposed by AUI to rates and rate design, the Commission expressed a concern with the prospect of large rate decreases.<sup>78</sup> Using the normalized approach,<sup>79</sup> although the rate decreases are much smaller than indicated by AUI<sup>80</sup> and Rate Classes 1/11 and 4/14 experience rate increases, the Commission is of the view that rate shock is not occurring to any rate class as a result of the new COSS and rate design. In this regard, the Commission recognizes that, although the distribution costs are important and need to be carefully considered, they are a small component of a customer’s overall costs when factoring in the cost of the gas commodity itself. The Commission is of the view that a rate increase in excess of 10 per cent would likely constitute rate shock, which is consistent with past decisions. In this application, no rate increases of more than 10 per cent are proposed.

130. The Commission is mindful however that this could change based on future rate applications that AUI may choose to file, including the finalization of 2010, 2011 and 2012 rates and that these changes could be material. The Commission therefore reminds parties that each rate application in the future will be considered on its own merits and in the context of public interest factors including rate shock.

131. The Commission accepts the explanation provided by AUI<sup>81</sup> regarding the changes in transition point, especially given AUI’s evidence that potentially three customers will qualify to move from Rate Class 1/11 to 2/12 and one customer will qualify to move from Rate Class 2/12 to 3/13, with minimal impacts on overall revenues in both cases. In addition, the Commission recognizes, as stated above, that a utility’s rate design is ultimately a balance of a number of competing principles.

132. The Commission accepts the rate schedule explanation provided and directs AUI to remove the word “commodity” from the name of Rate 3/13 wherever it appears in AUI’s Rate Schedules or T&Cs and to file the revisions as part of its compliance filing to this decision.

133. The Commission supports conservation initiatives and encourages AUI to bring forward any such proposals for consideration by the Commission in its next Phase II application.

#### **5.4 Conclusion on individual components of the settlement**

134. Given the above analysis in respect of the individual material components of the settlement, the Commission is of the view that no component appears contrary to accepted regulatory practices, or could result in undue rate and service impacts to customers.

135. The Commission also considers that no component provides the Commission with a sufficient degree of concern to conclude that it would merit rejecting the settlement as not being in the public interest.

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<sup>78</sup> Exhibit 43, AUC.SP-21.

<sup>79</sup> Exhibit 40, settlement application, Appendix A, Schedule 5.0.

<sup>80</sup> Exhibit 40, settlement application, paragraph 30.

<sup>81</sup> Exhibit 43, response to AUC.AUI-22.

## 6 Conclusion on the settlement

136. No parties registered in the proceeding object to the settlement and all parties to the settlement, AltaGas, the UCA and the CCA, support it.

137. The Commission has found the settlement process to have been fair and that the settlement taken as a whole to be in the public interest and that none of the material provisions, individually or collectively, are contrary to accepted regulatory practices, or could result in undue rate and service impacts to customers.

138. Based upon the evidence before the Commission and as a result of the above analysis, the Commission finds that the:

- (a) The NSP was fair.
- (b) The settlement is fair and reasonable and it forms the basis for developing rates and T&Cs which are fair and reasonable and in the public interest.

139. Accordingly, the Commission approves the settlement as filed, in its entirety and contained in Appendix 3 to this decision

## 7 Directions from Decision 2007-079

### Decision 2007-079

140. A number of directions were given to AltaGas in the previous GRA Phase II decision to be discussed in its next GRA. The pertinent directions are listed and discussed in this section.

### Direction 1

141. The following direction relating to a cost/benefit analysis and the existing meters cost allocation method appeared at page 7:

Accordingly, the Board directs AUI, in its next Phase II GRA, to provide a cost/benefit analysis that would allow the Board to determine whether the cost and effort associated with changes to the work order system to accommodate the tracking of meters installation and regulator costs are reasonable expenditures to incur for purposes of improving the precision of the existing meters cost allocation method.

142. In its COSS included in the Phase II application, Chymko addressed this EUB direction, explaining that it had a superior solution to the underlying issue with no associated cost:

41. Following Decision 2007-079, AUI reviewed its internal processes and determined that modifying its work order system would involve significant cost and provide no operational benefits, other than information for ratemaking purposes. However, AUI did determine that it could improve upon the meter RCN calculation by better modelling the decision process used by field staff to estimate the cost of meter installations and replacements.<sup>82</sup>

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<sup>82</sup> Section 2.1, paragraphs 37 to 44.

143. The impact to rate classes of updating the method for estimating RCN, as illustrated in Table 10 in paragraph 44 of the COSS, ranges from an increase in allocated costs of one per cent for Rate Class 1/11 to a decrease of 20 per cent for Rate Class 4/14.

144. In AUC.AUI-6, the Commission requested clarification on the proposed solution and received a satisfactory explanation in AUI's response. The UCA and CCA also requested additional information in their information requests, including data, related to AUI's explanation of meters cost allocation but did not pursue this matter in its evidence and there were no changes made as a result of the settlement negotiations.

### **Commission findings**

145. As the Commission had no further concerns, the UCA did not pursue this issue directly in its evidence and there were no changes made as a result of the settlement negotiations, the Commission considers that AltaGas has complied with this direction.

### **Direction 2**

146. The following direction relating to the cost/benefit analysis of using the diameter-length method and the results of its review of other reasonable alternatives for the allocation of services cost appeared at page 9:

However, the Board considers that there is merit in investigating other feasible alternatives. The Board notes that AUI has offered to provide in its next Phase I GRA a full cost/benefit analysis of using the Diameter-Length method for the allocation of services together with a review of other reasonable alternatives. Accordingly, the Board directs AUI, in the next Phase I GRA, to include a full cost/benefit analysis of using the Diameter-Length method and the results of its review of other reasonable alternatives for the allocation of services cost. AUI's review should also examine the feasibility of tracking contributions more closely to the costs they are intended to offset rather than a general allocation based on multiple factors.

147. AUI considered EUB Direction 2 to consist of two parts – allocation of service line costs and treatment of contributions.

148. With respect to allocation of service lines, in its COSS, Chymko discussed the general merits of the current meter replacement cost new RCN weighting factor, the diameter-length method and an all-in service line RCN weighting factor. Chymko explained why it believed a unique service line RCN weighting factor for each class could be the superior method for allocation of service lines costs. However, while Chymko was able to develop standard service line specifications for representative Rate 1/11 sites, it submitted that, due to the additional complexity and uniqueness of many Rate 2/12 and 3/13 sites, it was unable to complete a standard costing for each rate class in time for the filing of the Phase II application and indicated it would be ready with the full analysis for the next GRA.

149. The AUC pursued this in AUC.AUI-7 and received a response that the costing analysis for all rate classes would not be available in time for the settlement negotiations but was open to undertakings from any potential settlement reached or from any Commission directions issued in a decision on this proceeding, including the next GRA Phase II process. In CCA-AUI-9, the CCA also questioned AUI on this topic, including why AUI had not been able to comply with

EUB Direction 2 given the amount of time available since Decision 2007-079 had been released. The UCA did not pursue this issue directly in its evidence.

150. With respect to treatment of contributions, in its COSS filed with the Phase II application, Chymko submitted that there are hundreds of factors that may influence total cost or expected future revenues of a single site, and attempting to isolate and assign contribution dollars to each factor would be complicated and impractical. Chymko did however agree that the COSS could be improved to better account for contributions and therefore revised the allocation of no-cost capital (which includes both contributions and grants) in its COSS that was filed with the Phase II application. In UCA-AUI-7 and CCA-AUI-10, the UCA and CCA both requested further data and analysis on this topic. Neither the UCA nor the CCA pursued this matter any further in evidence and there were no changes made as a result of the settlement negotiations.

### **Commission findings**

151. The Commission does not find AUI's response to the allocation of service line costs' direction to be satisfactory and is of the view that AUI had sufficient opportunity to present a complete analysis and recommendation as part of its application. The Commission therefore considers that AUI's compliance with this direction is incomplete and directs AUI to complete this analysis and provide it in full with recommendations in support of this aspect at its next GRA Phase II or in its filing to establish going in rates for PBR, as the case may be.

152. With respect to the treatment of contributions, as the Commission had no concerns with the changes made, the UCA did not pursue this matter directly in its evidence and there were no changes made as a result of the settlement negotiations, the Commission considers that AltaGas has complied with this direction.

### **Direction 3**

153. The following direction, relating to system design, appeared at page 10:

The Board notes that the model was designed to reflect the Board directed -40° C peak and the Board would not necessarily expect it to be rigorous enough to provide accurate results using values that are outside of the relevant data set for predicting heating loads. Consequently, the Board directs AUI, at its next Phase II GRA, to analyze and report on the need for a region specific calculation given the uniform -40° C and revise the model calculations to be able to account for low or no heating load.

154. AltaGas advised in the Phase II application that it had prepared an analysis comparing the results of calculating a peak load using the region specific approach (as used previously in the COSS) to the results of a company total approach. The analysis results indicated that using either approach achieved virtually identical results. At the design temperature of -40 C, the total variance in calculated peak load between the two approaches was only 172 GJ, or 0.1 per cent. Although the total company approach produced results insignificantly different than the region specific approach, AUI recommended continuing with the region specific approach as it is consistent with AUI's distribution throughput forecast methodology. AUI also agreed with the EUB's request to revise the COSS to account for low, or no, heating load. In its COSS, Chymko concurred with AUI on both issues. In UCA-AUI-8, the UCA requested further explanation and specific data but did not pursue these matters in its evidence.

## Commission findings

The Commission accepts the reasons provided by AUI for not changing from the region specific calculation and notes that AUI revised the COSS to account for low, or no, heating load as requested by the EUB. The Commission therefore considers that AltaGas has complied with this direction.

### Direction 4

155. The following direction, relating to classification of distribution mains costs, appeared at page 20:

In summary, the Board is satisfied with AUI's utilization of the Diameter-Length method when classifying the costs of distribution mains between customer-related costs and demand-related. However, the Board directs AUI in its next Phase II to address:

- the classification of mains general costs, particularly the appropriateness of classifying such costs on the same basis as the mains pipe costs, and
- whether the inclusion of cost data and capacity within the Diameter-Length method is appropriate when allocating costs between demand and customer-related for distribution mains.

156. AltaGas considered EUB Direction 4 to consist of two parts – classification of mains pipe and mains general, and inclusion of cost data and capacity within the diameter-length method.

157. With respect to the first part, Chymko described the mains general and mains pipe functions as closely linked, with mains general costs supporting those of mains pipe. For this reason Chymko submitted that it is sensible for the classification of mains general and mains pipe costs to be consistent.

158. With respect to inclusion of cost data and capacity within the diameter-length method, Chymko agreed that reflecting both cost and capacity was intuitively appealing and would improve the ability of the model to allocate costs according to actual cost drivers. However, cost and capacity would act as offsets to each other to an unknown degree.

159. Both the UCA and the CCA pursued the classification of mains costs in information requests and the UCA addressed it in its evidence. Also, as discussed earlier in this decision, mains-related costs apparently were a central topic in the settlement discussions, as evidenced by the changes outlined in the settlement and discussed in Section 5.1.1 above.

## Commission findings

160. Given the interest in this topic shown by interveners and the changes made to and agreed upon by parties in the COSS filed with the settlement, the Commission considers that AltaGas has complied with this direction.

## Direction 5

161. The following direction, relating to homogeneity of Rate Class 1/11, appeared at page 34:

Notwithstanding, the Board believes that the onus should be on AUI to support the appropriateness of its rate class structure, particularly where there is concern and disagreement by interested parties that represent customers affected by its rates. Accordingly, the Board directs AUI, at its next Phase 2 GRA, to prepare a report that demonstrates that the customers served in Rate Class 1/11 are reasonably homogenous and that the tariffs applied in Rate Class 1/11 are fair and reasonable to the customers within that Class. At that time, the Board will reconsider whether there should be any changes to the composition of Rate Class 1/11.

162. Chymko worked with AltaGas to perform a study to address EUB Direction 5 and described the study and results in the COSS filed with the Phase II application. The study was based on a representative sample of Rate Class 1/11 sites and quantified the full cost of connecting each of these sites to AUI's distribution network. Based on Chymko's findings and given the increase in administrative time, effort and cost associated with splitting Rate Class 1/11, AUI proposed there be no change to existing rate class structure in this GRA or in the foreseeable future.

163. The CCA and UCA asked a number of information requests and the UCA devoted a portion of its evidence to the topic of splitting Rate 1/11 into more than sub-classes. In addition, the Commission understands that the settlement negotiations included discussion on the topic of dividing Rate 1/11 into sub-classes because the settlement application and the settlement agreement include a provision for AUI to provide additional data to assist parties in better assessing the merits of splitting Rate 1 in the next Phase II GRA, with the specific intent of testing a subdivision based on consumption of 300 GJ/year or less and greater than 300 GJ/year.

## Commission findings

164. The Commission is satisfied that AltaGas has complied with this direction. However, while the Commission considers the study to be a good start and observes that it produced a number of findings, it is not convinced that any clear conclusion was reached on whether the customers in Rate Class 1/11 are reasonably homogeneous and that the tariffs applied in Rate Class 1/11 are fair and reasonable to the customers within that class. For these reasons, AUI is directed to file, at the next GRA Phase II or in its filing to establish going in rates for PBR, as the case may be, a comprehensive report that determines whether the customers served in Rate Class 1/11 are reasonably homogenous and whether the tariffs applied in Rate Class 1/11 are fair and reasonable to the customers within that rate class. The Commission encourages AUI to collaborate with interveners on this matter.

## 8 Future GRA Phase II filings

165. While the Commission has approved the settlement in its entirety, this decision has highlighted certain information and analytical requirements to be addressed in future Phase II filings, some of which were identified by AltaGas in the settlement application and settlement agreement and discussed above. These future Phase II filing requirements all relate to either enhancing the understanding of the Commission and parties with respect to the customer impacts

over time of the changes to cost allocations and rate design provided for in the settlement, or providing various analyses to attempt to improve the assignment of costs to customer groups. This information will assist the Commission and parties in determining whether or not modifications to the cost allocations, rate groups or rate design may be required. Consistent with this objective, the Commission directs AltaGas to file an update with the Commission as part of its next GRA Phase II or in its filing to establish going in rates for PBR, as the case may be which evaluates the changes to cost allocation and rate design in light of the objectives, goals and benefits they were designed to achieve and identifying any undue cross-subsidizations. As part of this filing, AltaGas should consider the merits of filing a COSS in order to substantiate its findings.

## 9 Order

166. It is hereby ordered that:

- (1) In accordance with the terms of this decision, the settlement as filed, in its entirety, as contained in Appendices 3 and 4 to this decision is approved.

Dated on March 8 2011.

### The Alberta Utilities Commission

*(original signed by)*

Tudor Beattie, QC  
Panel Chair

*(original signed by)*

Bill Lyttle  
Commission Member

*(original signed by)*

Mark Kolesar  
Commission Member





## Appendix 1 – Proceeding participants

Name of organization (abbreviation) counsel or representative
AltaGas Utilities Inc. N. J. McKenzie R. J. Koizumi J. Coleman M. Turner (Chymko Consulting Ltd.) R. Retnanandan (Energy Management & Regulatory Consulting)
ATCO Gas R. Trovato V. Porter J. Santos D. Zavaduk
BP Canada Energy Company C. Worthy G. Boone
The Consumers' Coalition of Alberta (CCA) J. A. Wachowich (Wachowich & Co.)
The Office of the Utilities Consumer Advocate (UCA) T. D. Marriott (Brownlee LLP)

The Alberta Utilities Commission
Commission Panel T. Beattie, QC, Panel Chair B. Lyttle, Commission Member M. Kolesar, Commission Member
Commission Staff V. Slawinski (Commission Counsel) P. Howard M. McJannet D. Weir

## Appendix 2 – Summary of Commission directions

This section is provided for the convenience of readers. In the event of any difference between the Directions in this section and those in the main body of the decision, the wording in the main body of the decision shall prevail.

1. The Commission accepts the explanations provided and set out above with respect to the functionalizations, cost classifications and allocations. The Commission accepts the rationale provided by Chymko for the changes it made to taxes in the COSS and, given that there was no opposition to the recommended changes, directs AUI to implement these changes. .... Paragraph 102
2. While the Commission accepts the settlement application and provisions of the settlement agreement which change COSS classification and allocation methodologies previously established in Decision 2007-079, the Commission directs AUI in its next GRA Phase II or in its filing to establish going in rates for performance based regulation (PBR), as the case may be, to review each of these matters and indicate, with reasons, which methodologies AUI considers will best result in just and reasonable rates. Any further settlement application must also address the rationale for the methodologies selected. .... Paragraph 104
3. The Commission directs AUI to place a notice on its website that its T&Cs have been updated and update its website with the new T&Cs. .... Paragraph 111
4. Given the sign-off on the settlement by the active interveners in this proceeding and Decision 2010-535 approving the continuation of the Decision 2009-038 interim rates to December 31, 2010 to collect the remaining 2008 and 2009 revenue deficiencies, and the Commission finding in Section 4.3.3 that the finalization of 2008 and 2009 rates is in the public interest and would provide for regulatory efficiency, the Commission approves the finalization of rates for 2008 and 2009, as requested. AUI is directed to finalize its rates for 2008 and 2009 rates as proposed. .... Paragraph 123
5. Consistent with Decision 2010-621, the Commission directs AUI to submit, in its compliance filing to this decision, new rate schedules that result from the directions contained in this decision being applied to the 2011 Interim Revenue Requirement as established by Decision 2010-621. The existing interim 2011 rates as approved in Decision 2010-621 will continue to be in effect until the new rate schedules are filed and approved. The new rate schedules will be effective the first day of the month following the Commission’s approval of those rate schedules. .... Paragraph 124
6. AUI included in its settlement application and settlement agreement a provision for any changes to rates made during the period 2010-2012 to be applied on an across the board basis to maintain the same revenue to cost ratio percentages for all billing components of all rate classes, as set forth in the rate design summary included as Appendix A to the settlement. By letter dated July 29, 2010, the Commission indicated its support for this. Also, as indicated above, the Commission supports the continued adherence to the 95 – 105 per cent revenue to cost ratio band and accepts the various trade-offs made and the regulatory, cost of service, rate design and public interest principles as explained by AUI in response to the Commission’s information request. The Commission therefore approves the request to apply any changes to rates made during the period 2010-2012 on

- an across the board basis in order to maintain the same revenue to cost ratio percentages for all billing components of all rate classes. The Commission considers (see Section 4.3.3 above) this will also provide for regulatory efficiencies, which in the Commission’s view will be in the public interest and therefore directs AUI, once its revenue requirement has been finalized for 2010-2012 in Proceeding ID No. 904, to file an updated COSS for 2010-2012 in a Phase II compliance filing. However, as per Decision 2010-621, the Commission notes that rates for 2010 and a portion of 2011 have already been collected under the current rate design approved in Decision 2007-079. AUI is therefore directed, in its final rate applications for the years 2010 and 2011, to include the reconciliation between the rate design approved in this decision and that in place when the revenues were collected. .... Paragraph 128
7. The Commission accepts the rate schedule explanation provided and directs AUI to remove the word “commodity” from the name of Rate 3/13 wherever it appears in AUI’s Rate Schedules or T&Cs and to file the revisions as part of its compliance filing to this decision. .... Paragraph 132
8. The Commission does not find AUI’s response to the allocation of service line costs’ direction to be satisfactory and is of the view that AUI had sufficient opportunity to present a complete analysis and recommendation as part of its application. The Commission therefore considers that AUI’s compliance with this direction is incomplete and directs AUI to complete this analysis and provide it in full with recommendations in support of this aspect at its next GRA Phase II or in its filing to establish going in rates for PBR, as the case may be. .... Paragraph 151
9. The Commission is satisfied that AltaGas has complied with this direction. However, while the Commission considers the study to be a good start and observes that it produced a number of findings, it is not convinced that any clear conclusion was reached on whether the customers in Rate Class 1/11 are reasonably homogeneous and that the tariffs applied in Rate Class 1/11 are fair and reasonable to the customers within that class. For these reasons, AUI is directed to file, at the next GRA Phase II or in its filing to establish going in rates for PBR, as the case may be, a comprehensive report that determines whether the customers served in Rate Class 1/11 are reasonably homogenous and whether the tariffs applied in Rate Class 1/11 are fair and reasonable to the customers within that rate class. The Commission encourages AUI to collaborate with interveners on this matter. .... Paragraph 164
10. While the Commission has approved the settlement in its entirety, this decision has highlighted certain information and analytical requirements to be addressed in future Phase II filings, some of which were identified by AltaGas in the settlement application and settlement agreement and discussed above. These future Phase II filing requirements all relate to either enhancing the understanding of the Commission and parties with respect to the customer impacts over time of the changes to cost allocations and rate design provided for in the settlement, or providing various analyses to attempt to improve the assignment of costs to customer groups. This information will assist the Commission and parties in determining whether or not modifications to the cost allocations, rate groups or rate design may be required. Consistent with this objective, the Commission directs AltaGas to file an update with the Commission as part of its next GRA Phase II or in its filing to establish going in rates for PBR, as the case may be which evaluates the changes to cost allocation and rate design in light of the objectives, goals and benefits they were designed to achieve and identifying any undue cross-subsidizations. As part of

this filing, AltaGas should consider the merits of filing a COSS in order to substantiate its findings. .... Paragraph 165

## Appendix 3 – Settlement application and settlement agreement

[\(return to text\)](#)



Appendix 3 -  
Settlement application

(consists of 220 pages)

## Appendix 4 – Terms and conditions of service

[\(return to text\)](#)



Appendix 4 - Terms  
and conditions of sen

(consists of 120 pages)



AltaGas Utilities Inc.  
5509 45 Street      main      780.986.5215  
Leduc AB T9E 6T6      fax      780.986.5220

October 15, 2010

Alberta Utilities Commission  
Fifth Avenue Place  
4<sup>th</sup> Floor, 425 – 1<sup>st</sup> Street SW  
Calgary, AB T2P 3L8

**Attention: Paul Howard, Lead Application Officer**  
**Alberta Utilities Commission (AUC, the Commission)**

**Re: AltaGas Utilities Inc. (AUI)**  
**2008-2009 General Rate Application Phase II (Application)**  
**Application No. 1606230; Proceeding I.D. 651**  
**Negotiated Settlement Process (NSP)**

Please find attached the Negotiated Settlement for the Application ratified by all parties that took part in the NSP. All aspects of the Application are addressed in the Negotiated Settlement. A Settlement Brief is provided to highlight the specifics of the agreement.

Should the Commission or AUC Staff have any questions or require any clarification, please call.

[ALTAGAS UTILITIES INC.](#)

Per:

A handwritten signature in blue ink that reads "Jennifer Coleman".

Jennifer Coleman, CMA  
Supervisor, Tariff and Compliance Filings

## **ALBERTA UTILITIES COMMISSION**

**ALTAGAS UTILITIES INC.  
2008-2009 GRA – PHASE II  
APPLICATION NO. 1606231; PROCEEDING ID 651**

**- SETTLEMENT BRIEF -**

**SUBMITTED BY  
ALTAGAS UTILITIES INC.**

**AltaGas Utilities Inc.**  
5509-45 Street  
Leduc, Alberta  
T9E 6T6

October 15, 2010



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## 1. INTRODUCTION

1. AltaGas Utilities Inc. (AUI) requests approval of a Settlement Agreement between AUI, the Consumers' Coalition of Alberta (CCA) and the Office of the Utilities Consumer Advocate (UCA), dated October 15, 2010, and filed with this Settlement Brief.
2. Approval of the Settlement Agreement and implementation of final rates and terms and conditions of service for 2008 and for 2009 and extension of the agreed upon terms to 2010 through 2012 is requested pursuant to section 44 of the *Gas Utilities Act* (GUA), the AUC's Rules of Practice and AUC Rule 018, Rules on Negotiated Settlements.
3. The Settlement Agreement is a product of negotiations amongst AUI, the UCA and the CCA (collectively, the Parties). It is submitted the Settlement Agreement represents an acceptable and reasonable balance of interests among the Parties and is in the public interest. It is further submitted the Settlement Agreement reflects compromises among the Parties. Consequently, the components of the Settlement Agreement are inextricably linked and the Settlement Agreement is presented to the Commission for approval as a single package and is contingent upon the Commission's approval of the entire Settlement Agreement.
4. The process leading to this Settlement Agreement was open and fair and provided an appropriate forum for meaningful stakeholder participation. Further, it is agreed there was sufficient information available to the parties to facilitate and reach the Settlement Agreement.
5. No unresolved issues are identified in the Settlement Agreement.

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## 2. NOTICE

6. On May 26, 2010, the AUC issued an Alert of Notice (Alert) and published a Notice of Application (Notice) in the Calgary Herald and Edmonton Journal in relation to AUI's 2008-2009 General Rate Application - Phase II (GRA). The notice required parties to register on or before June 14, 2010.
7. In response to the Alert and Notice, the CCA, UCA, ATCO Gas (AG) and BP Canada Energy Company (BP) filed Statements of Intent to Participate.
8. Although the May 26, 2010, Alert and Notice indicated the GRA included a request to extend the principles determined in the GRA to the period 2010-2012, the AUC requested a further Alert be issued and Notice published to ensure all affected parties received adequate notice. Further, publication of the notice was to be extended to newspapers within AUI's service territory. On August 5, 2010, the AUC issued a Supplementary Alert of Notice (Supplementary Alert) and published a Supplementary Notice of Application (Supplementary Notice). The notice required parties to register on or before August 23, 2010. The Supplementary Notice was published in the following periodicals:

Athabasca Advocate  
Barrhead Leader  
Beaumont News  
Bonnyville Nouvelle  
Bow Island Commentator  
Camrose Canadian  
Coronation East Central Review  
Drumheller Inside  
Drumheller Mail  
Elk Point Review  
Hanna Herald  
Three Hills Capital  
Grande Cache Mountaineer  
High Level Echo  
Morinville Free Press  
Lac La Biche Post

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Leduc Representative  
Leduc Wetaskiwin Pipestone Flyer  
Pincher Creek Echo  
Redwater Review  
Stettler Independent  
St. Paul Journal  
Two Hills & County Chronicle  
Westlock News  
Wetaskiwin Times Advertiser

9. No new interventions were registered as a result of the Supplementary Alert and Supplementary Notice.
10. AUI submits the foregoing is evidence of adequate notice to the public and all potentially interested parties and should constitute adequate notice for purposes of the GRA.
11. In addition to the GRA, AUI also filed an Interim Terms and Conditions of Service Application (Interim T&Cs Application). As noted in Section 4 of this Settlement Brief, the Settlement Agreement is not intended to preclude any consideration of the Interim T&Cs Application by the AUC. However, as the resulting Terms and Conditions of Service have a direct impact on the GRA and are intended to replace similar documents in the GRA, AUI considered it appropriate to also address the issue of notice related to this Application.
12. Specifically, commencing June 26, 2010, AUI commenced using standards and procedures compliant with AUC Rule 004 - Alberta Tariff Billing Code for all transactions with competitive natural gas retailers operating in AUI's service area. To provide terms and conditions of service necessary to facilitate the exchange of electronic billing information between AUI and the retailers, AUI filed to have the Terms and Conditions of Service included in its GRA, approved on an interim basis.
13. An Alert of Notice was issued and a Notice of Application published by the AUC on May

25, 2010. Parties interested in participating in the process were given until June 8, 2010, to register an intervention. Subsequently, interventions were registered by the UCA and ATCO Gas.

14. AUI submits the Alert and Notice in respect of the Interim T&Cs Application provided adequate notice to all parties of the subject application. AUI notes the only active intervener registered in the GRA, but not registered in the Interim T&Cs Application, was the CCA. However, as the scope of the Settlement Agreement covers all aspects of the GRA, including the Terms and Conditions of Service, all parties were specifically given an opportunity to review the amended Terms and Conditions of Service filed on September 22, 2010, prior to executing the Settlement Agreement. Therefore, AUI submits the AUC should also consider the notice in relation to the Interim T&Cs Application adequate.

### **3. BACKGROUND**

15. On May 21, 2010, AUI filed its Interim T&Cs Application and its GRA. As indicated in the preceding section, Notices of these Applications were issued and published on May 25<sup>th</sup> and 26, 2010, respectively. On May 27, 2010, AUI requested approval from the AUC to conduct a negotiated settlement process aimed at reaching a settlement on all aspects of the GRA. On June 30, 2010, after receipt of comments from registered interveners on the merits of a negotiated settlement process, the AUC issued a letter establishing a schedule for this process and approving AUI's request to negotiate the GRA. While AUI's request was to negotiate all aspects of the GRA, including extension of any agreement to 2010-2012, the AUC's approval was limited to 2008-2009. Consequently, on July 21, 2010, AUI requested the AUC expand its approval to encompass the extension to 2012.

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16. As noted in Section 2 of this Settlement Brief, to ensure all potentially affected parties had adequate notice of the application and the intention to have any settlement cover the period up to, and including, 2012, the AUC issued a Supplemental Alert and Supplemental Notice.
17. Information Requests on the GRA were filed by the AUC, CCA and UCA on July 26, 2010. Information Responses were filed by AUI on August 16, 2010. Subsequently, the UCA filed Intervener Evidence on September 8, 2010. Negotiations between AUI, CCA and UCA were conducted on September 16, 27 and 29, 2010. As a result of those meetings, a complete settlement was reached, culminating in an executed Settlement Agreement, attached to, and forming part of, this Settlement Brief.
18. With regard to the Interim T&Cs Application, a technical meeting was conducted on July 15, 2010, with AUI, the AUC, UCA and ATCO to look at further revisions necessary to address concerns of parties and to ensure the proposed T&Cs were in compliance with AUC Rules 004, 010 and 021. Based on comments received at that meeting and in response to a subsequent draft, AUI submitted a revised set of T&Cs on September 22, 2010. On October 7, 2010, the AUC issued Decision 2010-484 approving the T&Cs on an interim basis, pending final approval.
19. The finalization of the T&Cs was included in the scope of the negotiated settlement process and all parties to the Settlement Agreement were given an opportunity to review the amended T&Cs filed on September 22, 2010, as part of the GRA negotiated settlement process and identify any remaining areas of concern. As a result of that review, there was one minor change to the Natural Gas Utility Service Rules, described in further detail under the section of this Settlement Brief dealing with the T&Cs.

#### **4. SETTLEMENT AGREEMENT**

20. The Parties to the attached Settlement Agreement are AUI, CCA and the UCA. Although AG and BP were also registered interveners, both indicated they would not participate in the negotiation process.
21. The Settlement Agreement is intended to cover all aspects of the GRA. It provides the basis for establishing final rates for 2008 and 2009 and the principles for establishing final rates for 2010 through 2012, following issuance of a final decision on AUI's 2010-2012 revenue requirements. It also indicates parties' agreement to accept on a final basis, and subject to one change identified in paragraph 34 of this Settlement Brief, the Terms and Conditions of Service, as amended on September 22, 2010 and approved by the AUC in Decision 2010-484 on October 7, 2010, on an interim basis.
22. Key components of the Settlement Agreement include certain revisions to the functionalization and allocations used in the Cost of Service Study (COSS), requirements for further study and analysis by AUI to be included in its next Phase II application, changes in the rate design, finalization of rates for 2008 and 2009 and the approach to be used to calculate rates for 2010 through 2012 and agreement on Terms and Conditions of Service.

##### **4.1 COSS**

23. With regard to the COSS, parties have agreed, for purposes of this GRA, Mains Pipe will be classified as 45% customer and 55% demand. In AUI's submission, this classification is not unreasonable as it reflects movement towards a more narrowly defined concept of a "minimum system". In addition to AUI's outside diameter length approach, AUI notes

there are a number of approaches that have been utilized in Alberta and other jurisdictions to determine what portion of the mains is related to demand and what portion is required simply to provide a customer with utility service (i.e. the minimum system). While AUI takes no position on the appropriateness of the methods referenced in the UCA's evidence, it has agreed further analysis of this cost is appropriate. Pending receipt of this additional study, parties have agreed to the above noted classification for purposes of this GRA.

24. As costs related to Distribution stations are, arguably, more closely driven by demand than number of customers, all plant and O&M costs related to Distribution stations will be identified and removed from existing functions and re-functionalized into a new category called Distribution Stations. Those costs will then be classified as 100% demand and allocated on the basis of NCP demand. The remaining Mains General costs will be classified in the same manner as Mains Pipe (as described in Paragraph 23 of this Settlement Brief).
25. For the 2013-2018 Incentive Regulation Phase II filing, General Plant costs currently functionalized on the basis of labour will be re-functionalized on the basis of all other revenue requirement. As labour may not be the only driver for these costs, the Parties agreed to use a broader allocator for this group of costs.

#### **4.2 FURTHER STUDIES**

26. Although all other aspects of the Cost of Service Study will remain unchanged for the period 2008-2012, AUI has agreed to complete its analysis of Services costs for Rates 2, 3 and 4. Rate 1 data was provided as part of the current GRA.
27. To assist parties in better assessing the merits of splitting Rate 1 in the next GRA, AUI



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has agreed to provide typical Services cost data for Rate 1 customers with consumptions of 300, 600, 1200, 1800 and 3000 GJ per year. Although AUI submits there is sufficient evidence on the record in this proceeding indicating the existing Rate 1 is a homogenous rate class, it is prepared to undertake further work to aid parties' assessment of this position. Other than a minor shift in the transition point between Rates 1 and 2, no change in the structure of Rate 1 is proposed in the GRA or during the term of the Settlement Agreement (i.e. 2008-2012).

#### 4.3 RATE DESIGN

28. Based on negotiations, the Parties have agreed to the following rates:

Rate	Fixed Charge (\$/mo.)	DSP Admin. Fee (\$/mo.)	Base Energy (\$/GJ)	Demand Charge (\$/mo./GJ)
1	\$ 23.370	\$ 1.698	\$ 1.360	
2	\$ 266.000	\$ 1.698	\$ 0.894	
3	\$ 609.000	\$ 1.698	\$ 0.020	\$ 6.025
4	\$ 78.000	\$ 1.698	\$ 0.810	

29. Details of the rate design and resulting Revenue to Cost ratios are set forth in the rate design summary schedule included in Appendix A to the Settlement Agreement.

30. Compared to the rates approved in Decision 2009-038, the proposed 2009 rates will result in decreases for all rate classes. Based on forecast consumption levels, the annualized decrease for Rate 1 (residential) is forecast to be 9.68%, 14.16% for Rate 1 (commercial), 10.67% for Rate 1 (rural), 20.84% for Rate 2 (large general service), 15.81% for Rate 3 (demand) and 7.20% for Rate 4 (irrigation). [Schedule 4.0]

31. Pursuant to the Settlement Agreement, interim rates in place and approved in Decisions 2007-079, 2008-103, 2009-036 and 2009-038 are to be considered final rates for 2008

and 2009. Pursuant to AUI's 2010 Interim Rate Application, filed October 15, 2010, the rates approved in Decision 2009-038 will continue to apply for the period January 1, 2010, to December 31, 2010. As indicated in AUI's 2010 Interim Rate Application, continuation of the existing rates to December 31, 2010, will result in the recovery of the remaining 2007, 2008 and 2009 Deficiencies and approximately 49% of AUI's forecast Revenue Deficiency for 2010.

32. As and from January 1, 2011, the rates agreed upon in this Settlement Agreement, and noted in the above table, will be the rates in effect as and from January 1, 2011. As the rates are based on collection of the 2009 approved Revenue Requirement for AUI, they may be subject to later revision as a result of interim or final rate adjustments related to 2010, 2011 and 2012.
33. For the period 2010 through 2012, any changes in rates are to be applied on an across the board basis to maintain the same revenue to cost ratio percentages for each of the billing components (i.e. fixed, variable and demand) applicable to each of the rate classes. Once AUI's revenue requirement has been finalized for the period 2010, 2011 and 2012, AUI will file a Phase II Compliance Filing to establish final rates for the period 2010 through 2012. AUI anticipates the AUC's process for review of Compliance Filings will also provide the AUC and stakeholders the opportunity to review the proposed rates to ensure they comply with the provisions of this Settlement Agreement. Unless otherwise agreed upon by all Parties, the Compliance Filing process will not reopen the Settlement Agreement or principals determined through the Negotiated Settlement Process for establishment of final rates for 2010 through 2012, inclusive.

#### **4.4 TERMS AND CONDITIONS OF SERVICE**

34. The Parties agree to the removal of the word "competitive" from Part 1, paragraph 2(b) of

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the Natural Gas Utility Service Rules approved in Decision 2010-484 on October 7, 2010. The sub-paragraph will now read:

2(b) If you have a contract (written, verbal or electronic) to buy your natural gas from a retailer, you are a retail supply customer.

35. Other than the above change, the amended Terms and Conditions of Service filed in AUI's Interim T&Cs Application and approved in Decision 2010-484, dated October 7, 2010, are the same as those attached as Appendix C to this Settlement Agreement.

36. In addition, the Special Charges Schedule included in the GRA, which was removed from consideration in the Interim T&Cs Application, is to be replaced with a revised Schedule and included as part of the Natural Gas Utility Service Rules included in Appendix C to this Settlement Agreement. There are three changes in the Schedule from the one filed with the GRA. The first change is the replacement of the word "including" with the words "such as" in the definition of "Town" under Special Criteria. The revised sentence will now read:

Rate 1/11 – Town – A *service site* located within an incorporated municipality, such as a village, town or city.

37. The second change is the replacement of the word "appropriate" with the word "economic" under "Other" in the section dealing with Non-Standard Non-Refundable Contributions. As a result, the provision will now read:

Other – If it is not economic to consider an application for service under a standard contribution, it will be evaluated individually to determine a specific, non-refundable contribution.

38. The third change is the inclusion of Service Guarantee for customers who purchase default supply. The provision included in page 2 of the Special Charges Schedule is a requirement of AUC Rule 003, Service Quality and Reliability Performance Monitoring and Reporting for Regulated Rate Providers and Default Supply Providers.

39. Although the T&Cs are to become effective on a final basis as and from the date of the AUC's decision on the Settlement Agreement, the Special Charges Schedule would not come into effect until January 1, 2011.

#### **4.5 OTHER**

40. To reflect the fact Rate 3/13 is no longer a commodity rate, the word "Commodity" is to be removed from the name of Rate 3/13 wherever it appears in AUI's Rate Schedules or Terms and Conditions of Service.
41. AUI has also agreed to examine the use of a tiered rate for Rate 1 aimed at promoting gas consumption conservation. This review is to be undertaken as part of a broader conservation and/or demand side management initiative AUI anticipates bringing forward as part of its 2013-2018 Incentive Regulation filing.

#### **5. OUTSTANDING MATTERS**

42. Subject to the revisions and provisions noted in the foregoing sections and set forth in the Settlement Agreement, all aspects of the GRA have been agreed upon and addressed through the negotiated settlement process and resulting Settlement Agreement. The Settlement Agreement also incorporates AUI's T&Cs, as approved in Decision 2010-484, dated October 7, 2010, in AUI's Interim T&Cs Application.

## 6. CONCLUSION

43. AUI submits approval of the Settlement Agreement is in the best interests of customers and AUI. Arriving at reasonable rates for 2008 and 2009 and establishing the method for finalization of rates for 2010 through 2012, following conclusion of AUI's 2010-2012 GRA Phase I, will result in regulatory efficiency and avoids many of the costs that would have been incurred had a 2010-2012 GRA Phase II process been required. In addition, by expediting establishment of 2010-2012 final rates, it will enable AUI to realign its rates and test periods, particularly as AUI and other utilities transition to Incentive Regulation.
44. AUI submits the parties who are signatories to the Settlement Agreement are knowledgeable concerning the matters addressed therein and their consensus provides a basis on which the Commission can reasonably conclude the Settlement Agreement is in the public interest.
45. The Settlement Agreement results in rates that will recover AUI's approved 2009 revenue requirement.
46. The Settlement is consistent with existing law and Commission policies.
47. In AUI's submission, the Settlement Agreement provides a reasonable balance of all Parties' interests and results in fair and reasonable rates. Therefore, AUI requests the AUC approve:
- ◆ The proposed cost of service concepts and principles, as revised under the terms of the Settlement Agreement and reflected in Appendix A of the Settlement Agreement;
  - ◆ The proposed rate design set forth in Appendix A of the Settlement Agreement and resulting distribution service rates as set forth in Appendix B of the Settlement Agreement, with the proposed rates to take effect January 1, 2011;

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- ◆ The method proposed in the GRA to administer the 2007, 2008 & 2009 deficiency balance;
- ◆ The rates in place for 2008 and 2009 as final rates;
- ◆ The Terms and Conditions of Service attached as Appendix C to the Settlement Agreement on a final basis;
- ◆ The Special Charges Schedule in the Natural Gas Utility Service Rules included in Appendix C to the Settlement Agreement, effective January 1, 2011;
- ◆ Establishment of 2010-2012 rates based on provisions of the Settlement Agreement; and
- ◆ All other provisions in the Settlement Agreement.

**ALTAGAS UTILITIES INC. 2008-2009 GRA – PHASE II  
NEGOTIATED SETTLEMENT AGREEMENT**

**BETWEEN:**

**ALTAGAS UTILITIES INC. (AUI)**

- and -

**CONSUMERS' COALITION OF ALBERTA (CCA) AND  
THE OFFICE OF THE UTILITIES CONSUMER ADVOCATE (UCA)  
(collectively referred to as the Customer Intervener Groups or CIG for purposes of  
this Negotiated Settlement Agreement)**

**WHEREAS:**

- a) AUI filed a 2008-2009 Phase II General Rate Application (GRA) with the Alberta Utilities Commission (AUC) on May 21, 2010, requesting the AUC approve:
- The proposed cost of service concepts and principles;
  - The proposed rate design and resulting distribution service rates, effective Jan. 1, 2011;
  - The proposed method to administer the 2007, 2008 & 2009 deficiency balance;
  - The rates in place for 2008 and 2009 as final rates;
  - The proposed terms and conditions of service and special charges, effective January 1, 2011;  
and
  - The continuation and application of the above noted cost of service concepts and principles, rate design concepts and T&CS and special charges for the finalization of rates to recover AUI's 2010-2012 revenue requirement to be determined as part of its forthcoming 2010-2012 Phase I GRA.;
- b) On May 26, 2010, the AUC issued an Alert of Notice and published a Notice of Application in the Calgary Herald and Edmonton Journal in relation to the GRA and, on

August 5, 2010, the AUC issued a supplementary Alert of Notice and published a Supplementary Notice of Application in local papers in AUI's service areas;

- c) On July 6, 2010, the AUC approved AUI's request to negotiate with registered interveners all aspects of the GRA, including AUI's proposal to extend any principles agreed upon for 2008 and 2009 to 2010-2012, inclusive;
- d) Negotiation meetings were conducted with AUI and the CIG on September 16, 27 and 29, 2010, resulting in the following Negotiated Settlement Agreement (Settlement Agreement); and
- e) AUI's Terms and Conditions of Service (T&Cs) were largely vetted and refined in a separate Interim T&Cs Application, subsequently approved on an interim basis on October 7, 2010, and reviewed again in the course of the negotiated settlement process resulting in this Settlement Agreement;

NOW THEREFORE in consideration of the mutual covenants set out in this Negotiated Settlement Agreement, AUI and the Customer Intervener Groups (the Parties) agree as follows:

1. Except as otherwise set forth herein, the Parties agree AUI's 2008-09 General Rate Application, No. 1606230; Proceeding I.D. 651, will form the basis of this Settlement Agreement. Subject to two revisions identified in this Settlement Agreement, the Parties further acknowledge and agree to accept, on a final basis, the revised Terms and Conditions of Service filed on September 22, 2010, as part of AUI's Interim Terms and Conditions of Service Application (Interim T&Cs), No. 1606231, Proceeding I.D. 652, and approved on October 7, 2010. This Settlement Agreement is intended to address all matters raised in the GRA.
2. The rate design, Cost of Service Study and regulatory schedules filed as Appendix A, the Rates and Riders Schedules filed as Appendix B and the Terms and Conditions of Service filed as Appendix C to this Settlement Agreement form part of this Settlement Agreement and reflect the Application and all negotiated changes thereto.



3. Except as expressly agreed to in this Settlement Agreement, the terms and parameters in this Settlement Agreement do not form a precedent or otherwise bind any party as to positions they may take or proposals they may advance in future proceedings.
4. For purposes of this Settlement Agreement and for the period 2008-2012, the Parties agree:
  - a) The classification of Mains Pipe in the Cost of Service Study (COSS) will be adjusted to reflect a classification of 45% customer and 55% demand. The customer portion will be allocated on the basis of number of customers and the demand portion will be allocated on the basis of NCP demand. As part of its next COSS, to be filed as part of its Incentive Regulation Phase II filing, AUI agrees to undertake further study and analysis on the costs of Mains Pipe, including, but not limited to, preparation of a zero intercept analysis; and
  - b) All plant and O&M costs related to Distribution Stations will be removed from their current functions, re-functionalized as Distribution Stations, classified as 100% demand and allocated on the basis of NCP demand. The balance of costs in those functions will be classified in the same manner as Mains Pipe, namely 45% customer and 55% demand.
5. For the 2013-2018 Incentive Regulation Phase II filing, AUI will identify the portion of General Plant currently functionalized on the basis of labour and re-functionalize it on the basis of all other revenue requirement.
6. As part of its next COSS and Phase II filing, AUI agrees to provide:
  - a) Further data and analysis regarding the typical costs for Services for Rates 2, 3 and 4. Further, AUI will provide additional typical cost data for Rate 1 customers based on consumption levels of 300, 600, 1200, 1800 and 3000 GJ/year.
  - b) Analysis of the rate impacts based on a split of Rate 1 into two rate classes. One

rate class would have consumption of 300 GJ/year or less and the other rate class would have consumption greater than 300 GJ/year.

7. The Parties agree interim rates in place during 2008 and 2009 and approved in Decisions 2007-079, 2008-103, 2009-026 and 2009-038 will be considered final rates for the period 2008 and 2009. Pursuant to AUI's 2010 Interim Application, dated October 15, 2010, the rates approved in Decision 2009-038 will continue to be applied during the period January 1, 2010, to December 31, 2010, on an interim basis. By December 31, 2010, the existing rates are expected to recover AUI's 2007, 2008 and 2009 revenue deficiencies and approximately 49% of AUI's forecast revenue deficiency for 2010. As and from January 1, 2011, AUI will calculate rates on the basis of the rate schedules attached as Appendix B to the Settlement Agreement, subject to any further adjustment arising from 2010, 2011, and/or 2012 interim rate applications, if any, and finalization of the rates following release of a decision by the AUC on AUI's Phase II compliance filing for the period 2010 through 2012.
8. For the period 2010 to 2012, inclusive, the Parties agree any rate change(s) will be applied on an across the board basis to maintain the same revenue to cost ratio percentages for all billing components of all rate classes as set forth in the Rate Design Summary included as part of Appendix A to this Settlement Agreement.
9. The Parties agree to the following additional revisions to AUI's GRA:
  - a) Natural Gas Utility Service Rules (NGUSR) will be amended to delete the word "competitive" from sub-paragraph 2(b) of Part 1;
  - b) The Special Charges Schedule included in the NGUSR will be amended:
    - ii) To replace the word "appropriate" with the word "economic" in the "Other" section under Non-Standard Non-Refundable Contributions;
    - iii) To replace the word "including" with the words "such as" in the Rate 1/11 - Town provision; and
    - iv) To include the Service Guarantee for Customers Who Purchase Default Supply in compliance with AUC Rule 003; and

- c) To remove the word “Commodity” from the description of Rate 3/13 in the Rate Schedules and Terms and Conditions of Service.
10. The CIG agree to support approval of the balance of AUI’s 2008-2009 GRA Phase II subject to:
- a) Replacement of the Terms and Conditions of Service with Appendix C to this Settlement Agreement;
  - b) Replacement of the Special Charges Schedule included in the Natural Gas Utility Service Rules in Appendix C to this Settlement Agreement to be effective as and from January 1, 2011; and
  - c) Replacement of the Rate Schedules with Appendix B to this Settlement Agreement.
11. AUI anticipates filing a proposal for a Demand Side Management program as part of its upcoming Incentive Regulation Phase I filing. As part of its demand side management and conservation initiative, AUI agrees it will examine the potential use of a tiered rate for Rate 1, as well as the appropriate structure for optimizing energy conservation by AUI customers.
12. The terms and conditions of this Settlement Agreement are confidential and without prejudice until agreed to by each of the Parties. Upon agreement being reached among all Parties, AUI will advise the AUC and request approval of the Settlement Agreement. Each of the Parties will support, or otherwise not object to, AUI’s request for approval of this Settlement Agreement in all respects. Unless all Parties agree in advance, all information and/or details of offers exchanged between the Parties during the negotiated settlement process will not be released and will remain confidential and on a without prejudice basis.
13. Save as expressly agreed herein, this Settlement Agreement does not preclude or prejudice the rights of Parties to pursue any issues of concern to them in any proceeding

in respect of 2013 or future years.

14. AUI represents, after due inquiry:
- a) The Application, supporting material, responses to information requests and all information filed with the AUC, including this Settlement Agreement and attached Appendices, contains all material information and facts relied upon by AUI to support its GRA;
  - b) To the knowledge of AUI, the information provided in all filings with the AUC and submissions to Parties during the negotiation of this Settlement Agreement does not contain any untrue statement of material fact; and
  - c) To the knowledge of AUI, the information provided by it in all of its filings with the AUC and submissions to Parties during the negotiation of this Settlement Agreement does not omit any statement of material fact necessary to make the information provided accurate and true.
15. AUI will pay, on an interim refundable basis, the costs incurred by each Customer Intervener Group in negotiating matters encompassed in this Settlement Agreement upon receipt of an invoice from each Party. The invoice must be received by AUI no later than 30 days after the AUC issues its decision approving this Settlement Agreement on a final basis (Approval) and provided the Party indicates in writing the costs have been reasonably incurred and the cost claim complies with the AUC's Rule 22, Rules on Intervener Costs.

Each Party will be solely responsible for obtaining approval of its costs in respect of the Application and in respect of negotiating this Settlement Agreement in accordance with the AUC's Rules of Practice and Rule 22, Rules on Intervener Costs. If the AUC does not approve all, or a portion of, the costs paid by AUI to a Party under this section, then such Party will pay the disallowed amount back to AUI within 30 days of the AUC issuing its decision to not approve the recovery of those costs. The Parties acknowledge and agree payment by AUI on an interim refundable basis as contemplated in this section is not

intended to influence or bind the AUC in its application of its cost claim authority and cost recovery guidelines. AUI will include the costs approved by the AUC for each Party in its Hearing Cost Reserve account.

16. This Settlement Agreement is contingent on the AUC's approval of the entire Settlement Agreement. Unless otherwise agreed to by all Parties, if the AUC rejects this Settlement Agreement in whole or in part or attaches any condition to its approval of this Settlement Agreement materially affecting the Settlement Agreement, all Parties are released from its terms. The Parties further agree:
- a) Proper notice was provided by AUI with respect to the GRA, the Interim T&Cs Application and the negotiated settlement process resulting in this Settlement Agreement;
  - b) The division of this Settlement Agreement into headings and paragraphs is for convenience and reference only and should not affect the interpretation or construction of this Settlement Agreement;
  - c) This Settlement Agreement and attached Appendices constitute the entire settlement between the Parties and no other agreements, expressed or implied, have been made;
  - d) Any alteration or amendment of this Settlement Agreement must be in writing and signed by the Parties. This Settlement Agreement will be binding upon and enure to the benefit of the Parties and each of their respective successors and permitted assigns. A Party may not assign their rights and/or obligations under this Settlement Agreement without the consent of all other Parties, provided such consent is not unreasonably withheld;
  - e) This Settlement Agreement may be executed in any number of counterparts;
  - f) This Settlement Agreement is to be interpreted pursuant to the laws of the Province of Alberta;

- g) If any provision of this Settlement Agreement is found to be invalid by a Court of Law, this Settlement Agreement will be read and interpreted as if the provision were omitted;
- h) The failure of any Party to exercise any right, power or option given to it under this Settlement Agreement or to insist upon the strict compliance with any of the terms or conditions in this Settlement Agreement will not constitute a waiver of any provisions with respect to any other or subsequent breach;
- i) Time will be of the essence in this Settlement Agreement and all its parts and no extension or variance of this Settlement Agreement will operate as a waiver of this provision with respect to any other or subsequent breach;
- j) Unless otherwise stated, any dollar amounts, prices or amounts stated under this Settlement Agreement are in the lawful currency of Canada;
- k) Unless otherwise stated, all accounting matters or terms in this Settlement Agreement will be interpreted and construed in accordance with generally accepted accounting principles in Canada; and
- l) References to any statute, legislation or regulation include all subsequent additions, amendments, re-enactments and/or replacements enacted from time to time during the period covered by this Settlement Agreement.

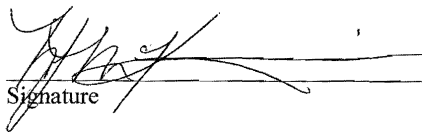
**IN WITNESS WHEREOF** the Parties signed this Settlement Agreement effective October 15, 2010.

**ALTAGAS UTILITIES INC. 2008-2009 GRA – PHASE II  
NEGOTIATED SETTLEMENT AGREEMENT**

**SIGNATORY PAGE**

**AGREED TO BY:**

**ALTAGAS UTILITIES INC.**

  
Signature

Nancy J. McKenzie

Print Name

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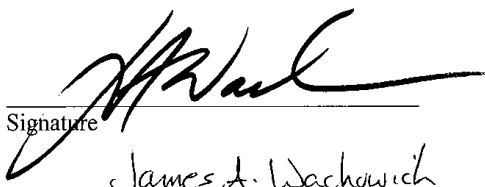
October 15, 2010

ALTAGAS UTILITIES INC. 2008-2009 GRA – PHASE II  
NEGOTIATED SETTLEMENT AGREEMENT

SIGNATORY PAGE

AGREED TO BY:

CONSUMERS' COALITION OF ALBERTA



Signature

Print Name

James A. Wachowich  
legal counsel to CCA  
Oct 18/2010

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October 15, 2010

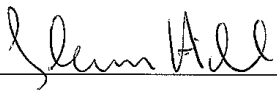


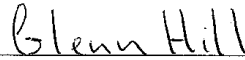
**ALTAGAS UTILITIES INC. 2008-2009 GRA – PHASE II  
NEGOTIATED SETTLEMENT AGREEMENT**

**SIGNATORY PAGE**

**AGREED TO BY:**

**OFFICE OF THE UTILITIES CONSUMER ADVOCATE**

  
\_\_\_\_\_  
Signature

  
\_\_\_\_\_  
Print Name

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October 15, 2010

**APPENDIX A**  
**RATE DESIGN AND REGULATORY SCHEDULES AND**  
**COST OF SERVICE STUDY**

AltaGas Cost of Service Analysis (COSA)  
2008/09 GRA, Phase 2

Schedule 1.0					
Summary Results					
Cost of Service by Function (\$,000)					
Net Revenue Requirement	Rate 1	Rate 2	Rate 3	Rate 4	Total
Delivery	32,576	1,517	1,479	197	35,770
Customer Care					
CIS	1,675	4	1	3	1,683
Call Centre	926	2	1	2	931
Credit & Collection	638	2	0	1	641
Billing	1,823	4	1	4	1,832
Total Customer Care	5,062	12	4	10	5,088
Total Net Revenue Requirement	37,638	1,530	1,483	208	40,858
Cost of Service by Classification (\$,000)					
Net Revenue Requirement	Rate 1	Rate 2	Rate 3	Rate 4	Total
Delivery					
Demand Related	11,747	1,000	1,087	54	13,887
Energy Related	233	22	54	2	311
Site Related	20,596	495	339	142	21,572
Total Delivery	32,576	1,517	1,479	197	35,770
Customer Care					
Demand Related	-	-	-	-	-
Energy Related	-	-	-	-	-
Site Related	5,062	12	4	10	5,088
Total Customer Care	5,062	12	4	10	5,088
Total Net Revenue Requirement	37,638	1,530	1,483	208	40,858
Implications for Rate Design (\$,000)					
Net Revenue Requirement	Rate 1	Rate 2	Rate 3	Rate 4	Total
Rate Revenues (2009 Interim Approved)	42,025	1,923	1,849	220	46,017
Net Revenue Requirement	37,638	1,530	1,483	208	40,858
Revenue to Cost Ratio (%)	112%	126%	125%	106%	113%
Deficit (Surplus)	(4,387)	(393)	(367)	(12)	(5,159)
Rate Revenues (2007 Final Rates)	31,345	1,435	1,383	164	34,327
Net Revenue Requirement	37,638	1,530	1,483	208	40,858
Revenue to Cost Ratio (%)	83%	94%	93%	79%	84%
Deficit (Surplus)	6,293	95	99	44	6,531
Contribution Towards Revenues and Costs					
Net Revenue Requirement	Rate 1	Rate 2	Rate 3	Rate 4	Total
Rate Revenues (2007 Final Rates)					
(\$,000)	31,345	1,435	1,383	164	34,327
Percent of Total	91 %	4 %	4 %	0 %	100 %
Rate Revenues (2009 Interim Approved)					
(\$,000)	42,025	1,923	1,849	220	46,017
Percent of Total	91 %	4 %	4 %	0 %	100 %
Allocated Costs					
(\$,000)	37,638	1,530	1,483	208	40,858
Percent of Total	92 %	4 %	4 %	1 %	100 %
Revenue to Cost Ratio and Implied Rate Level Increase					
Net Revenue Requirement	Rate 1	Rate 2	Rate 3	Rate 4	Total
Revenue to Cost Ratio					
2005/06 GRA	101 %	89 %	91 %	87 %	100 %
Current	83 %	94 %	93 %	79 %	84 %
Current (Normalized)	99 %	112 %	111 %	94 %	100 %
2009 Interim Approved (Normalized)	99 %	112 %	111 %	94 %	100 %
(%) Rate Level Increase (Decrease)					
Related to Overall Deficit	19 %	19 %	19 %	19 %	19 %
Related to Re-Balancing	1 %	(12)%	(12)%	8 %	-
Combined Effect	20 %	7 %	7 %	27 %	19 %

AltaGas Cost of Service Analysis (COSA)  
2008/09 GRA, Phase 2

Schedule 1.1					
Unit Costs					
Summary of Load Data					
	Rate 1	Rate 2	Rate 3	Rate 4	Total
Contracted Demand (GJ)			15,787		
Volume Delivery (GJ)	12,481,073	1,197,868	2,862,570	89,982	16,631,493
Number of Sites	68,270	167	49	241	68,727
Days in Service	365	365	365	214	1,309
Site-Days	24,918,489	60,955	17,885	51,666	25,048,995
Demand Related Unit Costs by Bill Component (¢/GJ/Day Billing Demand)					
	Rate 1	Rate 2	Rate 3	Rate 4	Total
Gross Revenue Requirement					
Transmission			0.10		
Distribution			0.10		
Customer Care			-		
Total Gross Revenue Requirement	-	-	0.20	-	-
Revenue Requirement Offsets					
Transmission			(0.01)		
Distribution			(0.00)		
Customer Care			-		
Total Offsets	-	-	(0.01)	-	-
Demand Related Net Revenue	-	-	0.19	-	-
Demand Related Unit Costs by Bill Component (¢/GJ Delivery)					
	Rate 1	Rate 2	Rate 3	Rate 4	Total Weighted Average
Gross Revenue Requirement					
Transmission	35.00	31.04	19.89	-	31.93
Distribution	64.81	57.47	21.03	60.85	56.72
Customer Care	-	-	-	-	-
Total Gross Revenue Requirement	99.81	88.51	40.92	60.85	88.65
Revenue Requirement Offsets					
Transmission	(4.51)	(4.00)	(2.57)	-	(4.12)
Distribution	(1.18)	(1.05)	(0.38)	(1.11)	(1.03)
Customer Care	-	-	-	-	-
Total Offsets	(5.69)	(5.05)	(2.95)	(1.11)	(5.15)
Demand Related Net Revenue	94.12	83.46	37.97	59.74	83.50
Demand Related Unit Costs by Bill Component (\$/Site/Day)					
	Rate 1	Rate 2	Rate 3	Rate 4	Total Weighted Average
Gross Revenue Requirement					
Transmission	0.18	6.10	31.83	-	0.21
Distribution	0.32	11.29	33.66	1.06	0.38
Customer Care	-	-	-	-	-
Total Gross Revenue Requirement	0.50	17.39	65.49	1.06	0.59
Revenue Requirement Offsets					
Transmission	(0.02)	(0.79)	(4.11)	-	(0.03)
Distribution	(0.01)	(0.21)	(0.61)	(0.02)	(0.01)
Customer Care	-	-	-	-	-
Total Offsets	(0.03)	(0.99)	(4.72)	(0.02)	(0.03)
Demand Related Net Revenue	0.47	16.40	60.77	1.04	0.55

AltaGas Cost of Service Analysis (COSA)  
 2008/09 GRA, Phase 2

Schedule 1.1					
Unit Costs					
Energy Related Unit Costs by Bill Component (¢/GJ)					
	Rate 1	Rate 2	Rate 3	Rate 4	Total Weighted Average
Gross Revenue Requirement					
Transmission	-	-	-	-	-
Distribution	1.90	1.90	1.90	1.90	1.90
Customer Care	-	-	-	-	-
Total Gross Revenue Requirement	1.90	1.90	1.90	1.90	1.90
Revenue Requirement Offsets					
Transmission	-	-	-	-	-
Distribution	(0.03)	(0.03)	(0.03)	(0.03)	(0.03)
Customer Care	-	-	-	-	-
Total Offsets	(0.03)	(0.03)	(0.03)	(0.03)	(0.03)
Energy Related Net Revenue Requirement	1.87	1.87	1.87	1.87	1.87
Site Related Unit Costs by Bill Component (\$/Site/Day)					
	Rate 1	Rate 2	Rate 3	Rate 4	Total Weighted Average
Gross Revenue Requirement					
Transmission	-	-	-	-	-
Distribution	0.84	8.27	19.28	2.80	0.88
Customer Care	0.21	0.21	0.21	0.21	0.21
Total Gross Revenue Requirement	1.05	8.48	19.49	3.00	1.08
Revenue Requirement Offsets					
Transmission	-	-	-	-	-
Distribution	(0.02)	(0.15)	(0.35)	(0.05)	(0.02)
Customer Care	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
Total Offsets	(0.02)	(0.15)	(0.35)	(0.05)	(0.02)
Site Related Net Revenue Requirement	1.03	8.32	19.13	2.95	1.06

AltaGas Cost of Service Analysis (COSA)  
2008/09 GRA, Phase 2

Schedule 2.0					
Allocated Revenue Requirement by Bill Component					
Total Revenue Requirement by Bill Component					
	Rate 1	Rate 2	Rate 3	Rate 4	Total
<b>Gross Revenue Requirement</b>					
Transmission	4,368,748	371,827	569,274	-	5,309,849
Distribution	29,304,345	1,215,401	1,001,380	200,970	31,722,095
Customer Care	5,155,526	12,611	3,700	10,635	5,182,473
<b>Total Gross Revenue Requirement</b>	<b>38,828,619</b>	<b>1,599,839</b>	<b>1,574,354</b>	<b>211,605</b>	<b>42,214,417</b>
<b>Revenue Requirement Offsets</b>					
Transmission	(563,489)	(47,959)	(73,426)	-	(684,873)
Distribution	(533,316)	(22,118)	(18,224)	(3,658)	(577,316)
Customer Care	(93,807)	(229)	(67)	(194)	(94,297)
<b>Total Offsets</b>	<b>(1,190,612)</b>	<b>(70,307)</b>	<b>(91,717)</b>	<b>(3,851)</b>	<b>(1,356,487)</b>
<b>Total Net Revenue Requirement</b>	<b>37,638,007</b>	<b>1,529,532</b>	<b>1,482,637</b>	<b>207,754</b>	<b>40,857,930</b>
<b>Demand Related Revenue Requirement</b>					
	Rate 1	Rate 2	Rate 3	Rate 4	Total
<b>Gross Revenue Requirement</b>					
Transmission	4,368,748	371,827	569,274	-	5,309,849
Distribution	8,088,551	688,421	602,001	54,752	9,433,725
Customer Care	-	-	-	-	-
<b>Total Gross Revenue Requirement</b>	<b>12,457,299</b>	<b>1,060,248</b>	<b>1,171,275</b>	<b>54,752</b>	<b>14,743,574</b>
<b>Revenue Requirement Offsets</b>					
Transmission	(563,489)	(47,959)	(73,426)	-	(684,873)
Distribution	(147,180)	(12,527)	(10,954)	(996)	(171,657)
Customer Care	-	-	-	-	-
<b>Total Offsets</b>	<b>(710,669)</b>	<b>(60,485)</b>	<b>(84,380)</b>	<b>(996)</b>	<b>(856,530)</b>
<b>Total Net Revenue Requirement</b>	<b>11,746,630</b>	<b>999,763</b>	<b>1,086,895</b>	<b>53,756</b>	<b>13,887,044</b>
<b>Energy Related Revenue Requirement</b>					
	Rate 1	Rate 2	Rate 3	Rate 4	Total
<b>Gross Revenue Requirement</b>					
Transmission	-	-	-	-	-
Distribution	237,662	22,810	54,509	1,713	316,694
Customer Care	-	-	-	-	-
<b>Total Gross Revenue Requirement</b>	<b>237,662</b>	<b>22,810</b>	<b>54,509</b>	<b>1,713</b>	<b>316,694</b>
<b>Revenue Requirement Offsets</b>					
Transmission	-	-	-	-	-
Distribution	(4,327)	(415)	(992)	(31)	(5,766)
Customer Care	-	-	-	-	-
<b>Total Offsets</b>	<b>(4,327)</b>	<b>(415)</b>	<b>(992)</b>	<b>(31)</b>	<b>(5,766)</b>
<b>Total Net Revenue Requirement</b>	<b>233,336</b>	<b>22,394</b>	<b>53,516</b>	<b>1,682</b>	<b>310,928</b>
<b>Site Related Revenue Requirement</b>					
	Rate 1	Rate 2	Rate 3	Rate 4	Total
<b>Gross Revenue Requirement</b>					
Transmission	-	-	-	-	-
Distribution	20,978,131	504,170	344,870	144,505	21,971,676
Customer Care	5,155,526	12,611	3,700	10,635	5,182,473
<b>Total Gross Revenue Requirement</b>	<b>26,133,658</b>	<b>516,781</b>	<b>348,570</b>	<b>155,140</b>	<b>27,154,149</b>
<b>Revenue Requirement Offsets</b>					
Transmission	-	-	-	-	-
Distribution	(381,810)	(9,177)	(6,277)	(2,630)	(399,894)
Customer Care	(93,807)	(229)	(67)	(194)	(94,297)
<b>Total Offsets</b>	<b>(475,617)</b>	<b>(9,406)</b>	<b>(6,345)</b>	<b>(2,824)</b>	<b>(494,191)</b>
<b>Total Net Revenue Requirement</b>	<b>25,658,041</b>	<b>507,375</b>	<b>342,226</b>	<b>152,316</b>	<b>26,659,958</b>

AltaGas Cost of Service Analysis (COSA)  
2008/09 GRA, Phase 2

Schedule 2.1					
Allocated Revenue Requirement by Function					
Total Revenue Requirement by Function					
	Rate 1	Rate 2	Rate 3	Rate 4	Total
<b>Gross Revenue Requirement</b>					
Transmission	4,368,748	371,827	569,274	-	5,309,849
Mains - Pipe	12,029,902	539,924	463,223	62,506	13,095,556
Mains - General	2,149,244	96,462	82,759	11,167	2,339,632
Mains - Odorant	160,870	15,439	36,896	1,160	214,365
Services	9,587,026	358,020	236,978	82,925	10,264,949
Meter Assets	2,920,731	109,072	72,196	25,264	3,127,263
Meter Reading	1,502,588	20,033	31,403	11,774	1,565,798
Marketing	67,479	165	48	139	67,832
Load Settlement	76,793	7,370	17,613	554	102,329
Stations	809,712	68,915	60,264	5,481	944,372
CIS	1,705,653	4,172	1,224	3,519	1,714,568
Call Centre	943,583	2,308	677	1,947	948,515
Credit & Collection	649,555	1,589	466	1,340	652,950
Billing	1,856,736	4,542	1,333	3,830	1,866,441
<b>Total Gross Revenue Requirement</b>	<b>38,828,619</b>	<b>1,599,839</b>	<b>1,574,354</b>	<b>211,605</b>	<b>42,214,417</b>
<b>Revenue Requirement Offsets</b>					
Transmission	(563,489)	(47,959)	(73,426)	-	(684,873)
Mains - Pipe	(218,923)	(9,826)	(8,430)	(1,137)	(238,316)
Mains - General	(39,084)	(1,754)	(1,505)	(203)	(42,546)
Mains - Odorant	(2,931)	(281)	(672)	(21)	(3,906)
Services	(174,496)	(6,516)	(4,313)	(1,509)	(186,835)
Meter Assets	(53,162)	(1,985)	(1,314)	(460)	(56,921)
Meter Reading	(27,362)	(365)	(572)	(214)	(28,513)
Marketing	(1,230)	(3)	(1)	(3)	(1,236)
Load Settlement	(1,395)	(134)	(320)	(10)	(1,859)
Stations	(14,732)	(1,254)	(1,096)	(100)	(17,182)
CIS	(31,050)	(76)	(22)	(64)	(31,213)
Call Centre	(17,150)	(42)	(12)	(35)	(17,240)
Credit & Collection	(11,817)	(29)	(8)	(24)	(11,878)
Billing	(33,790)	(83)	(24)	(70)	(33,966)
<b>Total Offsets</b>	<b>(1,190,612)</b>	<b>(70,307)</b>	<b>(91,717)</b>	<b>(3,851)</b>	<b>(1,356,487)</b>
<b>Total Net Revenue Requirement</b>	<b>37,638,007</b>	<b>1,529,532</b>	<b>1,482,637</b>	<b>207,754</b>	<b>40,857,930</b>

AltaGas Cost of Service Analysis (COSA)  
2008/09 GRA, Phase 2

Schedule 2.1					
Allocated Revenue Requirement by Function					
Demand Related Revenue Requirement					
	Rate 1	Rate 2	Rate 3	Rate 4	Total
<b>Gross Revenue Requirement</b>					
Transmission	4,368,748	371,827	569,274	-	5,309,849
Mains - Pipe	6,175,528	525,603	459,622	41,803	7,202,556
Mains - General	1,103,310	93,903	82,115	7,468	1,286,797
Mains - Odorant	-	-	-	-	-
Services	-	-	-	-	-
Meter Assets	-	-	-	-	-
Meter Reading	-	-	-	-	-
Marketing	-	-	-	-	-
Load Settlement	-	-	-	-	-
Stations	809,712	68,915	60,264	5,481	944,372
CIS	-	-	-	-	-
Call Centre	-	-	-	-	-
Credit & Collection	-	-	-	-	-
Billing	-	-	-	-	-
<b>Total Gross Revenue Requirement</b>	<b>12,457,299</b>	<b>1,060,248</b>	<b>1,171,275</b>	<b>54,752</b>	<b>14,743,574</b>
<b>Revenue Requirement Offsets</b>					
Transmission	(563,489)	(47,959)	(73,426)	-	(684,873)
Mains - Pipe	(112,384)	(9,565)	(8,364)	(761)	(131,074)
Mains - General	(20,064)	(1,708)	(1,493)	(136)	(23,400)
Mains - Odorant	-	-	-	-	-
Services	-	-	-	-	-
Meter Assets	-	-	-	-	-
Meter Reading	-	-	-	-	-
Marketing	-	-	-	-	-
Load Settlement	-	-	-	-	-
Stations	(14,732)	(1,254)	(1,096)	(100)	(17,182)
CIS	-	-	-	-	-
Call Centre	-	-	-	-	-
Credit & Collection	-	-	-	-	-
Billing	-	-	-	-	-
<b>Total Offsets</b>	<b>(710,669)</b>	<b>(60,485)</b>	<b>(84,380)</b>	<b>(996)</b>	<b>(856,530)</b>
<b>Total Net Revenue Requirement</b>	<b>11,746,630</b>	<b>999,763</b>	<b>1,086,895</b>	<b>53,756</b>	<b>13,887,044</b>



AltaGas Cost of Service Analysis (COSA)  
2008/09 GRA, Phase 2

Schedule 2.1					
Allocated Revenue Requirement by Function					
Energy Related Revenue Requirement					
	Rate 1	Rate 2	Rate 3	Rate 4	Total
Gross Revenue Requirement					
Transmission	-	-	-	-	-
Mains - Pipe	-	-	-	-	-
Mains - General	-	-	-	-	-
Mains - Odorant	160,870	15,439	36,896	1,160	214,365
Services	-	-	-	-	-
Meter Assets	-	-	-	-	-
Meter Reading	-	-	-	-	-
Marketing	-	-	-	-	-
Load Settlement	76,793	7,370	17,613	554	102,329
Stations	-	-	-	-	-
CIS	-	-	-	-	-
Call Centre	-	-	-	-	-
Credit & Collection	-	-	-	-	-
Billing	-	-	-	-	-
Total Gross Revenue Requirem	237,662	22,810	54,509	1,713	316,694
Revenue Requirement Offsets					
Transmission	-	-	-	-	-
Mains - Pipe	-	-	-	-	-
Mains - General	-	-	-	-	-
Mains - Odorant	(2,931)	(281)	(672)	(21)	(3,906)
Services	-	-	-	-	-
Meter Assets	-	-	-	-	-
Meter Reading	-	-	-	-	-
Marketing	-	-	-	-	-
Load Settlement	(1,395)	(134)	(320)	(10)	(1,859)
Stations	-	-	-	-	-
CIS	-	-	-	-	-
Call Centre	-	-	-	-	-
Credit & Collection	-	-	-	-	-
Billing	-	-	-	-	-
Total Offsets	(4,327)	(415)	(992)	(31)	(5,766)
Total Net Revenue Requiremer	233,336	22,394	53,516	1,682	310,928

AltaGas Cost of Service Analysis (COSA)  
 2008/09 GRA, Phase 2

Schedule 2.1					
Allocated Revenue Requirement by Function					
Site Related Revenue Requirement					
	Rate 1	Rate 2	Rate 3	Rate 4	Total
<b>Gross Revenue Requirement</b>					
Transmission	-	-	-	-	-
Mains - Pipe	5,854,374	14,321	3,602	20,703	5,893,000
Mains - General	1,045,933	2,559	643	3,699	1,052,834
Mains - Odorant	-	-	-	-	-
Services	9,587,026	358,020	236,978	82,925	10,264,949
Meter Assets	2,920,731	109,072	72,196	25,264	3,127,263
Meter Reading	1,502,588	20,033	31,403	11,774	1,565,798
Marketing	67,479	165	48	139	67,832
Load Settlement	-	-	-	-	-
Stations	-	-	-	-	-
CIS	1,705,653	4,172	1,224	3,519	1,714,568
Call Centre	943,583	2,308	677	1,947	948,515
Credit & Collection	649,555	1,589	466	1,340	652,950
Billing	1,856,736	4,542	1,333	3,830	1,866,441
<b>Total Gross Revenue Requirement</b>	<b>26,133,658</b>	<b>516,781</b>	<b>348,570</b>	<b>155,140</b>	<b>27,154,149</b>
<b>Revenue Requirement Offsets</b>					
Transmission	-	-	-	-	-
Mains - Pipe	(106,539)	(261)	(66)	(377)	(107,242)
Mains - General	(19,020)	(47)	(12)	(67)	(19,146)
Mains - Odorant	-	-	-	-	-
Services	(174,496)	(6,516)	(4,313)	(1,509)	(186,835)
Meter Assets	(53,162)	(1,985)	(1,314)	(460)	(56,921)
Meter Reading	(27,362)	(365)	(572)	(214)	(28,513)
Marketing	(1,230)	(3)	(1)	(3)	(1,236)
Load Settlement	-	-	-	-	-
Stations	-	-	-	-	-
CIS	(31,050)	(76)	(22)	(64)	(31,213)
Call Centre	(17,150)	(42)	(12)	(35)	(17,240)
Credit & Collection	(11,817)	(29)	(8)	(24)	(11,878)
Billing	(33,790)	(83)	(24)	(70)	(33,966)
<b>Total Offsets</b>	<b>(475,617)</b>	<b>(9,406)</b>	<b>(6,345)</b>	<b>(2,824)</b>	<b>(494,191)</b>
<b>Total Net Revenue Requirement</b>	<b>25,658,041</b>	<b>507,375</b>	<b>342,226</b>	<b>152,316</b>	<b>26,659,958</b>

AltaGas Cost of Service Analysis (COSA)  
2008/09 GRA, Phase 2

Schedule 2.2 Summary of Revenue Requirement by Bill Component and Allocator											
Revenue Requirement by Bill Component and All Allocators											
	Demand - CP	Demand - NCP	Energy	Sites	Sites(D)	Sites - Site Months	Sites - M&S Weighted	Meter Reading Direct Assign	Test Allocator	Diameter- Length	Total
<b>Gross Revenue Requirement</b>											
Transmission	5,309,849	-	-	-	-	-	-	-	-	-	5,309,849
Distribution	-	944,372	316,694	-	-	67,832	13,392,212	1,565,798	-	15,435,187	31,722,095
Customer Care	-	-	-	-	-	5,182,473	-	-	-	-	5,182,473
<b>Total Gross Revenue Requirement</b>	<b>5,309,849</b>	<b>944,372</b>	<b>316,694</b>	<b>-</b>	<b>-</b>	<b>5,250,305</b>	<b>13,392,212</b>	<b>1,565,798</b>	<b>-</b>	<b>15,435,187</b>	<b>42,214,417</b>
<b>Revenue Requirement Offsets</b>											
Transmission	(684,873)	-	-	-	-	-	-	-	-	-	(684,873)
Distribution	-	(17,182)	(5,766)	-	-	(1,236)	(243,756)	(28,513)	-	(280,863)	(577,316)
Customer Care	-	-	-	-	-	(94,297)	-	-	-	-	(94,297)
<b>Total Offsets</b>	<b>(684,873)</b>	<b>(17,182)</b>	<b>(5,766)</b>	<b>-</b>	<b>-</b>	<b>(95,533)</b>	<b>(243,756)</b>	<b>(28,513)</b>	<b>-</b>	<b>(280,863)</b>	<b>(1,356,487)</b>
<b>Total Net Revenue Requirement</b>	<b>4,624,975</b>	<b>927,190</b>	<b>310,928</b>	<b>-</b>	<b>-</b>	<b>5,154,772</b>	<b>13,148,456</b>	<b>1,537,284</b>	<b>-</b>	<b>15,154,325</b>	<b>40,857,930</b>
<b>Revenue Requirement by Bill Component and Demand Allocator</b>											
	Demand - CP	Demand - NCP	Energy	Sites	Sites(D)	Sites - Site Months	Sites - M&S Weighted	Meter Reading Direct Assign	Test Allocator	Diameter- Length	Total
Weighting of Allocator	100 %	100 %	-	-	-	-	-	-	-	55 %	-
<b>Gross Revenue Requirement</b>											
Transmission	5,309,849	-	-	-	-	-	-	-	-	-	5,309,849
Distribution	-	944,372	-	-	-	-	-	-	-	8,489,353	9,433,725
Customer Care	-	-	-	-	-	-	-	-	-	-	-
<b>Total Gross Revenue Requirement</b>	<b>5,309,849</b>	<b>944,372</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>8,489,353</b>	<b>14,743,574</b>
<b>Revenue Requirement Offsets</b>											
Transmission	(684,873)	-	-	-	-	-	-	-	-	-	(684,873)
Distribution	-	(17,182)	-	-	-	-	-	-	-	(154,474)	(171,657)
Customer Care	-	-	-	-	-	-	-	-	-	-	-
<b>Total Offsets</b>	<b>(684,873)</b>	<b>(17,182)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(154,474)</b>	<b>(856,530)</b>
<b>Total Net Revenue Requirement</b>	<b>4,624,975</b>	<b>927,190</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>8,334,879</b>	<b>13,887,044</b>
<b>Revenue Requirement by Bill Component and Energy Allocator</b>											
	Demand - CP	Demand - NCP	Energy	Sites	Sites(D)	Sites - Site Months	Sites - M&S Weighted	Meter Reading Direct Assign	Test Allocator	Diameter- Length	Total
Weighting of Allocator	-	-	100 %	-	-	-	-	-	-	-	-
<b>Gross Revenue Requirement</b>											
Transmission	-	-	-	-	-	-	-	-	-	-	-
Distribution	-	-	316,694	-	-	-	-	-	-	-	316,694
Customer Care	-	-	-	-	-	-	-	-	-	-	-
<b>Total Gross Revenue Requirement</b>	<b>-</b>	<b>-</b>	<b>316,694</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>316,694</b>
<b>Revenue Requirement Offsets</b>											
Transmission	-	-	-	-	-	-	-	-	-	-	-
Distribution	-	-	(5,766)	-	-	-	-	-	-	-	(5,766)
Customer Care	-	-	-	-	-	-	-	-	-	-	-
<b>Total Offsets</b>	<b>-</b>	<b>-</b>	<b>(5,766)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(5,766)</b>
<b>Total Net Revenue Requirement</b>	<b>-</b>	<b>-</b>	<b>310,928</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>310,928</b>
<b>Revenue Requirement by Bill Component and Site Allocator</b>											
	Demand - CP	Demand - NCP	Energy	Sites	Sites(D)	Sites - Site Months	Sites - M&S Weighted	Meter Reading Direct Assign	Test Allocator	Diameter- Length	Total
Weighting of Allocator	-	-	-	100 %	100 %	100 %	100 %	100 %	100 %	45 %	-
<b>Gross Revenue Requirement</b>											
Transmission	-	-	-	-	-	-	-	-	-	-	-
Distribution	-	-	-	-	-	67,832	13,392,212	1,565,798	-	6,945,834	21,971,676
Customer Care	-	-	-	-	-	5,182,473	-	-	-	-	5,182,473
<b>Total Gross Revenue Requirement</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5,250,305</b>	<b>13,392,212</b>	<b>1,565,798</b>	<b>-</b>	<b>6,945,834</b>	<b>27,154,149</b>
<b>Revenue Requirement Offsets</b>											
Transmission	-	-	-	-	-	-	-	-	-	-	-
Distribution	-	-	-	-	-	(1,236)	(243,756)	(28,513)	-	(126,388)	(399,894)
Customer Care	-	-	-	-	-	(94,297)	-	-	-	-	(94,297)
<b>Total Offsets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(95,533)</b>	<b>(243,756)</b>	<b>(28,513)</b>	<b>-</b>	<b>(126,388)</b>	<b>(494,191)</b>
<b>Total Net Revenue Requirement</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5,154,772</b>	<b>13,148,456</b>	<b>1,537,284</b>	<b>-</b>	<b>6,819,446</b>	<b>26,659,958</b>

AltaGas Cost of Service Analysis (COSA)  
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Schedule 2.3 Summary of Revenue Requirement by Function and Allocator											
Revenue Requirement by Function and All Allocators											
	Demand - CP	Demand - NCP	Energy	Sites	Sites(D)	Sites - Site Months	Sites - M&S Weighted	Meter Reading Direct Assign	Test Allocator	Diameter- Length	Total
<b>Gross Revenue Requirement</b>											
Transmission	5,309,849	-	-	-	-	-	-	-	-	-	5,309,849
Mains - Pipe	-	-	-	-	-	-	-	-	-	13,095,556	13,095,556
Mains - General	-	-	-	-	-	-	-	-	-	2,339,632	2,339,632
Mains - Odorant	-	-	214,365	-	-	-	-	-	-	-	214,365
Services	-	-	-	-	-	-	10,264,949	-	-	-	10,264,949
Meter Assets	-	-	-	-	-	-	3,127,263	-	-	-	3,127,263
Meter Reading	-	-	-	-	-	-	-	1,565,798	-	-	1,565,798
Marketing	-	-	-	-	-	67,832	-	-	-	-	67,832
Load Settlement	-	-	102,329	-	-	-	-	-	-	-	102,329
Stations	-	944,372	-	-	-	-	-	-	-	-	944,372
CIS	-	-	-	-	-	1,714,568	-	-	-	-	1,714,568
Call Centre	-	-	-	-	-	948,515	-	-	-	-	948,515
Credit & Collection	-	-	-	-	-	652,950	-	-	-	-	652,950
Billing	-	-	-	-	-	1,866,441	-	-	-	-	1,866,441
<b>Total Gross Revenue Requirement</b>	<b>5,309,849</b>	<b>944,372</b>	<b>316,694</b>	<b>-</b>	<b>-</b>	<b>5,250,305</b>	<b>13,392,212</b>	<b>1,565,798</b>	<b>-</b>	<b>15,435,187</b>	<b>42,214,417</b>
<b>Revenue Requirement Offsets</b>											
Transmission	(684,873)	-	-	-	-	-	-	-	-	-	(684,873)
Mains - Pipe	-	-	-	-	-	-	-	-	-	(238,316)	(238,316)
Mains - General	-	-	-	-	-	-	-	-	-	(42,546)	(42,546)
Mains - Odorant	-	-	(3,906)	-	-	-	-	-	-	-	(3,906)
Services	-	-	-	-	-	-	(186,835)	-	-	-	(186,835)
Meter Assets	-	-	-	-	-	-	(56,921)	-	-	-	(56,921)
Meter Reading	-	-	-	-	-	-	-	(28,513)	-	-	(28,513)
Marketing	-	-	-	-	-	(1,236)	-	-	-	-	(1,236)
Load Settlement	-	-	(1,859)	-	-	-	-	-	-	-	(1,859)
Stations	-	(17,182)	-	-	-	-	-	-	-	-	(17,182)
CIS	-	-	-	-	-	(31,213)	-	-	-	-	(31,213)
Call Centre	-	-	-	-	-	(17,240)	-	-	-	-	(17,240)
Credit & Collection	-	-	-	-	-	(11,878)	-	-	-	-	(11,878)
Billing	-	-	-	-	-	(33,966)	-	-	-	-	(33,966)
<b>Total Offsets</b>	<b>(684,873)</b>	<b>(17,182)</b>	<b>(5,766)</b>	<b>-</b>	<b>-</b>	<b>(95,533)</b>	<b>(243,756)</b>	<b>(28,513)</b>	<b>-</b>	<b>(280,863)</b>	<b>(1,356,487)</b>
<b>Total Net Revenue Requirement</b>	<b>4,624,975</b>	<b>927,190</b>	<b>310,928</b>	<b>-</b>	<b>-</b>	<b>5,154,772</b>	<b>13,148,456</b>	<b>1,537,284</b>	<b>-</b>	<b>15,154,325</b>	<b>40,857,930</b>

AltaGas Cost of Service Analysis (COSA)  
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Schedule 2.3											
Summary of Revenue Requirement by Function and Allocator											
Revenue Requirement by Function and Demand Allocators											
	Demand - CP	Demand - NCP	Energy	Sites	Sites(D)	Sites - Site Months	Sites - M&S Weighted	Meter Reading Direct Assign	Test Allocator	Diameter- Length	Total
Weighting of Allocator	100 %	100 %	-	-	-	-	-	-	-	55 %	
Gross Revenue Requirement											
Transmission	5,309,849	-	-	-	-	-	-	-	-	-	5,309,849
Mains - Pipe	-	-	-	-	-	-	-	-	-	7,202,556	7,202,556
Mains - General	-	-	-	-	-	-	-	-	-	1,286,797	1,286,797
Mains - Odorant	-	-	-	-	-	-	-	-	-	-	-
Services	-	-	-	-	-	-	-	-	-	-	-
Meter Assets	-	-	-	-	-	-	-	-	-	-	-
Meter Reading	-	-	-	-	-	-	-	-	-	-	-
Marketing	-	-	-	-	-	-	-	-	-	-	-
Load Settlement	-	-	-	-	-	-	-	-	-	-	-
Stations	-	944,372	-	-	-	-	-	-	-	-	944,372
CIS	-	-	-	-	-	-	-	-	-	-	-
Call Centre	-	-	-	-	-	-	-	-	-	-	-
Credit & Collection	-	-	-	-	-	-	-	-	-	-	-
Billing	-	-	-	-	-	-	-	-	-	-	-
<b>Total Gross Revenue Requirement</b>	<b>5,309,849</b>	<b>944,372</b>								<b>8,489,353</b>	<b>14,743,574</b>
Revenue Requirement Offsets											
Transmission	(684,873)	-	-	-	-	-	-	-	-	-	(684,873)
Mains - Pipe	-	-	-	-	-	-	-	-	-	(131,074)	(131,074)
Mains - General	-	-	-	-	-	-	-	-	-	(23,400)	(23,400)
Mains - Odorant	-	-	-	-	-	-	-	-	-	-	-
Services	-	-	-	-	-	-	-	-	-	-	-
Meter Assets	-	-	-	-	-	-	-	-	-	-	-
Meter Reading	-	-	-	-	-	-	-	-	-	-	-
Marketing	-	-	-	-	-	-	-	-	-	-	-
Load Settlement	-	-	-	-	-	-	-	-	-	-	-
Stations	-	(17,182)	-	-	-	-	-	-	-	-	(17,182)
CIS	-	-	-	-	-	-	-	-	-	-	-
Call Centre	-	-	-	-	-	-	-	-	-	-	-
Credit & Collection	-	-	-	-	-	-	-	-	-	-	-
Billing	-	-	-	-	-	-	-	-	-	-	-
<b>Total Offsets</b>	<b>(684,873)</b>	<b>(17,182)</b>								<b>(154,474)</b>	<b>(856,530)</b>
<b>Total Net Revenue Requirement</b>	<b>4,624,975</b>	<b>927,190</b>								<b>8,334,879</b>	<b>13,887,044</b>

AltaGas Cost of Service Analysis (COSA)  
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Schedule 2.3 Summary of Revenue Requirement by Function and Allocator											
Revenue Requirement by Function and Energy Allocators											
	Demand - CP	Demand - NCP	Energy	Sites	Sites(D)	Sites - Site Months	Sites - M&S Weighted	Meter Reading Direct Assign	Test Allocator	Diameter- Length	Total
Weighting of Allocator	-	-	100 %	-	-	-	-	-	-	-	-
Gross Revenue Requirement											
Transmission	-	-	-	-	-	-	-	-	-	-	-
Mains - Pipe	-	-	-	-	-	-	-	-	-	-	-
Mains - General	-	-	-	-	-	-	-	-	-	-	-
Mains - Odorant	-	-	214,365	-	-	-	-	-	-	-	214,365
Services	-	-	-	-	-	-	-	-	-	-	-
Meter Assets	-	-	-	-	-	-	-	-	-	-	-
Meter Reading	-	-	-	-	-	-	-	-	-	-	-
Marketing	-	-	-	-	-	-	-	-	-	-	-
Load Settlement	-	-	102,329	-	-	-	-	-	-	-	102,329
Stations	-	-	-	-	-	-	-	-	-	-	-
CIS	-	-	-	-	-	-	-	-	-	-	-
Call Centre	-	-	-	-	-	-	-	-	-	-	-
Credit & Collection	-	-	-	-	-	-	-	-	-	-	-
Billing	-	-	-	-	-	-	-	-	-	-	-
<b>Total Gross Revenue Requirement</b>	-	-	<b>316,694</b>	-	-	-	-	-	-	-	<b>316,694</b>
Revenue Requirement Offsets											
Transmission	-	-	-	-	-	-	-	-	-	-	-
Mains - Pipe	-	-	-	-	-	-	-	-	-	-	-
Mains - General	-	-	-	-	-	-	-	-	-	-	-
Mains - Odorant	-	-	(3,906)	-	-	-	-	-	-	-	(3,906)
Services	-	-	-	-	-	-	-	-	-	-	-
Meter Assets	-	-	-	-	-	-	-	-	-	-	-
Meter Reading	-	-	-	-	-	-	-	-	-	-	-
Marketing	-	-	-	-	-	-	-	-	-	-	-
Load Settlement	-	-	(1,859)	-	-	-	-	-	-	-	(1,859)
Stations	-	-	-	-	-	-	-	-	-	-	-
CIS	-	-	-	-	-	-	-	-	-	-	-
Call Centre	-	-	-	-	-	-	-	-	-	-	-
Credit & Collection	-	-	-	-	-	-	-	-	-	-	-
Billing	-	-	-	-	-	-	-	-	-	-	-
<b>Total Offsets</b>	-	-	<b>(5,766)</b>	-	-	-	-	-	-	-	<b>(5,766)</b>
<b>Total Net Revenue Requirement</b>	-	-	<b>310,928</b>	-	-	-	-	-	-	-	<b>310,928</b>

AltaGas Cost of Service Analysis (COSA)  
2008/09 GRA, Phase 2

Schedule 2.3 Summary of Revenue Requirement by Function and Allocator											
Revenue Requirement by Function and Site Allocators											
	Demand - CP	Demand - NCP	Energy	Sites	Sites(D)	Sites - Site Months	Sites - M&S Weighted	Meter Reading Direct Assign	Test Allocator	Diameter- Length	Total
Weighting of Allocator	-	-	-	100 %	100 %	100 %	100 %	100 %	100 %	45 %	
Gross Revenue Requirement											
Transmission	-	-	-	-	-	-	-	-	-	-	-
Mains - Pipe	-	-	-	-	-	-	-	-	-	5,893,000	5,893,000
Mains - General	-	-	-	-	-	-	-	-	-	1,052,834	1,052,834
Mains - Odorant	-	-	-	-	-	-	-	-	-	-	-
Services	-	-	-	-	-	-	10,264,949	-	-	-	10,264,949
Meter Assets	-	-	-	-	-	-	3,127,263	-	-	-	3,127,263
Meter Reading	-	-	-	-	-	-	-	1,565,798	-	-	1,565,798
Marketing	-	-	-	-	-	67,832	-	-	-	-	67,832
Load Settlement	-	-	-	-	-	-	-	-	-	-	-
Stations	-	-	-	-	-	-	-	-	-	-	-
CIS	-	-	-	-	-	1,714,568	-	-	-	-	1,714,568
Call Centre	-	-	-	-	-	948,515	-	-	-	-	948,515
Credit & Collection	-	-	-	-	-	652,950	-	-	-	-	652,950
Billing	-	-	-	-	-	1,866,441	-	-	-	-	1,866,441
<b>Total Gross Revenue Requirement</b>	-	-	-	-	-	<b>5,250,305</b>	<b>13,392,212</b>	<b>1,565,798</b>	-	<b>6,945,834</b>	<b>27,154,149</b>
Revenue Requirement Offsets											
Transmission	-	-	-	-	-	-	-	-	-	-	-
Mains - Pipe	-	-	-	-	-	-	-	-	-	(107,242)	(107,242)
Mains - General	-	-	-	-	-	-	-	-	-	(19,146)	(19,146)
Mains - Odorant	-	-	-	-	-	-	-	-	-	-	-
Services	-	-	-	-	-	-	(186,835)	-	-	-	(186,835)
Meter Assets	-	-	-	-	-	-	(56,921)	-	-	-	(56,921)
Meter Reading	-	-	-	-	-	-	-	(28,513)	-	-	(28,513)
Marketing	-	-	-	-	-	(1,236)	-	-	-	-	(1,236)
Load Settlement	-	-	-	-	-	-	-	-	-	-	-
Stations	-	-	-	-	-	-	-	-	-	-	-
CIS	-	-	-	-	-	(31,213)	-	-	-	-	(31,213)
Call Centre	-	-	-	-	-	(17,240)	-	-	-	-	(17,240)
Credit & Collection	-	-	-	-	-	(11,878)	-	-	-	-	(11,878)
Billing	-	-	-	-	-	(33,966)	-	-	-	-	(33,966)
<b>Total Offsets</b>	-	-	-	-	-	<b>(95,533)</b>	<b>(243,756)</b>	<b>(28,513)</b>	-	<b>(126,388)</b>	<b>(494,191)</b>
<b>Total Net Revenue Requirement</b>	-	-	-	-	-	<b>5,154,772</b>	<b>13,148,456</b>	<b>1,537,284</b>	-	<b>6,819,446</b>	<b>26,659,958</b>

AltaGas Cost of Service Analysis (COSA)  
2008/09 GRA, Phase 2

Schedule 3.0					
Construction of Allocators					
Load Data Allocators					
	Rate 1	Rate 2	Rate 3	Rate 4	Total
Coincident Peak (GJ/Day)	121,153	10,311	15,787		147,252
Non-Coincident Peak (GJ/Day)	121,153	10,311	9,017	820	141,302
Energy (GJ)	12,481,073	1,197,868	2,862,570	89,982	16,631,493
Average Number of Sites	68,270	167	49	241	68,727
Average Number of Sites (Distribution Pres	68,270	167	42	241	68,720
Site-Months	819,238	2,004	588	1,690	823,520
Meter & Service Weighting Factor	348	5,313	11,985	851	18,497
Meter Reading Direct Assign	1,429,286	19,056	29,871	11,200	1,489,413
Test Weighting	1	1	-	1	3
Load Data Allocators (%)					
	Rate 1	Rate 2	Rate 3	Rate 4	Total
Demand - CP	82 %	7 %	11 %	-	100 %
Demand - NCP	86 %	7 %	6 %	1 %	100 %
Energy	75 %	7 %	17 %	1 %	100 %
Sites	99 %	0 %	0 %	0 %	100 %
Sites(D)	99 %	0 %	0 %	0 %	100 %
Sites - Site Months	99 %	0 %	0 %	0 %	100 %
Sites - M&S Weighted	93 %	3 %	2 %	1 %	100 %
Meter Reading Direct Assign	96 %	1 %	2 %	1 %	100 %
Test Allocator	100 %	0 %	-	0 %	100 %
Diameter-Length	92 %	4 %	4 %	0 %	100 %
Demand Allocators, Isolated (%)					
	Rate 1	Rate 2	Rate 3	Rate 4	Total
Demand - CP	82 %	7 %	11 %	-	100 %
Demand - NCP	86 %	7 %	6 %	1 %	100 %
Energy	-	-	-	-	-
Sites	-	-	-	-	-
Sites(D)	-	-	-	-	-
Sites - Site Months	-	-	-	-	-
Sites - M&S Weighted	-	-	-	-	-
Meter Reading Direct Assign	-	-	-	-	-
Test Allocator	-	-	-	-	-
Diameter-Length	86 %	7 %	6 %	1 %	100 %
Energy Allocators, Isolated (%)					
	Rate 1	Rate 2	Rate 3	Rate 4	Total
Demand - CP	-	-	-	-	-
Demand - NCP	-	-	-	-	-
Energy	75 %	7 %	17 %	1 %	100 %
Sites	-	-	-	-	-
Sites(D)	-	-	-	-	-
Sites - Site Months	-	-	-	-	-
Sites - M&S Weighted	-	-	-	-	-
Meter Reading Direct Assign	-	-	-	-	-
Test Allocator	-	-	-	-	-
Diameter-Length	-	-	-	-	-
Customer Allocators, Isolated (%)					
	Rate 1	Rate 2	Rate 3	Rate 4	Total
Demand - CP	-	-	-	-	-
Demand - NCP	-	-	-	-	-
Energy	-	-	-	-	-
Sites	99 %	0 %	0 %	0 %	100 %
Sites(D)	99 %	0 %	0 %	0 %	100 %
Sites - Site Months	99 %	0 %	0 %	0 %	100 %
Sites - M&S Weighted	93 %	3 %	2 %	1 %	100 %
Meter Reading Direct Assign	96 %	1 %	2 %	1 %	100 %
Test Allocator	100 %	0 %	-	0 %	100 %
Diameter-Length	99 %	0 %	0 %	0 %	100 %



AltaGas Cost of Service Analysis (COSA)  
 2008/09 GRA, Phase 2

Schedule 3.1							
Demand, Energy, and Site Components By Allocator							
	Classification (%)				Classification (\$)		
	Demand	Energy	Site	Total (%)	Demand	Energy	Site
Demand - CP	100 %			100 %	5,309,849	-	-
Demand - NCP	100 %			100 %	944,372	-	-
Energy		100 %		100 %	-	316,694	-
Sites			100 %	100 %	-	-	-
Sites(D)			100 %	100 %	-	-	-
Sites - Site Months			100 %	100 %	-	-	5,250,305
Sites - M&S Weighted			100 %	100 %	-	-	13,392,212
Meter Reading Direct Assign			100 %	100 %	-	-	1,565,798
Test Allocator			100 %	100 %	-	-	-
Diameter-Length	55 %		45 %	100 %	8,489,353	-	6,945,834
<b>Total</b>					<b>14,743,574</b>	<b>316,694</b>	<b>27,154,149</b>

AltaGas Cost of Service Analysis (COSA)  
 2008/09 GRA, Phase 2

Schedule 3.2				
Diameter-Length Method for Classifying Distribution Mains				
Summary of Distribution Pipe by Diameter				
Nominal Size of Main (mm)	Total Length (km)	Diameter - Length (mm-metres)	Equivalent Diameter - Length 26.7mm	Excess Diameter - Length
27	3,403	90,868	90,868	-
33	2,436	81,373	65,049	16,323
42	684	28,856	18,257	10,599
48	1,749	84,489	46,705	37,784
60	2,821	170,133	75,333	94,801
73	350	25,576	9,355	16,222
89	391	34,747	10,436	24,311
114	316	36,073	8,427	27,647
168	30	5,027	798	4,230
219	2	401	49	352
<b>Total</b>	<b>12,183</b>	<b>557,543</b>	<b>325,275</b>	<b>232,268</b>
Diameter-Length Allocator: Proportion of Contributing Allocators				
Allocator	Diameter- Length			
Demand - CP	-			
Demand - NCP	55 %			
Energy	-			
Sites	-			
Sites(D)	45 %			
Sites - Site Months	-			
Sites - M&S Weighted	-			
Meter Reading Direct Assign	-			
Test Allocator	-			
<b>Total</b>	<b>100 %</b>			

AltaGas Cost of Service Analysis (COSA)  
2008/09 GRA, Phase 2

Schedule 3.3									
Rate 1 & 4 RCN Meter Cost									
Rate Class 1 RCN									
Sites	Configuration				Replacement Cost				
	Meter Replacement Type*	Instrument Replacement Type	Meterset**	AMR***	Meter	Instrument	Meterset	AMR	Total
62,622	D 02	-	D 02	-	79	-	229	-	307
1,565	D 04 1	-	D 02	-	205	-	229	-	434
2,730	D 04 2	-	D 02	-	205	-	229	-	434
198	D 06	-	D 02	-	440	-	229	-	669
987	D 10 1	-	D 02	-	787	-	229	-	1,015
42	D 10 2	-	D 02	-	1,276	-	229	-	1,505
11	R 02	-	D 02	-	1,716	-	229	-	1,945
486	R 03	-	D 02	-	1,488	-	229	-	1,717
321	R 05	-	D 02	-	1,733	-	229	-	1,961
66	R 07	-	D 02	-	2,043	-	229	-	2,271
22	R 11	-	D 02	-	2,342	-	229	-	2,571
12	R 16	-	D 02	-	2,643	-	229	-	2,872
69,062									348
Rate Class 4 RCN									
Sites	Configuration				Replacement Cost				
	Meter Replacement Type*	Instrument Replacement Type	Meterset**	AMR***	Meter	Instrument	Meterset	AMR	Total
All	D 04 1	-	D10 Mset3	-	205	-	646	-	851
*D = Diaphragm, R = Rotary, number indicates case rating									
**Meterset includes Labour									
***Equipment to read meters remotely									

AltaGas Cost of Service Analysis (COSA)  
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Schedule 3.4									
Rate 2 RCN Meter Cost									
Rate Class 2 RCN									
Site	Configuration		Meterset**	AMR***	Replacement Cost				Total
	Meter Replacement Type*	Instrument Replacement Type			Meter	Instrument	Meterset	AMR	
1	R 02		R 07 Mset1	-	1,716	-	2,885	-	4,601
2	R 11	Z 07	R 11 Mset1	-	2,342	3,914	2,217	-	8,473
3	R 11		R 11 Mset1	-	2,342	-	2,217	-	4,559
4	R 11	Z 07	R 11 Mset1	-	2,342	3,914	2,217	-	8,473
5	R 11	Z 07	R 11 Mset1	-	2,342	3,914	2,217	-	8,473
6	R 11		R 11 Mset1	-	2,342	-	2,217	-	4,559
7	R 11		R 11 Mset1	-	2,342	-	2,217	-	4,559
8	R 11		R 11 Mset1	-	2,342	-	2,217	-	4,559
9	R 11		R 11 Mset1	-	2,342	-	2,217	-	4,559
10	R 11		R 11 Mset1	-	2,342	-	2,217	-	4,559
11	R 11		R 11 Mset1	-	2,342	-	2,217	-	4,559
12	R 11		R 11 Mset1	-	2,342	-	2,217	-	4,559
13	R 11		R 11 Mset1	-	2,342	-	2,217	-	4,559
14	R 11		R 11 Mset1	-	2,342	-	2,217	-	4,559
15	R 11		R 11 Mset1	-	2,342	-	2,217	-	4,559
16	R 16		R 16 Mset1	-	2,643	-	4,521	-	7,164
17	R 16	Z 07	R 16 Mset1	-	2,643	3,914	4,521	-	11,079
18	R 16		R 16 Mset1	-	2,643	-	4,521	-	7,164
19	R 16	Z 07	R 16 Mset1	-	2,643	3,914	4,521	-	11,079
20	R 16	Z 07	R 16 Mset1	-	2,643	3,914	4,521	-	11,079
21	R 16		R 16 Mset1	-	2,643	-	4,521	-	7,164
22	R 16		R 16 Mset1	-	2,643	-	4,521	-	7,164
23	R 16		R 16 Mset1	-	2,643	-	4,521	-	7,164
24	R 16		R 16 Mset1	-	2,643	-	4,521	-	7,164
25	R 03	Z 07	R 03 Mset1	-	1,488	3,914	1,500	-	6,903
26	R 03	Z 07	R 03 Mset1	-	1,488	3,914	1,500	-	6,903
27	R 03	Z 07	R 03 Mset1	-	1,488	3,914	1,500	-	6,903
28	R 03	Z 07	R 03 Mset1	-	1,488	3,914	1,500	-	6,903
29	R 03	Z 07	R 03 Mset1	-	1,488	3,914	1,500	-	6,903
30	R 03		R 03 Mset1	-	1,488	-	1,500	-	2,988
31	R 03		R 03 Mset1	-	1,488	-	1,500	-	2,988
32	R 03	Z 07	R 03 Mset1	-	1,488	3,914	1,500	-	6,903
33	R 03	Z 07	R 03 Mset1	-	1,488	3,914	1,500	-	6,903
34	R 05	Z 07	R 07 Mset1	-	1,733	3,914	2,885	-	8,532
35	R 05	Z 07	R 07 Mset1	-	1,733	3,914	2,885	-	8,532
36	R 05	Z 07	R 07 Mset1	-	1,733	3,914	2,885	-	8,532
37	R 05		R 07 Mset1	-	1,733	-	2,885	-	4,617
38	R 05		R 07 Mset1	-	1,733	-	2,885	-	4,617
39	R 05		R 07 Mset1	-	1,733	-	2,885	-	4,617
40	R 05		R 07 Mset1	-	1,733	-	2,885	-	4,617
41	R 05		R 07 Mset1	-	1,733	-	2,885	-	4,617
42	R 05		R 07 Mset1	-	1,733	-	2,885	-	4,617
43	R 05		R 07 Mset1	-	1,733	-	2,885	-	4,617
44	R 05		R 07 Mset1	-	1,733	-	2,885	-	4,617
45	R 05		R 07 Mset1	-	1,733	-	2,885	-	4,617
46	R 05		R 07 Mset1	-	1,733	-	2,885	-	4,617
47	R 05		R 07 Mset1	-	1,733	-	2,885	-	4,617
48	R 05		R 07 Mset1	-	1,733	-	2,885	-	4,617
49	R 05		R 07 Mset1	-	1,733	-	2,885	-	4,617
50	R 05		R 07 Mset1	-	1,733	-	2,885	-	4,617
51	R 05		R 07 Mset1	-	1,733	-	2,885	-	4,617
52	R 05	Z 07	R 07 Mset1	-	1,733	3,914	2,885	-	8,532
53	R 05	Z 07	R 07 Mset1	-	1,733	3,914	2,885	-	8,532
54	R 05		R 07 Mset1	-	1,733	-	2,885	-	4,617
55	R 05		R 07 Mset1	-	1,733	-	2,885	-	4,617
56	R 05		R 07 Mset1	-	1,733	-	2,885	-	4,617
57	R 05		R 07 Mset1	-	1,733	-	2,885	-	4,617
58	R 05		R 07 Mset1	-	1,733	-	2,885	-	4,617
59	R 05		R 07 Mset1	-	1,733	-	2,885	-	4,617
60	R 05		R 07 Mset1	-	1,733	-	2,885	-	4,617

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Schedule 3.4								
Rate 2 RCN Meter Cost								
61	R 05		R 07 Mset1	-	1,733	-	2,885	- 4,617
62	R 05	Z 07	R 07 Mset1	-	1,733	3,914	2,885	- 8,532
63	R 05		R 07 Mset1	-	1,733	-	2,885	- 4,617
64	R 05		R 07 Mset1	-	1,733	-	2,885	- 4,617
65	R 05		R 07 Mset1	-	1,733	-	2,885	- 4,617
66	R 05		R 07 Mset1	-	1,733	-	2,885	- 4,617
67	R 05		R 07 Mset1	-	1,733	-	2,885	- 4,617
68	R 05		R 07 Mset1	-	1,733	-	2,885	- 4,617
69	R 05		R 07 Mset1	-	1,733	-	2,885	- 4,617
70	R 05		R 07 Mset1	-	1,733	-	2,885	- 4,617
71	R 05	Z 07	R 07 Mset1	-	1,733	3,914	2,885	- 8,532
72	R 05	Z 07	R 07 Mset1	-	1,733	3,914	2,885	- 8,532
73	R 07	Z 07	R 07 Mset1	-	2,043	3,914	2,885	- 8,842
74	R 07	Z 07	R 07 Mset1	-	2,043	3,914	2,885	- 8,842
75	R 07	Z 07	R 07 Mset1	-	2,043	3,914	2,885	- 8,842
76	R 07	Z 07	R 07 Mset1	-	2,043	3,914	2,885	- 8,842
77	R 07	Z 07	R 07 Mset1	-	2,043	3,914	2,885	- 8,842
78	R 07		R 07 Mset1	-	2,043	-	2,885	- 4,927
79	R 07		R 07 Mset1	-	2,043	-	2,885	- 4,927
80	R 07		R 07 Mset1	-	2,043	-	2,885	- 4,927
81	R 05		R 07 Mset1	-	1,733	-	2,885	- 4,617
82	R 07		R 07 Mset1	-	2,043	-	2,885	- 4,927
83	R 07		R 07 Mset1	-	2,043	-	2,885	- 4,927
84	R 07		R 07 Mset1	-	2,043	-	2,885	- 4,927
85	R 07	Z 07	R 07 Mset1	-	2,043	3,914	2,885	- 8,842
86	R 07		R 07 Mset1	-	2,043	-	2,885	- 4,927
87	R 07		R 07 Mset1	-	2,043	-	2,885	- 4,927
88	R 07	Z 07	R 07 Mset1	-	2,043	3,914	2,885	- 8,842
89	R 07	Z 07	R 07 Mset1	-	2,043	3,914	2,885	- 8,842
90	R 07	Z 07	R 07 Mset1	-	2,043	3,914	2,885	- 8,842
91	R 07		R 07 Mset1	-	2,043	-	2,885	- 4,927
92	R 07		R 07 Mset1	-	2,043	-	2,885	- 4,927
93	R 07		R 07 Mset1	-	2,043	-	2,885	- 4,927
94	R 07		R 07 Mset1	-	2,043	-	2,885	- 4,927
95	R 07	Z 07	R 07 Mset1	-	2,043	3,914	2,885	- 8,842
96	R 07	Z 07	R 07 Mset1	-	2,043	3,914	2,885	- 8,842
97	R 07		R 07 Mset1	-	2,043	-	2,885	- 4,927
98	R 07		R 07 Mset1	-	2,043	-	2,885	- 4,927
99	R 07		R 07 Mset1	-	2,043	-	2,885	- 4,927
100	R 07		R 07 Mset1	-	2,043	-	2,885	- 4,927
101	D 10 1		D10 Mset3	-	787	-	646	- 1,432
102	D 10 1		D10 Mset2	-	787	-	1,041	- 1,828
103	D 10 1	Z 07	D10 Mset1	-	787	3,914	401	- 5,102
104	D 10 1		D10 Mset3	-	787	-	646	- 1,432
105	D 10 1		D10 Mset3	-	787	-	646	- 1,432
106	R 03		D10 Mset3	-	1,488	-	646	- 2,134
107	R 03		D10 Mset3	-	1,488	-	646	- 2,134
108	R 03		D10 Mset1	-	1,488	-	401	- 1,889
109	R 03	Z 07	D10 Mset1	-	1,488	3,914	401	- 5,804
110	R 05		D10 Mset3	-	1,733	-	646	- 2,378
111	R 05		D10 Mset3	-	1,733	-	646	- 2,378
112	R 05		D10 Mset1	-	1,733	-	401	- 2,133
113	R 05	Z 07	D10 Mset1	-	1,733	3,914	401	- 6,048
114	R 05		D10 Mset3	-	1,733	-	646	- 2,378
115	R 05		D10 Mset3	-	1,733	-	646	- 2,378
116	R 05		D10 Mset1	-	1,733	-	401	- 2,133
117	R 05		D10 Mset3	-	1,733	-	646	- 2,378
118	R 05	Z 07	D10 Mset1	-	1,733	3,914	401	- 6,048
119	R 05		D10 Mset1	-	1,733	-	401	- 2,133
120	R 05		D10 Mset3	-	1,733	-	646	- 2,378
121	D 10 1	Z 07	D10 Mset1	-	787	3,914	401	- 5,102
122	R 11		R 11 Mset1	-	2,342	-	2,217	- 4,559
123	R 05		R 07 Mset1	-	1,733	-	2,885	- 4,617
124	R 05		R 07 Mset1	-	1,733	-	2,885	- 4,617
125	R 05		R 07 Mset1	-	1,733	-	2,885	- 4,617

AltaGas Cost of Service Analysis (COSA)  
 2008/09 GRA, Phase 2

Schedule 3.4									
Rate 2 RCN Meter Cost									
126	D 10 1		D10 Mset3	-	787	-	646	-	1,432
127	D 10 1		D10 Mset3	-	787	-	646	-	1,432
128	R 03		R 03 Mset1	-	1,488	-	1,500	-	2,988
129	R 05		R 07 Mset1	-	1,733	-	2,885	-	4,617
130	R 07		R 07 Mset1	-	2,043	-	2,885	-	4,927
131	R 07		R 07 Mset1	-	2,043	-	2,885	-	4,927
132	R 07		R 07 Mset1	-	2,043	-	2,885	-	4,927
133	R 07		R 07 Mset1	-	2,043	-	2,885	-	4,927
134	R 03	Z 07	R 03 Mset1	-	1,488	3,914	1,500	-	6,903
135	R 11		R 11 Mset1	-	2,342	-	2,217	-	4,559
136	R 11		R 11 Mset1	-	2,342	-	2,217	-	4,559
137	R 05		R 07 Mset1	-	1,733	-	2,885	-	4,617
138	R 03	Z 07	R 03 Mset1	-	1,488	3,914	1,500	-	6,903
139	R 03	Z 07	R 03 Mset1	-	1,488	3,914	1,500	-	6,903
140	R 11		R 11 Mset1	-	2,342	-	2,217	-	4,559
141	R 11		R 11 Mset1	-	2,342	-	2,217	-	4,559
142	R 03		R 03 Mset1	-	1,488	-	1,500	-	2,988
143	D 10 1		D10 Mset3	-	787	-	646	-	1,432
144	R 05		R 07 Mset1	-	1,733	-	2,885	-	4,617
Total/Average									5,313
*D = Diaphragm, R = Rotary, number indicates case rating									
**Meterset includes Labour									
***Equipment to read meters remotely									

AltaGas Cost of Service Analysis (COSA)  
2008/09 GRA, Phase 2

Schedule 3.5									
Rate 3 RCN Meter Cost									
Rate Class 3 RCN									
Site	Configuration		Meterset**	AMR***	Replacement Cost				Total
	Meter Replacement Type*	Instrument Replacement Type			Meter	Instrument	Meterset	AMR	
1	R 07	Z 07	R 16 Mset1	AMR	2,043	3,914	4,521	3,410	13,888
2	R 11	Z 07	R 16 Mset1		2,342	3,914	4,521	-	10,777
3	R 03	Z 07	R 16 Mset1		1,488	3,914	4,521	-	9,924
4	R 07	Z 07	R 16 Mset1		2,043	3,914	4,521	-	10,478
5	R 16	Z 07	R 16 Mset1		2,643	3,914	4,521	-	11,079
6	R 07	Z 07	R 16 Mset1		2,043	3,914	4,521	-	10,478
7	T 6GTS	Z 07	R 16 Mset1	AMR	4,238	3,914	4,521	3,410	16,084
8	R 03	Z 07	R 16 Mset1		1,488	3,914	4,521	-	9,924
9	T 4GTS	Z 07	R 16 Mset1	AMR	3,434	3,914	4,521	3,410	15,280
10	R 11	Z 07	R 16 Mset1	AMR	2,342	3,914	4,521	3,410	14,187
11	R 05	Z 07	R 16 Mset1		1,733	3,914	4,521	-	10,168
12	T 3GTH	Z 07	R 16 Mset1	AMR	4,256	3,914	4,521	3,410	16,101
13	R 16	Z 07	R 16 Mset1	AMR	2,643	3,914	4,521	3,410	14,489
14	R 03	Z 07	R 16 Mset1		1,488	3,914	4,521	-	9,924
15	R 16	Z 07	R 16 Mset1	AMR	2,643	3,914	4,521	3,410	14,489
16	R 07	Z 07	R 16 Mset1	AMR	2,043	3,914	4,521	3,410	13,888
17	R 16	Z 07	R 16 Mset1	AMR	2,643	3,914	4,521	3,410	14,489
18	R 07	Z 07	R 16 Mset1		2,043	3,914	4,521	-	10,478
19	R 05	Z 07	R 16 Mset1	AMR	1,733	3,914	4,521	3,410	13,578
20	R 11	Z 07	R 16 Mset1	AMR	2,342	3,914	4,521	3,410	14,187
21	R 05	Z 07	R 16 Mset1		1,733	3,914	4,521	-	10,168
22	T 3GTH	Z 07	R 16 Mset1	AMR	4,256	3,914	4,521	3,410	16,101
23	D 10 1	Z 07	R 16 Mset1		787	3,914	4,521	-	9,222
24	R 11	Z 07	R 16 Mset1	AMR	2,342	3,914	4,521	3,410	14,187
25	R 05	Z 07	R 16 Mset1	AMR	1,733	3,914	4,521	3,410	13,578
26	R 16	Z 07	R 16 Mset1		2,643	3,914	4,521	-	11,079
27	T 3GTH	Z 07	R 16 Mset1		4,256	3,914	4,521	-	12,691
28	D 10 1	Z 07	R 16 Mset1		787	3,914	4,521	-	9,222
29	T 3GTH	Z 07	R 16 Mset1		4,256	3,914	4,521	-	12,691
30	R 03	Z 07	R 16 Mset1		1,488	3,914	4,521	-	9,924
31	R 03	Z 07	R 16 Mset1	AMR	1,488	3,914	4,521	3,410	13,334
32	R 07	Z 07	R 16 Mset1	AMR	2,043	3,914	4,521	3,410	13,888
33	R 11	Z 07	R 16 Mset1	AMR	2,342	3,914	4,521	3,410	14,187
34	R 11		R 16 Mset1		2,342	-	4,521	-	6,863
35	R 07	Z 07	R 16 Mset1		2,043	3,914	4,521	-	10,478
36	R 03		R 16 Mset1		1,488	-	4,521	-	6,009
37	R 05	Z 07	R 16 Mset1		1,733	3,914	4,521	-	10,168
38	R 03	Z 07	R 16 Mset1		1,488	3,914	4,521	-	9,924
39	R 05		R 16 Mset1		1,733	-	4,521	-	6,254
40	R 11		R 16 Mset1		2,342	-	4,521	-	6,863
41	R 05	Z 07	R 16 Mset1		1,733	3,914	4,521	-	10,168
42	R 11	Z 07	R 16 Mset1		2,342	3,914	4,521	-	10,777
43	R 11	Z 07	R 16 Mset1		2,342	3,914	4,521	-	10,777
44	R 16	Z 07	R 16 Mset1	AMR	2,643	3,914	4,521	3,410	14,489
45	R 11	Z 07	R 16 Mset1	AMR	2,342	3,914	4,521	3,410	14,187
46	R 05	Z 07	R 16 Mset1		1,733	3,914	4,521	-	10,168
47	R 23	Z 07	R 16 Mset1	AMR	9,845	3,914	4,521	3,410	21,690
48	R 07	Z 07	R 16 Mset1	AMR	2,043	3,914	4,521	3,410	13,888
49	D 10 1	Z 07	R 16 Mset1		787	3,914	4,521	-	9,222
50	R 07	Z 07	R 16 Mset1	AMR	2,043	3,914	4,521	3,410	13,888
51	R 05	Z 07	R 16 Mset1	AMR	1,733	3,914	4,521	3,410	13,578
52	R 05		R 16 Mset1	AMR	1,733	-	4,521	3,410	9,664
Total/Average									11,985
*D = Diaphragm, R = Rotary, number indicates case rating									
**Meterset includes Labour									
***Equipment to read meters remotely									

AltaGas Cost of Service Analysis (COSA)  
 2008/09 GRA, Phase 2

Schedule 3.6	
Standard Replacement Cost	
Replacement Meter Types	
Configuration	RCN (\$)
D 02	78.71
D 04 1	205.25
D 04 2	205.25
D 06	440.22
D 10 1	786.50
D 10 2	1,276.00
R 02	1,716.00
R 03	1,488.30
R 05	1,732.50
R 07	2,042.70
R 11	2,341.90
R 16	2,643.30
R 23	9,845.00
T 3GTH	4,255.90
T 4GTS	3,434.20
T 6GTS	4,238.30
Meterset, Instrument & AMR Costs	
Configuration	RCN (\$)
D 02	228.63
D10 Mset1	400.97
D10 Mset2	1,041.39
D10 Mset3	645.93
R 03 Mset1	1,499.93
R 07 Mset1	2,884.74
R 11 Mset1	2,216.67
R 16 Mset1	4,521.07
R 03 Mset5	2,135.35
R 05 Mset5	2,847.36
Z 07	3,914.34
AMR	3,410.00



AltaGas Cost of Service Analysis (COSA)  
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Schedule 4.0  
Meter Reading Direct Assign: Allocation of Meter Reading Expense

Meter Reading Expense

	Amount (\$)	Allocation Method
AUI Direct Labour		
Billing Interface	18,300	ECIS Meter Reads
Bi-Monthly Reads	128,652	Bi-Monthly Direct Assign
Monthly Reads	8,948	Company Reads
Verifications	-	Site-Months
Total AUI Direct Labour	155,900	
Non-Direct Expense		
AUI Benefits	36,406	As per AUI Direct Labour
Contractor	720,629	Weighted Contractor Reads
Telephone (AMR)	18,571	Auto-Read Direct Assign
Supervision	18,256	As per AUI Direct Labour + Contractor
Vehicle Distribution	18,400	As per All Other Meter Read Expense
Telephone & Communications	5,000	As per All Other Meter Read Expense
Administration and Overheads	516,251	As per All Other Meter Read Expense
Total Non-Direct Expense	1,333,513	
Total Meter Reading Expense	1,489,413	
Meter Reading as per Schedule 6.3	1,489,413	
Variance Attributable to Rounding	-	

Allocation Factors Per Meter Reading Expense Component

	Rate 1	Rate 2	Rate 3	Rate 4	NOT USED	Total
AUI Direct Labour						
Billing Interface	99 %	1 %	0 %	0 %		100 %
Bi-Monthly Reads	100 %	-	-	-		100 %
Monthly Reads	83 %	13 %	4 %	-		100 %
Verifications	99 %	0 %	0 %	0 %		100 %
Total AUI Direct Labour						
Non-Direct Expense						
AUI Benefits	99 %	1 %	0 %	0 %		100 %
Contractor	98 %	1 %	-	1 %		100 %
Telephone (AMR)	-	-	100 %	-		100 %
Supervision	98 %	1 %	0 %	1 %		100 %
Vehicle Distribution	96 %	1 %	2 %	1 %		100 %
Telephone & Communications	96 %	1 %	2 %	1 %		100 %
Administration and Overheads	96 %	1 %	2 %	1 %		100 %
Total Non-Direct Expense						
Total Meter Reading Expense						

Allocation of Meter Reading Expense

	Rate 1	Rate 2	Rate 3	Rate 4	NOT USED	Total
AUI Direct Labour						-
Billing Interface	18,055	162	21	62		18,300
Bi-Monthly Reads	128,652	-	-	-		128,652
Monthly Reads	7,411	1,179	359	-		8,948
Verifications	-	-	-	-		-
Total AUI Direct Labour	154,118	1,340	380	62		155,900
Non-Direct Expense						
AUI Benefits	35,990	313	89	14		36,406
Contractor	703,452	10,257	-	6,920		720,629
Telephone (AMR)	-	-	18,571	-		18,571
Supervision	17,861	242	8	145		18,256
Vehicle Distribution	17,657	235	369	138		18,400
Telephone & Communications	4,798	64	100	38		5,000
Administration and Overheads	495,410	6,605	10,354	3,882		516,251
Total Non-Direct Expense	1,275,169	17,716	29,491	11,138		1,333,513
Total Meter Reading Expense	1,429,286	19,056	29,871	11,200		1,489,413

AltaGas Cost of Service Analysis (COSA)  
2008/09 GRA, Phase 2

Schedule 4.1							
Meter Reading Direct Assign: Development of Allocators							
Allocator Data							
	Rate 1	Rate 2	Rate 3	Rate 4	NOT USED	Total	
Allocator Data Used in Main Model							
Site-Months	819,238	2,004	588	1,690		823,520	
Allocator Data Unique to Meter Read Allocation							
Auto-Read Direct Assign	-	-	1	-		1	
Bi-Monthly Direct Assign	1	-	-	-		1	
Company Reads	12,148	1,932	588	-		14,668	
Contractor Reads	482,723	2,504	-	1,690		486,917	
ECIS Meter Reads	494,871	4,436	588	1,690		501,585	
Contractor Cost Weighting	1	4		4		10	
Weighted Cost Contractor Reads	721,415	10,518	-	7,097		739,031	
As per AUI Direct Labour	154,118	1,340	380	62		155,900	
As per AUI Direct Labour + Contractor	857,570	11,597	380	6,982		876,529	
As per All Other Meter Read Expense	911,421	12,152	19,048	7,142		949,762	
Load Data Allocators (%)							
	Rate 1	Rate 2	Rate 3	Rate 4	NOT USED	Total	
Site-Months	99 %	0 %	0 %	0 %	-	100 %	
Auto-Read Direct Assign	-	-	100 %	-	-	100 %	
Bi-Monthly Direct Assign	100 %	-	-	-	-	100 %	
Company Reads	83 %	13 %	4 %	-	-	100 %	
Contractor Reads	99 %	1 %	-	0 %	-	100 %	
ECIS Meter Reads	99 %	1 %	0 %	0 %	-	100 %	
Weighted Contractor Reads	98 %	1 %	-	1 %	-	100 %	
As per AUI Direct Labour	99 %	1 %	0 %	0 %	-	100 %	
As per AUI Direct Labour + Contractor	98 %	1 %	0 %	1 %	-	100 %	
As per All Other Meter Read Expense	96 %	1 %	2 %	1 %	-	100 %	
Contractor Meter Reading Average Cost							
	Rate 1					Rate 2	Rate 4
	Town	Urban	Rural	Commercial	Average Rate 1	L.G.S	Irrigation
Cycles Per Year	6	6	6	6	6	12	7
Contractor Fee Per Read	1.15	1.15	3.15	4.20	1.49	4.20	4.20
Number of Contractor Reads Per Cycle	66,597	-	13,857	-	80,454	209	241
Annual Cost of Contractor Reads	459,518	-	261,897	-	721,415	10,518	7,097
Total Reads per Year	399,581	-	83,142	-	482,723	2,504	1,690
Weighted Average Per Read	1.15	-	3.15	-	1.49	4.20	4.20

AltaGas Cost of Service Analysis (COSA)  
2008/09 GRA, Phase 2

Schedule 5.0									
Rate 1 and 2 Peak Daily Load at Design Temperature									
Assumptions									
District	January Site Count				Peak Degree Day Assumptions				
	Rate 1			Rate 2	Base Month Degree Day (July)	Design Temp	Degree Days (@ Design)	Heating Degree Days (@ Design)	
Commercial	Residential	Rural	L.G.S.						
Athabasca	548	4,396	1,286	12	0.518	-40 °C	55	54.482	
Barrhead, Westlock, Morinville	1,024	8,888	3,883	35	0.721	-40 °C	55	54.279	
Drumheller	440	3,170	49	9	0.539	-40 °C	55	54.461	
Grande Cache	160	1,479	-	4	1.057	-40 °C	55	53.943	
Hanna	210	1,316	26	3	0.539	-40 °C	55	54.461	
High Level	311	1,411	-	9	0.502	-40 °C	55	54.498	
Leduc	1,424	14,480	3,158	46	0.575	-40 °C	55	54.425	
Pincher Creek	237	1,638	259	5	0.285	-40 °C	55	54.715	
St. Paul	695	3,843	2,130	15	0.468	-40 °C	55	54.532	
Southeast	129	1,085	562	8	0.124	-40 °C	55	54.876	
Stettler	486	3,081	918	6	0.727	-40 °C	55	54.273	
Three Hills	155	865	4	5	0.727	-40 °C	55	54.273	
Two Hills	132	626	8	1	0.468	-40 °C	55	54.532	
Bonnyville	519	2,433	537	9	0.329	-40 °C	55	54.671	
Forecast Base Load per Day per Site (GJ)									
District	Rate 1				Rate 2	Rate 1			Rate 2
	Commercial	Residential	Rural	L.G.S.	Commercial	Residential	Rural	L.G.S.	
Athabasca	0.425	0.078	0.093	4.495	0.109	0.019	0.023	0.886	
Barrhead, Westlock, Morinville	0.418	0.097	0.152	8.047	0.109	0.022	0.034	0.836	
Drumheller	0.429	0.084	0.160	6.415	0.095	0.020	0.040	1.510	
Grande Cache	0.513	0.106	-	8.030	0.089	0.018	-	0.777	
Hanna	0.388	0.083	0.126	1.954	0.082	0.021	0.030	1.752	
High Level	0.426	0.085	-	4.376	0.113	0.020	-	0.753	
Leduc	0.462	0.098	0.137	6.011	0.134	0.020	0.029	1.042	
Pincher Creek	0.414	0.080	0.170	12.479	0.089	0.020	0.029	0.749	
St. Paul	0.562	0.089	0.108	7.169	0.103	0.019	0.022	0.947	
Southeast	0.373	0.077	0.127	8.051	0.104	0.023	0.030	1.015	
Stettler	0.344	0.089	0.138	7.516	0.089	0.020	0.031	1.181	
Three Hills	0.277	0.097	0.238	7.892	0.076	0.020	0.081	1.028	
Two Hills	0.272	0.083	0.167	3.419	0.085	0.020	0.066	0.348	
Bonnyville	0.403	0.086	0.112	6.494	0.116	0.021	0.027	1.496	
Base and Heating Load at Design Temperature									
District	Forecast Daily Base Load (GJ)				Forecast Daily Heating Usage (GJ)				
	Rate 1			Rate 2	Rate 1			Rate 2	
Commercial	Residential	Rural	L.G.S.	Commercial	Residential	Rural	L.G.S.		
Athabasca	233	342	119	54	3,256	4,467	1,623	579	
Barrhead, Westlock, Morinville	428	865	591	282	6,059	10,654	7,141	1,587	
Drumheller	189	266	8	58	2,271	3,443	107	740	
Grande Cache	82	157	-	32	770	1,412	-	168	
Hanna	82	110	3	6	934	1,487	42	286	
High Level	133	119	-	39	1,918	1,538	-	369	
Leduc	659	1,424	434	276	10,397	16,021	4,962	2,609	
Pincher Creek	98	132	44	62	1,157	1,829	416	205	
St. Paul	390	342	230	108	3,893	3,906	2,533	775	
Southeast	48	84	71	64	736	1,390	932	446	
Stettler	167	275	127	45	2,336	3,314	1,520	385	
Three Hills	43	84	1	39	636	943	18	279	
Two Hills	36	52	1	3	609	685	29	19	
Bonnyville	209	210	60	58	3,301	2,738	784	736	
Total	2,796	4,461	1,689	1,128	38,272	53,827	20,108	9,183	

AltaGas Cost of Service Analysis (COSA)  
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Schedule 5.0			
Rate 1 and 2 Peak Daily Load at Design Temperature			
Total Load at Design Temperature (GJ)			
District	Rate 1	Rate 2	
Athabasca	10,039	633	
Barrhead, Westlock, Morinville	25,739	1,869	
Drumheller	6,284	798	
Grande Cache	2,421	200	
Hanna	2,657	292	
High Level	3,708	408	
Leduc	33,897	2,886	
Pincher Creek	3,676	267	
St. Paul	11,294	882	
Southeast	3,261	510	
Stettler	7,739	430	
Three Hills	1,724	319	
Two Hills	1,412	22	
Bonnyville	7,302	795	
<b>Total</b>	<b>121,153</b>	<b>10,311</b>	

AltaGas Cost of Service Analysis (COSA)  
 2008/09 GRA, Phase 2

Schedule 5.1									
Development of Site and Energy Allocators									
	Rate 1				Rate 2	Rate 3	Rate 4		
	Commercial	Residential	Rural	Total Rate 1	L.G.S.	Demand-Commodity	Irrigation	Total	
Total Site-Months	76,933	587,953	154,352	819,238	2,004	588	1,690	823,520	
Average Monthly Site Count	6,411	48,996	12,863	68,270	167	49	241	68,727	
Total Energy (GJ)	4,152,855	6,082,625	2,245,593	12,481,073	1,197,868	2,862,570	89,982	16,631,493	
Total Distribution Tariff Revenues	6,569,173	18,996,297	5,779,166	31,344,636	1,434,998	1,383,225	164,041	34,326,899	
Irrigation Monthly Energy (GJ)	39,933	39,964	39,994	40,025	40,056	40,086	40,117	Total	
Total	491	6,664	13,290	25,274	25,423	13,193	5,647	89,982	
Daily Energy	16	215	443	815	820	440	182		

AltaGas Cost of Service Analysis (COSA)  
2008/09 GRA, Phase 2

Schedule 6.0					
Revenue Requirement by Function and Allocation					
Function	Billing Component	Allocation	Gross	Revenue Offsets	Total
Transmission	Transmission	Demand - CP	5,309,849	(684,873)	4,624,975
Mains - Pipe	Distribution	Diameter-Length	13,095,556	(238,316)	12,857,239
Mains - General	Distribution	Diameter-Length	2,339,632	(42,546)	2,297,085
Mains - Odorant	Distribution	Energy	214,365	(3,906)	210,459
Services	Distribution	Sites - M&S Weighted	10,264,949	(186,835)	10,078,114
Meter Assets	Distribution	Sites - M&S Weighted	3,127,263	(56,921)	3,070,342
Meter Reading	Distribution	Meter Reading Direct Assign	1,565,798	(28,513)	1,537,284
Marketing	Distribution	Sites - Site Months	67,832	(1,236)	66,596
Load Settlement	Distribution	Energy	102,329	(1,859)	100,469
Stations	Distribution	Demand - NCP	944,372	(17,182)	927,190
CIS	Customer Care	Sites - Site Months	1,714,568	(31,213)	1,683,355
Call Centre	Customer Care	Sites - Site Months	948,515	(17,240)	931,275
Credit & Collection	Customer Care	Sites - Site Months	652,950	(11,878)	641,071
Billing	Customer Care	Sites - Site Months	1,866,441	(33,966)	1,832,475
<b>Total</b>			<b>42,214,417</b>	<b>(1,356,487)</b>	<b>40,857,930</b>

AltaGas Cost of Service Analysis (COSA)  
2008/09 GRA, Phase 2

Schedule 6.1								
Allocation of Revenue Requirement to Functions								
Revenue Requirement Dollars Assigned to Functions								
Function	Operating Expenses	Depreciation	Cost of Capital	Gross Revenue Requirement Before Tax	Tax	Gross Revenue Requirement	Revenue Offset	Net Revenue Requirement
Transmission	2,033,309	1,252,243	-	3,285,552	-	3,285,552	(588,187)	2,697,365
Mains - Pipe	7,841,352	-	-	7,841,352	-	7,841,352	-	7,841,352
Mains - General	2,111,043	-	-	2,111,043	-	2,111,043	-	2,111,043
Mains - Odorant	214,268	-	-	214,268	-	214,268	-	214,268
Services	5,358,705	-	-	5,358,705	-	5,358,705	-	5,358,705
Meter Assets	2,207,685	-	-	2,207,685	-	2,207,685	-	2,207,685
Meter Reading	1,489,413	-	-	1,489,413	-	1,489,413	-	1,489,413
Marketing	67,801	-	-	67,801	-	67,801	-	67,801
Load Settlement	91,940	-	-	91,940	-	91,940	-	91,940
Stations	719,765	-	-	719,765	-	719,765	-	719,765
CIS	772,466	-	-	772,466	-	772,466	-	772,466
Call Centre	860,481	-	-	860,481	-	860,481	-	860,481
Credit & Collection	613,386	-	-	613,386	-	613,386	-	613,386
Billing	1,778,055	-	-	1,778,055	-	1,778,055	-	1,778,055
<b>Total</b>	<b>26,159,668</b>	<b>1,252,243</b>	<b>-</b>	<b>27,411,911</b>	<b>-</b>	<b>27,411,911</b>	<b>(588,187)</b>	<b>26,823,724</b>
Remaining Revenue Requirement Dollars Allocated to Functions								
Function	Operating Expenses	Depreciation	Cost of Capital	Gross Revenue Requirement Before Tax	Tax	Gross Revenue Requirement	Revenue Offset	Net Revenue Requirement
Plant Allocators								
Depreciation	-	(2,270,647)	-	(2,270,647)	-	(2,270,647)	-	(2,270,647)
Depreciation - Distribut	-	5,603,455	-	5,603,455	-	5,603,455	-	5,603,455
Depreciation - General	-	3,588,976	-	3,588,976	-	3,588,976	-	3,588,976
Depreciation - Intangibl	-	85,821	-	85,821	-	85,821	-	85,821
Rate Base	-	-	7,744,501	7,744,501	-	7,744,501	-	7,744,501
Revenue Requirement Allocators								
Labour	-	-	-	-	50,400	50,400	-	50,400
Gross Revenue Requir	-	-	-	-	-	-	(768,300)	(768,300)
<b>Total</b>	<b>-</b>	<b>7,007,605</b>	<b>7,744,501</b>	<b>14,752,106</b>	<b>50,400</b>	<b>14,802,506</b>	<b>(768,300)</b>	<b>14,034,206</b>
Basis for Allocation (\$)								
Function	Plant Allocators						Gross Revenue Requirement Before Tax	
	Depreciation	Depreciation Distribution	Depreciation General	Depreciation Intangible	Rate Base	Labour		
Transmission	1,658,050	-	345,066	15,676	32,322,240	1,119,994	5,306,119	
Mains - Pipe	3,160,443	2,183,176	871,371	27,330	44,991,718	5,058,029	13,078,710	
Mains - General	165,647	34,401	129,577	431	1,389,464	1,413,211	2,334,925	
Mains - Odorant	-	-	-	-	1,577	-	214,365	
Services	3,864,466	2,859,658	866,098	35,798	30,872,378	3,456,609	10,253,437	
Meter Assets	650,983	449,893	179,268	5,632	6,628,133	1,038,894	3,123,803	
Meter Reading	62,933	-	62,933	-	347,069	296,749	1,564,810	
Marketing	-	-	-	-	499	-	67,832	
Load Settlement	7,355	-	7,355	-	61,583	84,661	102,047	
Stations	131,751	76,327	51,722	955	1,927,621	421,531	942,969	
CIS	676,394	-	676,394	-	5,841,732	488,498	1,712,941	
Call Centre	62,297	-	62,297	-	522,226	717,101	946,126	
Credit & Collection	27,924	-	27,924	-	235,760	321,435	651,879	
Billing	62,252	-	62,252	-	528,605	716,580	1,864,055	
<b>Total</b>	<b>10,530,495</b>	<b>5,603,455</b>	<b>3,342,256</b>	<b>85,821</b>	<b>125,670,605</b>	<b>15,133,292</b>	<b>42,164,017</b>	

AltaGas Cost of Service Analysis (COSA)  
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Schedule 6.1							
Allocation of Revenue Requirement to Functions							
Basis for Allocation (%)							
Function	Plant Allocators					Labour	Gross Revenue Requirement Before Tax
	Depreciation	Depreciation Distribution	Depreciation General	Depreciation Intangible	Rate Base		
Transmission	16 %	-	10 %	18 %	26 %	7 %	13 %
Mains - Pipe	30 %	39 %	26 %	32 %	36 %	33 %	31 %
Mains - General	2 %	1 %	4 %	1 %	1 %	9 %	6 %
Mains - Odorant	-	-	-	-	0 %	-	1 %
Services	37 %	51 %	26 %	42 %	25 %	23 %	24 %
Meter Assets	6 %	8 %	5 %	7 %	5 %	7 %	7 %
Meter Reading	1 %	-	2 %	-	0 %	2 %	4 %
Marketing	-	-	-	-	0 %	-	0 %
Load Settlement	0 %	-	0 %	-	0 %	1 %	0 %
Stations	1 %	1 %	2 %	1 %	2 %	3 %	2 %
CIS	6 %	-	20 %	-	5 %	3 %	4 %
Call Centre	1 %	-	2 %	-	0 %	5 %	2 %
Credit & Collection	0 %	-	1 %	-	0 %	2 %	2 %
Billing	1 %	-	2 %	-	0 %	5 %	4 %
<b>Total</b>	<b>100 %</b>	<b>100 %</b>	<b>100 %</b>	<b>100 %</b>	<b>100 %</b>	<b>100 %</b>	<b>100 %</b>
Allocation of Revenue Requirement Dollars Using Plant Allocators							
Function	Operating Expenses	Depreciation	Cost of Capital				
Transmission	-	28,695	1,991,871				
Mains - Pipe	-	2,464,726	2,772,633				
Mains - General	-	138,256	85,626				
Mains - Odorant	-	-	97				
Services	-	2,992,209	1,902,523				
Meter Assets	-	507,657	408,461				
Meter Reading	-	54,008	21,388				
Marketing	-	-	31				
Load Settlement	-	6,312	3,795				
Stations	-	104,413	118,790				
CIS	-	580,476	359,999				
Call Centre	-	53,463	32,182				
Credit & Collection	-	23,964	14,529				
Billing	-	53,424	32,576				
<b>Total</b>	<b>-</b>	<b>7,007,605</b>	<b>7,744,501</b>				
Gross Revenue Requirement Before Tax							
Function	Operating Expenses	Depreciation	Cost of Capital	Gross Revenue Requirement Before Tax			
Transmission	2,033,309	1,280,938	1,991,871	5,306,119			
Mains - Pipe	7,841,352	2,464,726	2,772,633	13,078,710			
Mains - General	2,111,043	138,256	85,626	2,334,925			
Mains - Odorant	214,268	-	97	214,365			
Services	5,358,705	2,992,209	1,902,523	10,253,437			
Meter Assets	2,207,685	507,657	408,461	3,123,803			
Meter Reading	1,489,413	54,008	21,388	1,564,810			
Marketing	67,801	-	31	67,832			
Load Settlement	91,940	6,312	3,795	102,047			
Stations	719,765	104,413	118,790	942,969			
CIS	772,466	580,476	359,999	1,712,941			
Call Centre	860,481	53,463	32,182	946,126			
Credit & Collection	613,386	23,964	14,529	651,879			
Billing	1,778,055	53,424	32,576	1,864,055			
<b>Total</b>	<b>26,159,668</b>	<b>8,259,848</b>	<b>7,744,501</b>	<b>42,164,017</b>			



AltaGas Cost of Service Analysis (COSA)  
2008/09 GRA, Phase 2

Schedule 6.1								
Allocation of Revenue Requirement to Functions								
Allocation of Taxes and Offsets								
Function / Allocator	Taxes			Offsets				
	Labour	Rate Base	Total	Gross Revenue Requirement Before Tax				
Transmission	3,730	-	3,730	(96,686)				
Mains - Pipe	16,845	-	16,845	(238,316)				
Mains - General	4,707	-	4,707	(42,546)				
Mains - Odorant	-	-	-	(3,906)				
Services	11,512	-	11,512	(186,835)				
Meter Assets	3,460	-	3,460	(56,921)				
Meter Reading	988	-	988	(28,513)				
Marketing	-	-	-	(1,236)				
Load Settlement	282	-	282	(1,859)				
Stations	1,404	-	1,404	(17,182)				
CIS	1,627	-	1,627	(31,213)				
Call Centre	2,388	-	2,388	(17,240)				
Credit & Collection	1,071	-	1,071	(11,878)				
Billing	2,387	-	2,387	(33,966)				
<b>Total</b>	<b>50,400</b>	<b>-</b>	<b>50,400</b>	<b>(768,300)</b>				
Fully Allocated Revenue Requirement								
Function	Operating Expenses	Depreciation	Cost of Capital	Gross Revenue Requirement Before Tax	Tax	Gross Revenue Requirement	Revenue Offset	Net Revenue Requirement
Transmission	2,033,309	1,280,938	1,991,871	5,306,119	3,730	5,309,849	(684,873)	4,624,975
Mains - Pipe	7,841,352	2,464,726	2,772,633	13,078,710	16,845	13,095,556	(238,316)	12,857,239
Mains - General	2,111,043	138,256	85,626	2,334,925	4,707	2,339,632	(42,546)	2,297,085
Mains - Odorant	214,268	-	97	214,365	-	214,365	(3,906)	210,459
Services	5,358,705	2,992,209	1,902,523	10,253,437	11,512	10,264,949	(186,835)	10,078,114
Meter Assets	2,207,685	507,657	408,461	3,123,803	3,460	3,127,263	(56,921)	3,070,342
Meter Reading	1,489,413	54,008	21,388	1,564,810	988	1,565,798	(28,513)	1,537,284
Marketing	67,801	-	31	67,832	-	67,832	(1,236)	66,596
Load Settlement	91,940	6,312	3,795	102,047	282	102,329	(1,859)	100,469
Stations	719,765	104,413	118,790	942,969	1,404	944,372	(17,182)	927,190
CIS	772,466	580,476	359,999	1,712,941	1,627	1,714,568	(31,213)	1,683,355
Call Centre	860,481	53,463	32,182	946,126	2,388	948,515	(17,240)	931,275
Credit & Collection	613,386	23,964	14,529	651,879	1,071	652,950	(11,878)	641,071
Billing	1,778,055	53,424	32,576	1,864,055	2,387	1,866,441	(33,966)	1,832,475
<b>Total</b>	<b>26,159,668</b>	<b>8,259,848</b>	<b>7,744,501</b>	<b>42,164,017</b>	<b>50,400</b>	<b>42,214,417</b>	<b>(1,356,487)</b>	<b>40,857,930</b>

AltaGas Cost of Service Analysis (COSA)  
2008/09 GRA, Phase 2

Schedule 6.2							
Allocation of Operating Expense to Functions							
Operating Expense Dollars Directly Assigned to Functions							
Function	Operating	Maintenance	Customer Accounting	Advertising and Promotion	Load Settlement	Enrolment	Total Operating Expenses
Transmission	931,415	430,810	-	-	-	-	1,362,225
Mains - Pipe	-	-	-	-	-	-	-
Mains - General	1,310,517	-	-	-	-	-	1,310,517
Mains - Odorant	214,268	-	-	-	-	-	214,268
Services	-	-	-	-	-	-	-
Meter Assets	953,538	542,961	-	-	-	-	1,496,499
Meter Reading	-	-	1,489,413	-	-	-	1,489,413
Marketing	-	-	-	67,801	-	-	67,801
Load Settlement	-	-	-	-	91,940	-	91,940
Stations	309,072	179,373	-	-	-	-	488,445
CIS	-	-	772,466	-	-	-	772,466
Call Centre	-	-	860,481	-	-	-	860,481
Credit & Collection	-	-	613,386	-	-	-	613,386
Billing	-	-	1,778,055	-	-	-	1,778,055
<b>Total</b>	<b>3,718,810</b>	<b>1,153,144</b>	<b>5,513,801</b>	<b>67,801</b>	<b>91,940</b>	<b>-</b>	<b>10,545,496</b>
Operating Expense Dollars For Allocation to Functions							
Allocators	Operating	Maintenance	Customer Accounting	Advertising and Promotion	Load Settlement	Enrolment	Total Operating Expenses
Plant Allocators							
Net Plant - Dist Mains & Services	5,398,360	3,640,962	-	-	-	-	9,039,322
Revenue Requirement Allocators							
All Other - Operating	5,438,312	-	-	-	-	-	5,438,312
All Other - Maintenance	-	1,136,538	-	-	-	-	1,136,538
<b>Total</b>	<b>10,836,672</b>	<b>4,777,500</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>15,614,172</b>
Basis for Allocation	(\$)			(%)			
Function	Plant Allocators	Revenue Requirement Allocators		Plant Allocators	Revenue Requirement Allocators		
	Net Plant - Dist Mains & Services	All Other - Operating	All Other - Maintenance	Net Plant - Dist Mains & Services	All Other - Operating	All Other - Maintenance	
Transmission		931,415	430,810	-	10 %	9 %	
Mains - Pipe	67,584,670	3,206,838	2,162,874	59 %	36 %	45 %	
Mains - General		1,310,517	-	-	15 %	-	
Mains - Odorant		-	-	-	-	-	
Services	46,186,722	2,191,522	1,478,088	41 %	25 %	31 %	
Meter Assets		953,538	542,961	-	11 %	11 %	
Meter Reading		-	-	-	-	-	
Marketing		-	-	-	-	-	
Load Settlement		-	-	-	-	-	
Stations		309,072	179,373	-	3 %	4 %	
CIS		-	-	-	-	-	
Call Centre		-	-	-	-	-	
Credit & Collection		-	-	-	-	-	
Billing		-	-	-	-	-	
<b>Total</b>	<b>113,771,391</b>	<b>8,902,902</b>	<b>4,794,106</b>	<b>100 %</b>	<b>100 %</b>	<b>100 %</b>	

AltaGas Cost of Service Analysis (COSA)  
2008/09 GRA, Phase 2

Schedule 6.2							
Allocation of Operating Expense to Functions							
Allocation of Operating Expense Dollars Using Plant Allocators							
Function	Operating	Maintenance	Customer Accounting	Advertising and Promotion	Load Settlement	Enrolment	Total Operating Expenses
Transmission	-	-	-	-	-	-	-
Mains - Pipe	3,206,838	2,162,874	-	-	-	-	5,369,712
Mains - General	-	-	-	-	-	-	-
Mains - Odorant	-	-	-	-	-	-	-
Services	2,191,522	1,478,088	-	-	-	-	3,669,610
Meter Assets	-	-	-	-	-	-	-
Meter Reading	-	-	-	-	-	-	-
Marketing	-	-	-	-	-	-	-
Load Settlement	-	-	-	-	-	-	-
Stations	-	-	-	-	-	-	-
CIS	-	-	-	-	-	-	-
Call Centre	-	-	-	-	-	-	-
Credit & Collection	-	-	-	-	-	-	-
Billing	-	-	-	-	-	-	-
<b>Total</b>	<b>5,398,360</b>	<b>3,640,962</b>	-	-	-	-	<b>9,039,322</b>
Operating Expenses: Sum of Direct Assigned and Plant Allocations							
Function	Operating	Maintenance	Customer Accounting	Advertising and Promotion	Load Settlement	Enrolment	Total Operating Expenses
Transmission	931,415	430,810	-	-	-	-	1,362,225
Mains - Pipe	3,206,838	2,162,874	-	-	-	-	5,369,712
Mains - General	1,310,517	-	-	-	-	-	1,310,517
Mains - Odorant	214,268	-	-	-	-	-	214,268
Services	2,191,522	1,478,088	-	-	-	-	3,669,610
Meter Assets	953,538	542,961	-	-	-	-	1,496,499
Meter Reading	-	-	1,489,413	-	-	-	1,489,413
Marketing	-	-	-	67,801	-	-	67,801
Load Settlement	-	-	-	-	91,940	-	91,940
Stations	309,072	179,373	-	-	-	-	488,445
CIS	-	-	772,466	-	-	-	772,466
Call Centre	-	-	860,481	-	-	-	860,481
Credit & Collection	-	-	613,386	-	-	-	613,386
Billing	-	-	1,778,055	-	-	-	1,778,055
<b>Total</b>	<b>9,117,170</b>	<b>4,794,106</b>	<b>5,513,801</b>	<b>67,801</b>	<b>91,940</b>	-	<b>19,584,818</b>
Allocation of Operating Expense Dollars Using Revenue Requirement Allocators							
Function	Operating	Maintenance	Customer Accounting	Advertising and Promotion	Load Settlement	Enrolment	Total Operating Expenses
Transmission	568,952	102,132	-	-	-	-	671,084
Mains - Pipe	1,958,888	512,752	-	-	-	-	2,471,640
Mains - General	800,526	-	-	-	-	-	800,526
Mains - Odorant	-	-	-	-	-	-	-
Services	1,338,685	350,410	-	-	-	-	1,689,095
Meter Assets	582,466	128,720	-	-	-	-	711,186
Meter Reading	-	-	-	-	-	-	-
Marketing	-	-	-	-	-	-	-
Load Settlement	-	-	-	-	-	-	-
Stations	188,796	42,524	-	-	-	-	231,320
CIS	-	-	-	-	-	-	-
Call Centre	-	-	-	-	-	-	-
Credit & Collection	-	-	-	-	-	-	-
Billing	-	-	-	-	-	-	-
<b>Total</b>	<b>5,438,312</b>	<b>1,136,538</b>	-	-	-	-	<b>6,574,850</b>

AltaGas Cost of Service Analysis (COSA)  
2008/09 GRA, Phase 2

Schedule 6.2							
Allocation of Operating Expense to Functions							
Fully Allocated Operating Expenses							
Function	Operating	Maintenance	Customer Accounting	Advertising and Promotion	Load Settlement	Enrolment	Total Operating Expenses
Transmission	1,500,367	532,942	-	-	-	-	2,033,309
Mains - Pipe	5,165,725	2,675,627	-	-	-	-	7,841,352
Mains - General	2,111,043	-	-	-	-	-	2,111,043
Mains - Odorant	214,268	-	-	-	-	-	214,268
Services	3,530,208	1,828,498	-	-	-	-	5,358,705
Meter Assets	1,536,004	671,681	-	-	-	-	2,207,685
Meter Reading	-	-	1,489,413	-	-	-	1,489,413
Marketing	-	-	-	67,801	-	-	67,801
Load Settlement	-	-	-	-	91,940	-	91,940
Stations	497,868	221,897	-	-	-	-	719,765
CIS	-	-	772,466	-	-	-	772,466
Call Centre	-	-	860,481	-	-	-	860,481
Credit & Collection	-	-	613,386	-	-	-	613,386
Billing	-	-	1,778,055	-	-	-	1,778,055
<b>Total</b>	<b>14,555,482</b>	<b>5,930,644</b>	<b>5,513,801</b>	<b>67,801</b>	<b>91,940</b>	<b>-</b>	<b>26,159,668</b>

AltaGas Cost of Service Analysis (COSA)  
2008/09 GRA, Phase 2

Schedule 6.3				
Revenue Requirement Prior to Allocation to Functions				
Revenue Requirement	Revenue Requirement Component	Function	Unbundling Method If Allocation	(\$)
<b>OPERATING EXPENSES</b>				
Operation & Maintenance Expense				
Operating				
Supervision	Operating	Allocation	All Other - Operating	5,438,312
Transmission - Pipeline	Operating	Transmission	N/A	435,067
Transmission - Stations	Operating	Transmission	N/A	496,348
Distribution - Other	Operating	Mains - General	N/A	1,310,517
Distribution - Mains & Services	Operating	Allocation	Net Plant - Dist Mains & S	5,398,360
Distribution - Odorant	Operating	Mains - Odorant	N/A	214,268
Distribution - Stations	Operating	Stations	N/A	309,072
Meters	Operating	Meter Assets	N/A	953,538
Total Operating				14,555,482
Maintenance				
Supervision	Maintenance	Allocation	All Other - Maintenance	1,136,538
Transmission - Pipeline	Maintenance	Transmission	N/A	82,646
Transmission - Stations	Maintenance	Transmission	N/A	348,164
Distribution - Other	Maintenance	Stations	N/A	179,373
Distribution - Mains & Services	Maintenance	Allocation	Net Plant - Dist Mains & S	3,640,962
Meters	Maintenance	Meter Assets	N/A	542,961
Total Maintenance				5,930,644
Customer Accounting				
CIS	Customer Accounting	CIS	N/A	772,466
Call Centre	Customer Accounting	Call Centre	N/A	860,481
Credit & Collection	Customer Accounting	Credit & Collection	N/A	613,386
Billing	Customer Accounting	Billing	N/A	1,778,055
Meter Reading	Customer Accounting	Meter Reading	N/A	1,489,413
Total Customer Accounting				5,513,801
Advertising and Promotion	Advertising and Promotion	Marketing	N/A	67,801
Load Settlement	Load Settlement	Load Settlement	N/A	91,940
Enrolment	Enrolment	Enrolment	N/A	-
<b>TOTAL OPERATING EXPENSES</b>				<b>26,159,668</b>
<b>CAPITAL EXPENSES</b>				
Depreciation				
Intangible Plant	Depreciation	Allocation	Depreciation - Intangible	85,821
Natural Gas Production Plant	Depreciation	Allocation	Depreciation - General	246,720
Transmission Plant	Depreciation	Transmission	N/A	1,252,243
Distribution Plant	Depreciation	Allocation	Depreciation - Distribution	5,603,455
General Plant	Depreciation	Allocation	Depreciation - General	3,342,256
Total Depreciation				10,530,495
Amortization of CIAC	Depreciation	Allocation	Depreciation	(2,270,647)
Cost of Capital	Cost of Capital	Allocation	Rate Base	7,744,501
<b>TOTAL CAPITAL EXPENSES</b>				<b>16,004,349</b>
<b>GROSS REVENUE REQUIREMENT BEFORE TAX</b>				
<b>TAXES</b>				
Municipal Taxes	Tax	Allocation	Labour	50,400
Income Tax	Tax	Allocation	Rate Base	-
<b>TOTAL TAXES</b>				<b>50,400</b>
<b>GROSS REVENUE REQUIREMENT</b>				
<b>REVENUE REQUIREMENT OFFSETS</b>				
Other Revenues				
Penalty Revenue	Revenue Offset	Allocation	Gross Revenue Requirer	(118,600)
Service Work	Revenue Offset	Allocation	Gross Revenue Requirer	(136,800)
Transportation "Closed Rate" Service	Revenue Offset	Transmission	N/A	(588,187)
ERCB Special Deposit Interest	Revenue Offset	Allocation	Gross Revenue Requirer	(10,100)
Other	Revenue Offset	Allocation	Gross Revenue Requirer	(502,800)
Total Other Revenues				(1,356,487)
<b>TOTAL REVENUE REQUIREMENT OFFSETS</b>				<b>(1,356,487)</b>
<b>NET REVENUE REQUIREMENT</b>				
				<b>40,857,930</b>

AltaGas Cost of Service Analysis (COSA)  
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Schedule 6.4							
Allocation of Labour to Functions							
Labour Dollars Directly Assigned to Functions							
Function	Operating	Maintenance	Customer Accounting	Advertising and Promotion	Load Settlement	Enrolment	Total Labour
Transmission	498,581	204,613	-	-	-	-	703,194
Mains - Pipe	-	-	-	-	-	-	-
Mains - General	842,174	-	-	-	-	-	842,174
Mains - Odorant	-	-	-	-	-	-	-
Services	-	-	-	-	-	-	-
Meter Assets	517,966	122,559	-	-	-	-	640,525
Meter Reading	-	-	296,749	-	-	-	296,749
Marketing	-	-	-	-	-	-	-
Load Settlement	-	-	-	-	84,661	-	84,661
Stations	251,203	-	-	-	-	-	251,203
CIS	-	-	488,498	-	-	-	488,498
Call Centre	-	-	717,101	-	-	-	717,101
Credit & Collection	-	-	321,435	-	-	-	321,435
Billing	-	-	716,580	-	-	-	716,580
<b>Total</b>	<b>2,109,924</b>	<b>327,172</b>	<b>2,540,363</b>	<b>-</b>	<b>84,661</b>	<b>-</b>	<b>5,062,120</b>
Labour Dollars For Allocation to Functions							
Allocators	Operating	Maintenance	Customer Accounting	Advertising and Promotion	Load Settlement	Enrolment	Total Labour
Plant Allocators							
Net Plant - Dist Mains & Services	3,239,944	2,222,579	-	-	-	-	5,462,523
Revenue Requirement Allocators							
All Other - Operating	3,627,481	-	-	-	-	-	3,627,481
All Other - Maintenance	-	981,168	-	-	-	-	981,168
<b>Total</b>	<b>6,867,425</b>	<b>3,203,747</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>10,071,172</b>
Basis for Allocation		(\$)			(%)		
Function	Plant Allocators	Revenue Requirement Allocators		Plant Allocators	Revenue Requirement Allocators		
	Net Plant - Dist Mains & Services	All Other - Operating	All Other - Maintenance	Net Plant - Dist Mains & Services	All Other - Operating	All Other - Maintenance	
Transmission		498,581	204,613	-	9 %	8 %	
Mains - Pipe	67,584,670	1,924,654	1,320,299	59 %	36 %	52 %	
Mains - General		842,174	-	-	16 %	-	
Mains - Odorant		-	-	-	-	-	
Services	46,186,722	1,315,290	902,280	41 %	25 %	35 %	
Meter Assets		517,966	122,559	-	10 %	5 %	
Meter Reading		-	-	-	-	-	
Marketing		-	-	-	-	-	
Load Settlement		-	-	-	-	-	
Stations		251,203	-	-	5 %	-	
CIS		-	-	-	-	-	
Call Centre		-	-	-	-	-	
Credit & Collection		-	-	-	-	-	
Billing		-	-	-	-	-	
<b>Total</b>	<b>113,771,391</b>	<b>5,349,868</b>	<b>2,549,751</b>	<b>100 %</b>	<b>100 %</b>	<b>100 %</b>	

AltaGas Cost of Service Analysis (COSA)  
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Schedule 6.4							
Allocation of Labour to Functions							
Allocation of Labour Dollars Using Plant Allocators							
Function	Operating	Maintenance	Customer Accounting	Advertising and Promotion	Load Settlement	Enrolment	Total Labour
Transmission	-	-	-	-	-	-	-
Mains - Pipe	1,924,654	1,320,299	-	-	-	-	3,244,953
Mains - General	-	-	-	-	-	-	-
Mains - Odorant	-	-	-	-	-	-	-
Services	1,315,290	902,280	-	-	-	-	2,217,570
Meter Assets	-	-	-	-	-	-	-
Meter Reading	-	-	-	-	-	-	-
Marketing	-	-	-	-	-	-	-
Load Settlement	-	-	-	-	-	-	-
Stations	-	-	-	-	-	-	-
CIS	-	-	-	-	-	-	-
Call Centre	-	-	-	-	-	-	-
Credit & Collection	-	-	-	-	-	-	-
Billing	-	-	-	-	-	-	-
<b>Total</b>	<b>3,239,944</b>	<b>2,222,579</b>	-	-	-	-	<b>5,462,523</b>
Labour: Sum of Direct Assigned and Plant Allocations							
Function	Operating	Maintenance	Customer Accounting	Advertising and Promotion	Load Settlement	Enrolment	Total Labour
Transmission	498,581	204,613	-	-	-	-	703,194
Mains - Pipe	1,924,654	1,320,299	-	-	-	-	3,244,953
Mains - General	842,174	-	-	-	-	-	842,174
Mains - Odorant	-	-	-	-	-	-	-
Services	1,315,290	902,280	-	-	-	-	2,217,570
Meter Assets	517,966	122,559	-	-	-	-	640,525
Meter Reading	-	-	296,749	-	-	-	296,749
Marketing	-	-	-	-	-	-	-
Load Settlement	-	-	-	-	84,661	-	84,661
Stations	251,203	-	-	-	-	-	251,203
CIS	-	-	488,498	-	-	-	488,498
Call Centre	-	-	717,101	-	-	-	717,101
Credit & Collection	-	-	321,435	-	-	-	321,435
Billing	-	-	716,580	-	-	-	716,580
<b>Total</b>	<b>5,349,868</b>	<b>2,549,751</b>	<b>2,540,363</b>	-	<b>84,661</b>	-	<b>10,524,643</b>
Allocation of Labour Dollars Using Revenue Requirement Allocators							
Function	Operating	Maintenance	Customer Accounting	Advertising and Promotion	Load Settlement	Enrolment	Total Labour
Transmission	338,063	78,737	-	-	-	-	416,800
Mains - Pipe	1,305,013	508,063	-	-	-	-	1,813,076
Mains - General	571,037	-	-	-	-	-	571,037
Mains - Odorant	-	-	-	-	-	-	-
Services	891,833	347,206	-	-	-	-	1,239,039
Meter Assets	351,207	47,162	-	-	-	-	398,369
Meter Reading	-	-	-	-	-	-	-
Marketing	-	-	-	-	-	-	-
Load Settlement	-	-	-	-	-	-	-
Stations	170,328	-	-	-	-	-	170,328
CIS	-	-	-	-	-	-	-
Call Centre	-	-	-	-	-	-	-
Credit & Collection	-	-	-	-	-	-	-
Billing	-	-	-	-	-	-	-
<b>Total</b>	<b>3,627,481</b>	<b>981,168</b>	-	-	-	-	<b>4,608,649</b>

AltaGas Cost of Service Analysis (COSA)  
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Schedule 6.4							
Allocation of Labour to Functions							
Fully Allocated Labour							
Function	Operating	Maintenance	Customer Accounting	Advertising and Promotion	Load Settlement	Enrolment	Total Labour
Transmission	836,644	283,350	-	-	-	-	1,119,994
Mains - Pipe	3,229,666	1,828,363	-	-	-	-	5,058,029
Mains - General	1,413,211	-	-	-	-	-	1,413,211
Mains - Odorant	-	-	-	-	-	-	-
Services	2,207,123	1,249,486	-	-	-	-	3,456,609
Meter Assets	869,173	169,721	-	-	-	-	1,038,894
Meter Reading	-	-	296,749	-	-	-	296,749
Marketing	-	-	-	-	-	-	-
Load Settlement	-	-	-	-	84,661	-	84,661
Stations	421,531	-	-	-	-	-	421,531
CIS	-	-	488,498	-	-	-	488,498
Call Centre	-	-	717,101	-	-	-	717,101
Credit & Collection	-	-	321,435	-	-	-	321,435
Billing	-	-	716,580	-	-	-	716,580
<b>Total</b>	<b>8,977,349</b>	<b>3,530,919</b>	<b>2,540,363</b>	<b>-</b>	<b>84,661</b>	<b>-</b>	<b>15,133,292</b>



AltaGas Cost of Service Analysis (COSA)  
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Schedule 6.5				
AUI Labour Operating Expense				
Revenue Requirement	Revenue Requirement Component	Function	Unbundling Method If Allocation	(\$)
<b>LABOUR COST</b>				
Operation & Maintenance				
Operating				
Supervision	Operating	Allocation	All Other - Operating	3,627,481
Transmission - Pipeline	Operating	Transmission	N/A	217,130
Transmission - Stations	Operating	Transmission	N/A	281,451
Distribution - Other	Operating	Mains - General	N/A	842,174
Distribution - Mains & Services	Operating	Allocation	Net Plant - Dist Mains & S	3,239,944
Distribution - Odorant	Operating	Mains - Odorant	N/A	-
Distribution - Stations	Operating	Stations	N/A	251,203
Meters	Operating	Meter Assets	N/A	517,966
Total Operating				8,977,349
Maintenance				
Supervision	Maintenance	Allocation	All Other - Maintenance	981,168
Transmission - Pipeline	Maintenance	Transmission	N/A	-
Transmission - Stations	Maintenance	Transmission	N/A	204,613
Distribution - Other	Maintenance	Stations	N/A	-
Distribution - Mains & Services	Maintenance	Allocation	Net Plant - Dist Mains & S	2,222,579
Meters	Maintenance	Meter Assets	N/A	122,559
Total Maintenance				3,530,919
Customer Accounting				
CIS	Customer Accounting	CIS	N/A	488,498
Call Centre	Customer Accounting	Call Centre	N/A	717,101
Credit & Collection	Customer Accounting	Credit & Collection	N/A	321,435
Billing	Customer Accounting	Billing	N/A	716,580
Meter Reading	Customer Accounting	Meter Reading	N/A	296,749
Total Customer Accounting				2,540,363
Advertising and Promotion	Advertising and Promotio	Marketing	N/A	-
Load Settlement	Load Settlement	Load Settlement	N/A	84,661
Enrolment	Enrolment	Enrolment	N/A	-
<b>TOTAL LABOUR COST</b>				<b>15,133,292</b>

AltaGas Cost of Service Analysis (COSA)  
 2008/09 GRA, Phase 2

Schedule 7.0									
Assets by Function and Allocation									
Function	Billing Component	Allocation	Net Plant - Total	Net Plant - T&D	Net Plant - Transmission	Net Plant - Distribution	Net Plant - Intangible	Depreciation	Rate Base
Transmission	Transmission	Demand - CP	32,022,826	30,059,748	30,059,748	-	44,927	1,658,050	32,322,240
Mains - Pipe	Distribution	Diameter-Length	73,627,133	67,584,670	-	67,584,670	101,011	3,160,443	44,991,718
Mains - General	Distribution	Diameter-Length	2,096,441	1,142,848	-	1,142,848	1,708	165,647	1,389,464
Mains - Odorant	Distribution	Energy	-	-	-	-	-	-	1,577
Services	Distribution	Sites - M&S Weighted	50,316,084	46,186,722	-	46,186,722	69,030	3,864,466	30,872,378
Meter Assets	Distribution	Sites - M&S Weighted	10,776,989	9,708,705	-	9,708,705	14,510	650,983	6,628,133
Meter Reading	Distribution	Meter Reading Direct Ass	309,922	-	-	-	-	62,933	347,069
Marketing	Distribution	Sites - Site Months	-	-	-	-	-	-	499
Load Settlement	Distribution	Energy	54,291	-	-	-	-	7,355	61,583
Stations	Distribution	Demand - NCP	1,878,171	1,543,913	-	1,543,913	2,308	131,751	1,927,621
CIS	Customer Care	Sites - Site Months	5,737,842	-	-	-	-	676,394	5,841,732
Call Centre	Customer Care	Sites - Site Months	459,863	-	-	-	-	62,297	522,226
Credit & Collection	Customer Care	Sites - Site Months	206,130	-	-	-	-	27,924	235,760
Billing	Customer Care	Sites - Site Months	459,529	-	-	-	-	62,252	528,605
<b>Total</b>			<b>177,945,223</b>	<b>156,226,605</b>	<b>30,059,748</b>	<b>126,166,857</b>	<b>233,494</b>	<b>10,530,495</b>	<b>125,670,605</b>

AltaGas Cost of Service Analysis (COSA)  
2008/09 GRA, Phase 2

Schedule 7.1						
Allocation of Rate Base to Functions						
Rate Base Dollars Assigned to Functions						
Function	Net Plant	Working Capital	Rate Base	CIAC		
Transmission	32,022,826	-	32,022,826	-		
Mains - Pipe	73,627,133	-	73,627,133	-		
Mains - General	2,096,441	-	2,096,441	-		
Mains - Odorant	-	-	-	-		
Services	50,316,084	-	50,316,084	-		
Meter Assets	10,776,989	-	10,776,989	-		
Meter Reading	309,922	-	309,922	-		
Marketing	-	-	-	-		
Load Settlement	54,291	-	54,291	-		
Stations	1,878,171	-	1,878,171	-		
CIS	5,737,842	-	5,737,842	-		
Call Centre	459,863	-	459,863	-		
Credit & Collection	206,130	-	206,130	-		
Billing	459,529	-	459,529	-		
Total	177,945,223	-	177,945,223	-		
Rate Base Dollars For Allocation to Functions						
Function	Net Plant	Working Capital	Rate Base	CIAC		
Depreciation	-	893,432	893,432	-		
Net Plant	-	466,484	466,484	-		
Labour	-	1,061,970	1,061,970	-		
Operating Expenses	-	575,819	575,819	-		
Operating Plus Depreciat	-	(504,295)	(504,295)	-		
Net Plant - Local	-	-	-	54,768,028		
Total	-	2,493,410	2,493,410	-		
Basis for Allocation (\$)						
Function	Depreciation	Net Plant	Labour	Operating Expenses	Operating Plus Depreciation	Net Plant - Local
Transmission	1,658,050	32,022,826	1,119,994	2,033,309	3,314,248	-
Mains - Pipe	3,160,443	73,627,133	5,058,029	7,841,352	10,306,078	73,627,133
Mains - General	165,647	2,096,441	1,413,211	2,111,043	2,249,299	2,096,441
Mains - Odorant	-	-	-	214,268	214,268	-
Services	3,864,466	50,316,084	3,456,609	5,358,705	8,350,914	50,316,084
Meter Assets	650,983	10,776,989	1,038,894	2,207,685	2,715,342	10,776,989
Meter Reading	62,933	309,922	296,749	1,489,413	1,543,421	-
Marketing	-	-	-	67,801	67,801	-
Load Settlement	7,355	54,291	84,661	91,940	98,252	-
Stations	131,751	1,878,171	421,531	719,765	824,178	-
CIS	676,394	5,737,842	488,498	772,466	1,352,942	-
Call Centre	62,297	459,863	717,101	860,481	913,944	-
Credit & Collection	27,924	206,130	321,435	613,386	637,350	-
Billing	62,252	459,529	716,580	1,778,055	1,831,479	-
Total	10,530,495	177,945,223	15,133,292	26,159,668	34,419,516	136,816,647

AltaGas Cost of Service Analysis (COSA)  
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Schedule 7.1						
Allocation of Rate Base to Functions						
Basis for Allocation (%)						
Function	Depreciation	Net Plant	Labour	Operating Expenses	Operating Plus Depreciation	Net Plant - Local
Transmission	16 %	18 %	7 %	8 %	10 %	-
Mains - Pipe	30 %	41 %	33 %	30 %	30 %	54 %
Mains - General	2 %	1 %	9 %	8 %	7 %	2 %
Mains - Odorant	-	-	-	1 %	1 %	-
Services	37 %	28 %	23 %	20 %	24 %	37 %
Meter Assets	6 %	6 %	7 %	8 %	8 %	8 %
Meter Reading	1 %	0 %	2 %	6 %	4 %	-
Marketing	-	-	-	0 %	0 %	-
Load Settlement	0 %	0 %	1 %	0 %	0 %	-
Stations	1 %	1 %	3 %	3 %	2 %	-
CIS	6 %	3 %	3 %	3 %	4 %	-
Call Centre	1 %	0 %	5 %	3 %	3 %	-
Credit & Collection	0 %	0 %	2 %	2 %	2 %	-
Billing	1 %	0 %	5 %	7 %	5 %	-
<b>Total</b>	<b>100 %</b>	<b>100 %</b>	<b>100 %</b>	<b>100 %</b>	<b>100 %</b>	<b>100 %</b>
Allocation of Remaining Rate Base						
Function	Net Plant	Working Capital	Rate Base	CIAC		
Transmission		299,414		-		
Mains - Pipe		837,700		29,473,116		
Mains - General		132,233		839,210		
Mains - Odorant		1,577		-		
Services		697,941		20,141,648		
Meter Assets		165,198		4,314,054		
Meter Reading		37,147		-		
Marketing		499		-		
Load Settlement		7,292		-		
Stations		49,450		-		
CIS		103,889		-		
Call Centre		62,363		-		
Credit & Collection		29,630		-		
Billing		69,076		-		
<b>Total</b>	<b>-</b>	<b>2,493,410</b>	<b>-</b>	<b>54,768,028</b>		
Fully Allocated Rate Base						
Function	Net Plant	Working Capital	Rate Base	CIAC	Net Rate Base	
Transmission	32,022,826	299,414	32,322,240	-	32,322,240	
Mains - Pipe	73,627,133	837,700	74,464,834	29,473,116	44,991,718	
Mains - General	2,096,441	132,233	2,228,674	839,210	1,389,464	
Mains - Odorant	-	1,577	1,577	-	1,577	
Services	50,316,084	697,941	51,014,025	20,141,648	30,872,378	
Meter Assets	10,776,989	165,198	10,942,187	4,314,054	6,628,133	
Meter Reading	309,922	37,147	347,069	-	347,069	
Marketing	-	499	499	-	499	
Load Settlement	54,291	7,292	61,583	-	61,583	
Stations	1,878,171	49,450	1,927,621	-	1,927,621	
CIS	5,737,842	103,889	5,841,732	-	5,841,732	
Call Centre	459,863	62,363	522,226	-	522,226	
Credit & Collection	206,130	29,630	235,760	-	235,760	
Billing	459,529	69,076	528,605	-	528,605	
<b>Total</b>	<b>177,945,223</b>	<b>2,493,410</b>	<b>180,438,633</b>	<b>54,768,028</b>	<b>125,670,605</b>	

AltaGas Cost of Service Analysis (COSA)  
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Schedule 7.2						
Allocation of Net Plant to Functions						
Net Plant Dollars Directly Assigned to Functions						
Function	Intangible	Production & Gathering	Transmission	Distribution	General	Net Plant
Transmission	-	-	30,059,748	-	-	30,059,748
Mains - Pipe	-	-	-	67,584,670	-	67,584,670
Mains - General	-	-	-	1,142,848	-	1,142,848
Mains - Odorant	-	-	-	-	-	-
Services	-	-	-	46,186,722	-	46,186,722
Meter Assets	-	-	-	9,708,705	-	9,708,705
Meter Reading	-	-	-	-	119,622	119,622
Marketing	-	-	-	-	-	-
Load Settlement	-	-	-	-	-	-
Stations	-	-	-	1,543,913	-	1,543,913
CIS	-	-	-	-	5,424,578	5,424,578
Call Centre	-	-	-	-	-	-
Credit & Collection	-	-	-	-	-	-
Billing	-	-	-	-	-	-
Total	-	-	30,059,748	126,166,857	5,544,200	161,770,806
Net Plant Dollars For Allocation to Functions						
Function	Intangible	Production & Gathering	Transmission	Distribution	General	Net Plant
Net Plant - T&D	233,494	(182,174)	-	-	6,418,404	6,469,724
Labour	-	-	-	-	9,704,693	9,704,693
Total	233,494	(182,174)	-	-	16,123,097	16,174,417
Basis for Allocation						
Function	(\$)		(%)			
	Net Plant - T&D	Labour	Net Plant - T&D	Labour		
Transmission	30,059,748	1,119,994	19 %	7 %		
Mains - Pipe	67,584,670	5,058,029	43 %	33 %		
Mains - General	1,142,848	1,413,211	1 %	9 %		
Mains - Odorant	-	-	-	-		
Services	46,186,722	3,456,609	30 %	23 %		
Meter Assets	9,708,705	1,038,894	6 %	7 %		
Meter Reading	-	296,749	-	2 %		
Marketing	-	-	-	-		
Load Settlement	-	84,661	-	1 %		
Stations	1,543,913	421,531	1 %	3 %		
CIS	-	488,498	-	3 %		
Call Centre	-	717,101	-	5 %		
Credit & Collection	-	321,435	-	2 %		
Billing	-	716,580	-	5 %		
Total	156,226,605	15,133,292	100 %	100 %		
Allocation of Net Plant Dollars Using "Net Plant - T&D" Allocator						
Function	Intangible	Production & Gathering	Transmission	Distribution	General	Net Plant
Transmission	44,927	(35,052)	-	-	1,234,973	1,244,847
Mains - Pipe	101,011	(78,810)	-	-	2,776,644	2,798,846
Mains - General	1,708	(1,333)	-	-	46,953	47,328
Mains - Odorant	-	-	-	-	-	-
Services	69,030	(53,858)	-	-	1,897,532	1,912,705
Meter Assets	14,510	(11,321)	-	-	398,872	402,061
Meter Reading	-	-	-	-	-	-
Marketing	-	-	-	-	-	-
Load Settlement	-	-	-	-	-	-
Stations	2,308	(1,800)	-	-	63,430	63,937
CIS	-	-	-	-	-	-
Call Centre	-	-	-	-	-	-
Credit & Collection	-	-	-	-	-	-
Billing	-	-	-	-	-	-
Total	233,494	(182,174)	-	-	6,418,404	6,469,724

AltaGas Cost of Service Analysis (COSA)  
2008/09 GRA, Phase 2

Schedule 7.2						
Allocation of Net Plant to Functions						
Net Plant: Sum of Direct Assigned and Allocations Using "Net Plant - T&D"						
Function	Intangible	Production & Gathering	Transmission	Distribution	General	Net Plant
Transmission	44,927	(35,052)	30,059,748	-	1,234,973	31,304,595
Mains - Pipe	101,011	(78,810)	-	67,584,670	2,776,644	70,383,515
Mains - General	1,708	(1,333)	-	1,142,848	46,953	1,190,176
Mains - Odorant	-	-	-	-	-	-
Services	69,030	(53,858)	-	46,186,722	1,897,532	48,099,426
Meter Assets	14,510	(11,321)	-	9,708,705	398,872	10,110,766
Meter Reading	-	-	-	-	119,622	119,622
Marketing	-	-	-	-	-	-
Load Settlement	-	-	-	-	-	-
Stations	2,308	(1,800)	-	1,543,913	63,430	1,607,851
CIS	-	-	-	-	5,424,578	5,424,578
Call Centre	-	-	-	-	-	-
Credit & Collection	-	-	-	-	-	-
Billing	-	-	-	-	-	-
<b>Total</b>	<b>233,494</b>	<b>(182,174)</b>	<b>30,059,748</b>	<b>126,166,857</b>	<b>11,962,604</b>	<b>168,240,530</b>
Allocation of Net Plant Dollars Using "Labour" Allocator						
Function	Intangible	Production & Gathering	Transmission	Distribution	General	Net Plant
Transmission	-	-	-	-	718,231	718,231
Mains - Pipe	-	-	-	-	3,243,618	3,243,618
Mains - General	-	-	-	-	906,265	906,265
Mains - Odorant	-	-	-	-	-	-
Services	-	-	-	-	2,216,658	2,216,658
Meter Assets	-	-	-	-	666,223	666,223
Meter Reading	-	-	-	-	190,300	190,300
Marketing	-	-	-	-	-	-
Load Settlement	-	-	-	-	54,291	54,291
Stations	-	-	-	-	270,320	270,320
CIS	-	-	-	-	313,265	313,265
Call Centre	-	-	-	-	459,863	459,863
Credit & Collection	-	-	-	-	206,130	206,130
Billing	-	-	-	-	459,529	459,529
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>9,704,693</b>	<b>9,704,693</b>
Fully Allocated Net Plant						
Function	Intangible	Production & Gathering	Transmission	Distribution	General	Net Plant
Transmission	44,927	(35,052)	30,059,748	-	1,953,204	32,022,826
Mains - Pipe	101,011	(78,810)	-	67,584,670	6,020,262	73,627,133
Mains - General	1,708	(1,333)	-	1,142,848	953,218	2,096,441
Mains - Odorant	-	-	-	-	-	-
Services	69,030	(53,858)	-	46,186,722	4,114,190	50,316,084
Meter Assets	14,510	(11,321)	-	9,708,705	1,065,095	10,776,989
Meter Reading	-	-	-	-	309,922	309,922
Marketing	-	-	-	-	-	-
Load Settlement	-	-	-	-	54,291	54,291
Stations	2,308	(1,800)	-	1,543,913	333,750	1,878,171
CIS	-	-	-	-	5,737,842	5,737,842
Call Centre	-	-	-	-	459,863	459,863
Credit & Collection	-	-	-	-	206,130	206,130
Billing	-	-	-	-	459,529	459,529
<b>Total</b>	<b>233,494</b>	<b>(182,174)</b>	<b>30,059,748</b>	<b>126,166,857</b>	<b>21,667,298</b>	<b>177,945,223</b>

AltaGas Cost of Service Analysis (COSA)  
2008/09 GRA, Phase 2

Schedule 7.3						
Allocation of Depreciation to Functions						
Depreciation Dollars Directly Assigned to Functions						
Function	Intangible	Production & Gathering	Transmission	Distribution	General	Total Depreciation
Transmission	-	-	1,252,243	-	-	1,252,243
Mains - Pipe	-	-	-	2,183,176	-	2,183,176
Mains - General	-	-	-	34,401	-	34,401
Mains - Odorant	-	-	-	-	-	-
Services	-	-	-	2,859,658	-	2,859,658
Meter Assets	-	-	-	449,893	-	449,893
Meter Reading	-	-	-	-	37,153	37,153
Marketing	-	-	-	-	-	-
Load Settlement	-	-	-	-	-	-
Stations	-	-	-	76,327	-	76,327
CIS	-	-	-	-	633,956	633,956
Call Centre	-	-	-	-	-	-
Credit & Collection	-	-	-	-	-	-
Billing	-	-	-	-	-	-
Total	-	-	1,252,243	5,603,455	671,109	7,526,807
Depreciation Dollars For Allocation to Functions						
Function	Intangible	Production & Gathering	Transmission	Distribution	General	Total Depreciation
Net Plant - T&D	85,821	246,720	-	-	1,356,463	1,689,004
Labour	-	-	-	-	1,314,684	1,314,684
Total	85,821	246,720	-	-	2,671,147	3,003,688
Basis for Allocation						
Function	(\$)		(%)			
	Net Plant - T&D	Labour	Net Plant - T&D	Labour		
Transmission	1,252,243	1,119,994	18 %	7 %		
Mains - Pipe	2,183,176	5,058,029	32 %	33 %		
Mains - General	34,401	1,413,211	1 %	9 %		
Mains - Odorant	-	-	-	-		
Services	2,859,658	3,456,609	42 %	23 %		
Meter Assets	449,893	1,038,894	7 %	7 %		
Meter Reading	-	296,749	-	2 %		
Marketing	-	-	-	-		
Load Settlement	-	84,661	-	1 %		
Stations	76,327	421,531	1 %	3 %		
CIS	-	488,498	-	3 %		
Call Centre	-	717,101	-	5 %		
Credit & Collection	-	321,435	-	2 %		
Billing	-	716,580	-	5 %		
Total	6,855,698	15,133,292	100 %	100 %		
Allocation of Depreciation Dollars Using "Net Plant - T&D" Allocator						
Function	Intangible	Production & Gathering	Transmission	Distribution	General	Total Depreciation
Transmission	15,676	45,065	-	-	247,768	308,509
Mains - Pipe	27,330	78,567	-	-	431,961	537,858
Mains - General	431	1,238	-	-	6,807	8,475
Mains - Odorant	-	-	-	-	-	-
Services	35,798	102,912	-	-	565,810	704,520
Meter Assets	5,632	16,191	-	-	89,015	110,838
Meter Reading	-	-	-	-	-	-
Marketing	-	-	-	-	-	-
Load Settlement	-	-	-	-	-	-
Stations	955	2,747	-	-	15,102	18,804
CIS	-	-	-	-	-	-
Call Centre	-	-	-	-	-	-
Credit & Collection	-	-	-	-	-	-
Billing	-	-	-	-	-	-
Total	85,821	246,720	-	-	1,356,463	1,689,004

AltaGas Cost of Service Analysis (COSA)  
2008/09 GRA, Phase 2

Schedule 7.3						
Allocation of Depreciation to Functions						
Depreciation: Sum of Direct Assigned and Allocations Using "Net Plant - T&D"						
Function	Intangible	Production & Gathering	Transmission	Distribution	General	Total Depreciation
Transmission	15,676	45,065	1,252,243	-	247,768	1,560,752
Mains - Pipe	27,330	78,567	-	2,183,176	431,961	2,721,034
Mains - General	431	1,238	-	34,401	6,807	42,876
Mains - Odorant	-	-	-	-	-	-
Services	35,798	102,912	-	2,859,658	565,810	3,564,178
Meter Assets	5,632	16,191	-	449,893	89,015	560,731
Meter Reading	-	-	-	-	37,153	37,153
Marketing	-	-	-	-	-	-
Load Settlement	-	-	-	-	-	-
Stations	955	2,747	-	76,327	15,102	95,131
CIS	-	-	-	-	633,956	633,956
Call Centre	-	-	-	-	-	-
Credit & Collection	-	-	-	-	-	-
Billing	-	-	-	-	-	-
<b>Total</b>	<b>85,821</b>	<b>246,720</b>	<b>1,252,243</b>	<b>5,603,455</b>	<b>2,027,572</b>	<b>9,215,811</b>
Allocation of Depreciation Dollars Using "Labour" Allocator						
Function	Intangible	Production & Gathering	Transmission	Distribution	General	Total Depreciation
Transmission	-	-	-	-	97,298	97,298
Mains - Pipe	-	-	-	-	439,409	439,409
Mains - General	-	-	-	-	122,771	122,771
Mains - Odorant	-	-	-	-	-	-
Services	-	-	-	-	300,288	300,288
Meter Assets	-	-	-	-	90,252	90,252
Meter Reading	-	-	-	-	25,780	25,780
Marketing	-	-	-	-	-	-
Load Settlement	-	-	-	-	7,355	7,355
Stations	-	-	-	-	36,620	36,620
CIS	-	-	-	-	42,438	42,438
Call Centre	-	-	-	-	62,297	62,297
Credit & Collection	-	-	-	-	27,924	27,924
Billing	-	-	-	-	62,252	62,252
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,314,684</b>	<b>1,314,684</b>
Fully Allocated Depreciation						
Function	Intangible	Production & Gathering	Transmission	Distribution	General	Total Depreciation
Transmission	15,676	45,065	1,252,243	-	345,066	1,658,050
Mains - Pipe	27,330	78,567	-	2,183,176	871,371	3,160,443
Mains - General	431	1,238	-	34,401	129,577	165,647
Mains - Odorant	-	-	-	-	-	-
Services	35,798	102,912	-	2,859,658	866,098	3,864,466
Meter Assets	5,632	16,191	-	449,893	179,268	650,983
Meter Reading	-	-	-	-	62,933	62,933
Marketing	-	-	-	-	-	-
Load Settlement	-	-	-	-	7,355	7,355
Stations	955	2,747	-	76,327	51,722	131,751
CIS	-	-	-	-	676,394	676,394
Call Centre	-	-	-	-	62,297	62,297
Credit & Collection	-	-	-	-	27,924	27,924
Billing	-	-	-	-	62,252	62,252
<b>Total</b>	<b>85,821</b>	<b>246,720</b>	<b>1,252,243</b>	<b>5,603,455</b>	<b>3,342,256</b>	<b>10,530,495</b>



AltaGas Cost of Service Analysis (COSA)  
2008/09 GRA, Phase 2

Schedule 7.4							
Plant in Service Prior to Allocation to Functions							
Plant In Service							
	Rate Base Component	Function	Unbundling Method If Allocation	Gross Plant	Accumulated Depreciation	Net Plant	Annual Depreciation
<b>Intangible Plant</b>							
Franchises and Consents	Intangible	Allocation	Net Plant - T&D	33,195	80,859	(47,664)	-
Franchises and Consents - Hanna	Intangible	Allocation	Net Plant - T&D	272,120	44,492	227,628	29,661
Franchises and Consents - Three Hills	Intangible	Allocation	Net Plant - T&D	334,840	320,385	14,455	28,910
Franchises and Consents - Elk Point	Intangible	Allocation	Net Plant - T&D	250,000	210,925	39,075	27,250
Other Intangible Plant	Intangible	Allocation	Net Plant - T&D	-	-	-	-
<b>Total Intangible Plant</b>				<b>890,155</b>	<b>656,661</b>	<b>233,494</b>	<b>85,821</b>
<b>Natural Gas Production Plant</b>							
Well Drilling	Production & Gathering	Allocation	Net Plant - T&D	-	182,174	(182,174)	246,720
<b>Total Natural Gas Production Plant</b>				<b>-</b>	<b>182,174</b>	<b>(182,174)</b>	<b>246,720</b>
<b>Transmission Plant</b>							
Land	Transmission	Transmission	N/A	200,781	-	200,781	-
Land Rights	Transmission	Transmission	N/A	1,140,145	230,645	909,501	9,691
Compressor Structures	Transmission	Transmission	N/A	-	-	-	-
Measuring & Regulating Structures	Transmission	Transmission	N/A	741,191	468,905	272,286	15,787
Mains	Transmission	Transmission	N/A	35,247,177	14,538,870	20,708,308	603,500
Mains - Barrhead/Westlock	Transmission	Transmission	N/A	867,929	911,228	(43,299)	-
Mains - Other	Transmission	Transmission	N/A	-	-	-	-
Compressor Equipment	Transmission	Transmission	N/A	-	-	-	-
Measuring & Regulating Equipment	Transmission	Transmission	N/A	16,009,227	7,997,057	8,012,171	623,265
<b>Total Transmission Plant</b>				<b>54,206,451</b>	<b>24,146,703</b>	<b>30,059,748</b>	<b>1,252,243</b>
<b>Distribution Plant</b>							
Land	Distribution	Stations	N/A	84,775	-	84,775	-
Land Rights	Distribution	Mains - General	N/A	2,177,277	1,034,429	1,142,848	34,401
Structures & Improvements	Distribution	Stations	N/A	553,876	350,338	203,538	11,186
Services	Distribution	Services	N/A	58,476,877	30,787,297	27,689,580	2,346,748
Services - Rural	Distribution	Services	N/A	21,187,030	2,689,889	18,497,141	512,910
House Regulators	Distribution	Meter Assets	N/A	8,128,708	3,824,440	4,304,268	176,301
Customer AMR	Distribution	Meter Assets	N/A	71,730	10,516	61,214	7,173
Mains	Distribution	Mains - Pipe	N/A	101,451,617	33,850,647	67,600,970	2,183,176
Mains - 5 yr	Distribution	Mains - Pipe	N/A	184,407	184,407	0	-
Mains - 10 yr	Distribution	Mains - Pipe	N/A	107,999	124,300	(16,301)	-
Mains - 15 yr	Distribution	Mains - Pipe	N/A	-	-	-	-
Measuring & Regulating Equipment	Distribution	Stations	N/A	2,402,003	1,146,403	1,255,601	65,141
Meters	Distribution	Meter Assets	N/A	9,047,811	3,704,589	5,343,222	266,419
Other	Distribution	Mains - General	N/A	14,642	14,642	(0)	-
<b>Total Distribution Plant</b>				<b>203,888,752</b>	<b>77,721,895</b>	<b>126,166,857</b>	<b>5,603,455</b>
<b>General Plant</b>							
Land	General	Allocation	Labour	1,051,916	-	1,051,916	-
Land Rights	General	Allocation	Labour	-	-	-	-
Structures & Improvements	General	Allocation	Labour	8,789,839	3,568,233	5,221,607	268,861
Furniture & Office Equipment	General	Allocation	Labour	2,036,205	684,928	1,351,277	102,323
CSS - ECIS	General	CIS	N/A	8,621,649	3,197,071	5,424,578	633,956
Computer Equipment - Itron	General	Meter Reading	N/A	321,946	202,324	119,622	37,153
AS400 - Hardware	General	Allocation	Labour	1,043,256	340,091	703,166	149,029
Computer Software & Hardware - 3 yr	General	Allocation	Labour	1,343,136	524,345	818,791	373,282
Computer Software & Hardware - 4 yr	General	Allocation	Labour	250,782	83,078	167,704	43,843
Computer Software & Hardware - 5 yr	General	Allocation	Labour	1,127,939	790,111	337,828	334,084
Field Workforce Management Software	General	Allocation	Net Plant - T&D	537,268	169,050	368,218	53,727
Hydraulic Analysis Program	General	Allocation	Net Plant - T&D	97,846	34,877	62,969	9,785
Intangible Computer Software	General	Allocation	Net Plant - T&D	1,202,213	669,411	532,802	429,310
Computer Equipment - CAD/GIS	General	Allocation	Net Plant - T&D	535,675	397,984	137,691	35,194
Transportation Equipment	General	Allocation	Net Plant - T&D	5,914,993	2,533,264	3,381,730	594,759
Heavy Work Equipment	General	Allocation	Net Plant - T&D	2,064,957	715,003	1,349,954	105,332
Tools & Work Equipment	General	Allocation	Net Plant - T&D	2,373,927	818,121	1,555,806	128,356
Communications Equipment	General	Allocation	Labour	197,633	145,229	52,405	43,262
Adjustments per Decision 2009-176	General	Allocation	Net Plant - T&D	(970,764)	-	(970,764)	-
<b>Total General Plant</b>				<b>36,540,416</b>	<b>14,873,118</b>	<b>21,667,298</b>	<b>3,342,256</b>
<b>Total in Service</b>				<b>295,525,774</b>	<b>117,580,551</b>	<b>177,945,223</b>	<b>10,530,495</b>

AltaGas Cost of Service Analysis (COSA)  
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Schedule 7.4				
Plant in Service Prior to Allocation to Functions				
Working Capital Components of Rate Base				
	Rate Base Component	Function	Unbundling Method If Shared Service	(\$)
Working Capital				
Cash Working Capital Requirements				
O&M				
Salary	Working Capital	Allocation	Labour	1,186,105
Benefits	Working Capital	Allocation	Labour	-
Other	Working Capital	Allocation	Operating Expenses	365,819
STIP	Working Capital	Allocation	Labour	(422,135)
Income tax - Instalments	Working Capital	Allocation	Operating Plus Dep	-
Income tax - Final Payment	Working Capital	Allocation	Operating Plus Dep	-
Depreciation	Working Capital	Allocation	Depreciation	893,432
Amortization	Working Capital	Allocation	Depreciation	-
Interest - Long Term Debt	Working Capital	Allocation	Net Plant	(48,305)
Interest - Bank Advances	Working Capital	Allocation	Net Plant	-
Preferred Share Dividends	Working Capital	Allocation	Net Plant	-
Common Equity	Working Capital	Allocation	Net Plant	526,071
Municipal Taxes	Working Capital	Allocation	Operating Plus Dep	5,448
Property Taxes	Working Capital	Allocation	Net Plant	(11,282)
Franchise Taxes	Working Capital	Allocation	Operating Plus Dep	(192,003)
Budget Payment Plan Adjustment	Working Capital	Allocation	Operating Plus Dep	(302,833)
GST - Sales	Working Capital	Allocation	Operating Plus Dep	(149,952)
GST - Other Receipts	Working Capital	Allocation	Operating Plus Dep	(1,236)
GST - Other Expenses	Working Capital	Allocation	Operating Plus Dep	29,150
GST - Capital Expenditures	Working Capital	Allocation	Operating Plus Dep	55,146
Total Cash Working Capital				1,933,425
Operating & Maintenance Inventory	Working Capital	Allocation	Operating Expenses	210,000
Employee Advance	Working Capital	Allocation	Labour	-
Deferred Customer Accounting	Working Capital	Call Centre	N/A	-
ERCB - Special Deposit	Working Capital	Allocation	Labour	298,000
Deferred Regulatory	Working Capital	Allocation	Operating Plus Dep	(94,026)
Deferred AUC Assessment	Working Capital	Allocation	Operating Plus Dep	(12,311)
Deferred GUA Audit Costs	Working Capital	Allocation	Operating Plus Dep	1,472
Deferred CEO/CFO Certification	Working Capital	Allocation	Operating Plus Dep	156,850
Total Working Capital				2,493,410
Total Rate Base				180,438,633
Contributions (CIAC)	Working Capital	Allocation	Net Plant - Local	54,768,028
Total Rate Base Net CIAC				125,670,605

AltaGas Cost of Service Analysis (COSA)  
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Schedule 7.5							
Plant in Service In Format of AltaGas Schedules							
	Gross Plant			Accumulated Depreciation			2009 Depreciation
	2008 Year-End	2009 Year-End	Mid-Year	2008 Year-End	2009 Year-End	Mid-Year	
<b>Intangible Plant</b>							
Franchises and Consents	33,195	33,195	33,195	80,859	80,859	80,859	-
Franchises and Consents - Hanna	272,120	272,120	272,120	29,661	59,322	44,492	29,661
Franchises and Consents - Three Hills	334,840	334,840	334,840	305,930	334,840	320,385	28,910
Franchises and Consents - Elk Point	250,000	250,000	250,000	197,300	224,550	210,925	27,250
Other Intangible Plant	-	-	-	-	-	-	-
<b>Total Intangible Plant</b>	<b>890,155</b>	<b>890,155</b>	<b>890,155</b>	<b>613,750</b>	<b>699,571</b>	<b>656,661</b>	<b>85,821</b>
<b>Natural Gas Production Plant</b>							
Land	-	-	-	-	-	-	-
Leaseholds	-	-	-	-	-	-	-
Gas Rights	-	-	-	-	-	-	-
Well Drilling	-	-	-	182,174	182,174	182,174	246,720
Well Equipment	-	-	-	-	-	-	-
Well Structures	-	-	-	-	-	-	-
<b>Total Natural Gas Production Plant</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>182,174</b>	<b>182,174</b>	<b>182,174</b>	<b>246,720</b>
<b>Total Natural Gas Gathering Plant</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Transmission Plant</b>							
Land	200,781	200,781	200,781	-	-	-	-
Land Rights	1,140,145	1,140,145	1,140,145	225,799	235,490	230,645	9,691
Compressor Structures	-	-	-	-	-	-	-
Measuring & Regulating Structures	741,191	741,191	741,191	461,011	476,798	468,905	15,787
Mains	33,715,064	36,779,291	35,247,177	14,503,545	14,574,194	14,538,870	603,500
Mains - Barrhead/Westlock	867,929	867,929	867,929	911,228	911,228	911,228	-
Mains - Other	-	-	-	-	-	-	-
Compressor Equipment	-	-	-	-	-	-	-
Measuring & Regulating Equipment	15,778,867	16,239,587	16,009,227	7,829,274	8,164,839	7,997,057	623,265
<b>Total Transmission Plant</b>	<b>52,443,978</b>	<b>55,968,925</b>	<b>54,206,451</b>	<b>23,930,857</b>	<b>24,362,550</b>	<b>24,146,703</b>	<b>1,252,243</b>
<b>Distribution Plant</b>							
Land	84,775	84,775	84,775	-	-	-	-
Land Rights	2,177,277	2,177,277	2,177,277	1,017,228	1,051,629	1,034,429	34,401
Structures & Improvements	537,791	569,960	553,876	344,745	355,931	350,338	11,186
Services	56,412,220	60,541,535	58,476,877	29,715,423	31,859,171	30,787,297	2,346,748
Services - Rural	20,273,141	22,100,920	21,187,030	2,433,434	2,946,344	2,689,889	512,910
House Regulators	7,870,580	8,386,836	8,128,708	3,746,264	3,902,615	3,824,440	176,301
Customer AMR	71,730	71,730	71,730	6,929	14,102	10,516	7,173
Mains	98,786,234	104,117,000	101,451,617	32,779,209	34,922,085	33,850,647	2,183,176
Mains - 5 yr	270,305	98,509	184,407	270,305	98,509	184,407	-
Mains - 10 yr	107,999	107,999	107,999	124,300	124,300	124,300	-
Mains - 15 yr	-	-	-	-	-	-	-
Measuring & Regulating Equipment	2,334,817	2,469,190	2,402,003	1,113,832	1,178,973	1,146,403	65,141
Meters	8,735,038	9,360,583	9,047,811	3,642,879	3,766,298	3,704,589	266,419
Other	14,642	14,642	14,642	14,642	14,642	14,642	-
<b>Total Distribution Plant</b>	<b>197,676,549</b>	<b>210,100,956</b>	<b>203,888,752</b>	<b>75,209,191</b>	<b>80,234,600</b>	<b>77,721,895</b>	<b>5,603,455</b>
<b>General Plant</b>							
Land	1,001,916	1,101,916	1,051,916	-	-	-	-
Land Rights	-	-	-	-	-	-	-
Structures & Improvements	8,672,939	8,906,739	8,789,839	3,433,802	3,702,663	3,568,233	268,861
Furniture & Office Equipment	2,014,224	2,058,185	2,036,205	669,206	700,650	684,928	102,323
CSS - ECIS	3,803,749	13,439,549	8,621,649	2,880,093	3,514,049	3,197,071	633,956
Computer Equipment - Itron	321,946	321,946	321,946	183,747	220,900	202,324	37,153
AS400 - Hardware	1,043,256	1,043,256	1,043,256	265,576	414,605	340,091	149,029
Computer Software & Hardware - 3 yr	1,126,152	1,560,119	1,343,136	752,870	295,819	524,345	373,282
Computer Software & Hardware - 4 yr	227,282	274,282	250,782	61,156	104,999	83,078	43,843
Computer Software & Hardware - 5 yr	1,025,742	1,230,136	1,127,939	671,022	909,200	790,111	334,084
Field Workforce Management Software	537,268	537,268	537,268	142,187	195,914	169,050	53,727
Hydraulic Analysis Program	97,846	97,846	97,846	29,985	39,770	34,877	9,785
Intangible Computer Software	1,202,213	1,202,213	1,202,213	454,756	884,066	669,411	429,310
Computer Equipment - CAD/GIS	535,675	535,675	535,675	380,387	415,581	397,984	35,194
Transportation Equipment	5,401,992	6,427,994	5,914,993	2,289,134	2,777,393	2,533,264	594,759
Heavy Work Equipment	1,972,517	2,157,397	2,064,957	685,537	744,469	715,003	105,332
Tools & Work Equipment	2,232,281	2,515,573	2,373,927	780,638	855,605	818,121	128,356
Communications Equipment	216,312	178,954	197,633	156,591	133,867	145,229	43,262
Adjustments per Decision 2009-176	-	(1,941,528)	(970,764)	-	-	-	-
<b>Total General Plant</b>	<b>31,433,311</b>	<b>41,647,521</b>	<b>36,540,416</b>	<b>13,836,687</b>	<b>15,909,550</b>	<b>14,873,118</b>	<b>3,342,256</b>
<b>Total Plant In Service</b>	<b>282,443,992</b>	<b>308,607,556</b>	<b>295,525,774</b>	<b>113,772,659</b>	<b>121,388,444</b>	<b>117,580,551</b>	<b>10,530,495</b>

AltaGas Cost of Service Analysis (COSA)  
 2008/09 GRA, Phase 2

Schedule 8.0	
Standard Lists	
Rate Classes	
Rate 1	
Rate 2	
Rate 3	
Rate 4	
NOT USED	
Unbundling Functions	Bill Components
Transmission	Transmission
Mains - Pipe	Distribution
Mains - General	Customer Care
Mains - Odorant	
Services	
Meter Assets	
Meter Reading	
Marketing	
Load Settlement	
Stations	
CIS	
Call Centre	
Credit & Collection	
Billing	
Allocators	
Demand - CP	
Demand - NCP	
Energy	
Sites	
Sites(D)	
Sites - Site Months	
Sites - M&S Weighted	
Meter Reading Direct Assign	
Test Allocator	
Diameter-Length	
Districts	
Athabasca	
Barrhead, Westlock, Morinville	
Drumheller	
Grande Cache	
Hanna	
High Level	
Leduc	
Pincher Creek	
St. Paul	
Southeast	
Stettler	
Three Hills	
Two Hills	
Bonnyville	

**AltaGas Utilities Inc.**  
Application No. 1606230 I.D. 651  
AUI 2008-09 GRA Phase II - Negotiated Settlement Agreement - Appendix A  
Schedule 1.0 - 2009 Proposed Rate Design

Line	Allocated Cost of Service (\$000) Per Schedule 2.0 COSS				Unit Costs			Unit Costs			Billing Determinants Per AUI 2008-09 GRA Phase I Compliance Filing [X37.02]			
	Customer	Energy	Capacity	Total	Customer (\$/day)	Energy & Capacity (exc. R 3/13) (\$/GJ)	Capacity (\$/day/GJ)	Customer (\$/mo.)	Energy & Capacity (exc. R 3/13) (\$/GJ)	Capacity (\$/mo./GJ)	Billings	Energy Units (GJ)	Demand Units (GJ)	Days
1 Rates 1/11	\$ 25,658,041	\$ 233,336	\$ 11,746,630	\$ 37,638,007	\$ 1,030	\$ 0.960		\$ 31,319	\$ 0.960		819,238	12,481,073		365
2 Rates 2/12	507,375	22,394	999,763	1,529,532	\$ 8.324	\$ 0.853		\$ 253,181	\$ 0.853		2,904	1,197,868		365
3 Rates 3/13	342,226	53,516	1,086,895	1,482,637	\$ 19.135	\$ 0.019	\$ 0.189	\$ 582,016	\$ 0.019	\$ 5.737	588	2,862,570	189,444	365
4 Rates 4/14	152,316	1,682	53,756	207,754	\$ 2.948	\$ 0.616		\$ 90,128	\$ 0.616		1,690	89,982		214
5	\$ 26,659,958	\$ 310,928	\$ 13,887,044	\$ 40,857,930							823,520	16,631,493	189,444	1,309

Line	Existing Rates (2008 Interim) Per Decision 2009-038				Existing Rates (2008 Interim) Per Decision 2009-038				Proposed Rates				Proposed Rates			
	Fixed Charge (\$/day)	DSP Admin. Fee (\$/day)	Base Energy (\$/GJ)	Demand Charge (\$/day/GJ)	Fixed Charge (\$/mo.)	DSP Admin. Fee (\$/mo.)	Base Energy (\$/GJ)	Demand Charge (\$/mo./GJ)	Fixed Charge (\$/day)	DSP Admin. Fee (\$/day)	Base Energy (\$/GJ)	Demand Charge (\$/day/GJ)	Fixed Charge (\$/mo.)	DSP Admin. Fee (\$/mo.)	Base Energy (\$/GJ)	Demand Charge (\$/mo./GJ)
6 Rates 1/11	\$ 0.794	\$ 0.074	\$ 1.636		\$ 24.151	\$ 2.251	\$ 1.636		\$ 0.768	\$ 0.056	\$ 1.360		\$ 23.370	\$ 1.698	\$ 1.360	
7 Rates 2/12	\$ 13.218	\$ 0.074	\$ 0.931		\$ 402.048	\$ 2.251	\$ 0.931		\$ 8.745	\$ 0.056	\$ 0.894		\$ 266.000	\$ 1.698	\$ 0.894	
8 Rates 3/13	\$ 22.029	\$ 0.074	\$ 0.021	\$ 0.242	\$ 670.049	\$ 2.251	\$ 0.021	\$ 7.361	\$ 20.022	\$ 0.056	\$ 0.020	\$ 0.198	\$ 609.000	\$ 1.698	\$ 0.020	\$ 6.025
9 Rates 4/14	\$ 1.666	\$ 0.074	\$ 1.445		\$ 50.932	\$ 2.251	\$ 1.445		\$ 2.551	\$ 0.056	\$ 0.810		\$ 78.000	\$ 1.698	\$ 0.810	

Line	Revenues at Existing Rates (\$)				Revenue to Cost Ratios by Billing Component (%) at Existing Rates (2008 Interim)				Revenues at Proposed Rates (\$)				Revenue to Cost Ratios by Billing Component (%) at Proposed Rates			
	Fixed Charges	Base Energy	Demand Charge	Total	Customer (exc. R 3/13)	Capacity	Total		Fixed Charges	Base Energy	Demand Charge	Total	Customer (exc. R 3/13)	Capacity	Total	
10 Rates 1/11	\$ 21,606,352	\$ 20,419,035	\$ -	\$ 42,025,387	84.209%	170.443%	111.657%		\$ 20,515,581	\$ 16,974,259	\$ -	\$ 37,489,840	79.958%	141.689%	99.606%	
11 Rates 2/12	807,427	1,115,215	-	1,922,641	159.138%	109.104%	125.701%		534,356	1,070,894	-	1,605,249	105.318%	104.768%	104.950%	
12 Rates 3/13	394,610	60,114	1,394,466	1,849,190	115.307%	112.329%	128.298%	124.723%	358,564	57,251	1,140,927	1,556,742	104.774%	106.980%	104.971%	104.998%
13 Rates 4/14	89,869	130,024	-	219,893	59.001%	234.540%	105.843%		134,683	72,885	-	207,569	88.424%	131.472%	99.911%	
14	\$ 22,898,257	\$ 21,724,388	\$ 1,394,466	\$ 46,017,111	85.890%	165.695%	128.298%	112.627%	\$ 21,543,184	\$ 18,175,290	\$ 1,140,927	\$ 40,859,400	80.807%	138.625%	104.971%	100.004%

Line	Revenues by Billing Component (%) at Existing Rates (2008 Interim)				Revenues by Billing Component (%) at Proposed Rates			
	Fixed Charges	Base Energy	Demand Charge	Total	Fixed Charges	Base Energy	Demand Charge	Total
15 Rates 1/11	51.413%	48.587%		100.000%	54.723%	45.277%		100.000%
16 Rates 2/12	41.996%	58.004%		100.000%	33.288%	66.712%		100.000%
17 Rates 3/13	21.340%	3.251%	75.410%	100.000%	23.033%	3.678%	73.289%	100.000%
18 Rates 4/14	40.869%	59.131%		100.000%	64.886%	35.114%		100.000%
19	49.760%	47.209%	3.030%	100.000%	52.725%	44.483%	2.792%	100.000%

Calculation of Transition Points at Existing Rates					Calculation of Transition Points at Proposed Rates				
<b>Rates 1/11</b>					<b>Rates 1/11</b>				
20	Fixed Charge	\$ 26.402	\$ 316.82		Fixed Charge	\$ 25.068	\$ 300.82	Annual GJ	
21	Energy Charge	\$ 1.636		<b>Rates 1/11 to 2/12 Transition:</b>	Energy Charge	\$ 1.360		<b>Rates 1/11 to 2/12 Transition:</b>	
22				6,432 GJ/yr.				6,248 GJ/yr.	
<b>Rates 2/12</b>					<b>Rates 2/12</b>				
23	Fixed Charge	\$ 404.299	\$ 4,851.59		Fixed Charge	\$ 267.698	\$ 3,212.38		
24	Energy Charge	\$ 0.931		<b>Rates 2/12 to 3/13 Transition:</b>	Energy Charge	\$ 0.894		<b>Rates 2/12 to 3/13 Transition:</b>	
25				13,241 GJ/yr. (100 GJ Demand)				12,982 GJ/yr. (100 GJ Demand)	
<b>Rates 3/13</b>					<b>Rates 3/13</b>				
26	Fixed Charge	\$ 672.300	\$ 8,067.60		Fixed Charge	\$ 610.698	\$ 7,328.38		
27	Energy Charge	\$ 0.021			Energy Charge	\$ 0.020			
28	Demand Charge	\$ 7.361	\$ 8,833.20		Demand Charge	\$ 6.025	\$ 7,230.00		

Rate Design & Regulatory Schedules  
Page 1 of 2

**AltaGas Utilities Inc.**  
Application No. 1606230 I.D. 651  
AUI 2008-09 GRA Phase II - Negotiated Settlement Agreement - Appendix A  
Schedule 2.0 - 2009 Forecast Revenue at Existing Rates (Annualized)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
<b>Line 1</b> Residential	48,631	48,714	48,783	48,599	48,686	48,235	48,394	48,353	49,043	49,481	49,856	50,218	586,993
<b>2</b> Commercial	5,724	5,730	5,734	5,700	5,675	5,582	5,502	5,470	5,577	5,589	5,627	5,823	67,733
<b>3</b> Rural	12,805	12,819	12,819	12,796	12,805	12,731	12,667	12,803	12,921	12,964	13,005	13,037	154,172
<b>4</b> Large General Service	70	69	68	69	66	65	64	61	60	60	57	57	766
<b>5</b> Demand-Commodity	23	23	23	23	23	23	23	23	23	23	23	23	276
<b>6</b> Irrigation	-	-	-	202	251	252	252	251	251	210	-	-	1,669
<b>7</b>	67,253	67,355	67,427	67,389	67,506	66,888	66,902	66,961	67,875	68,327	68,568	69,158	811,609
<b>Retail Supply Customers</b>													
<b>8</b> Residential	80	80	80	80	80	80	80	80	80	80	80	80	960
<b>9</b> Commercial	746	746	762	764	764	764	766	768	767	769	792	792	9,200
<b>10</b> Rural	15	15	15	15	15	15	15	15	15	15	15	15	180
<b>11</b> Large General Service	97	98	99	98	101	102	103	106	107	107	110	110	1,238
<b>12</b> Demand-Commodity	26	26	26	26	26	26	26	26	26	26	26	26	312
<b>13</b> Irrigation	-	-	-	3	3	3	3	3	3	3	-	-	21
<b>14</b>	964	965	982	986	989	990	993	998	998	1,000	1,023	1,023	11,911
<b>Default Supply Throughput (GJ)</b>													
<b>15</b> Residential	973,442	796,502	711,364	436,252	284,221	164,871	137,452	159,266	263,077	477,125	734,462	935,044	6,073,378
<b>16</b> Commercial	613,619	508,862	444,017	266,603	168,119	92,133	73,202	86,280	151,529	281,781	441,082	579,651	3,698,878
<b>17</b> Rural	359,583	292,758	261,441	162,272	106,255	62,297	51,839	60,543	98,481	176,597	269,717	341,420	2,243,204
<b>18</b> Large General Service	73,195	59,457	53,308	34,989	23,569	15,399	13,589	14,089	19,770	32,419	44,844	55,763	440,390
<b>19</b> Demand-Commodity	84,188	73,900	68,508	53,455	44,903	35,446	29,938	34,492	38,106	54,096	69,165	76,681	662,879
<b>20</b> Irrigation	-	-	-	491	6,577	13,140	25,015	24,825	12,950	5,425	-	-	88,423
<b>21</b>	2,104,027	1,723,479	1,538,638	954,062	633,944	383,287	331,035	379,496	583,912	1,027,444	1,559,270	1,988,559	13,207,151
<b>Retail Supply Throughput (GJ)</b>													
<b>22</b> Residential	1,486	1,220	1,091	675	443	264	221	251	400	720	1,095	1,382	9,247
<b>23</b> Commercial	71,798	58,689	53,275	32,690	21,205	12,397	10,365	11,972	19,470	35,376	55,827	70,913	453,977
<b>24</b> Rural	385	315	282	173	113	68	58	66	103	186	283	358	2,389
<b>25</b> Large General Service	111,603	92,429	83,832	52,697	37,255	24,157	21,378	24,756	36,692	61,695	93,622	117,362	757,477
<b>26</b> Demand-Commodity	228,677	214,748	219,323	191,851	165,593	138,025	133,833	139,457	144,414	207,300	208,676	207,795	2,199,691
<b>27</b> Irrigation	-	-	-	-	87	150	259	598	243	222	-	-	1,559
<b>28</b>	413,949	367,401	357,803	278,086	224,698	175,061	166,114	177,100	201,321	305,498	359,502	397,809	3,424,341
<b>Billing Demand (GJ)</b>													
<b>29</b> Residential	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>30</b> Commercial	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>31</b> Rural	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>32</b> Large General Service	15,787	15,787	15,787	15,787	15,787	15,787	15,787	15,787	15,787	15,787	15,787	15,787	189,444
<b>33</b> Demand-Commodity	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>34</b> Irrigation	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>35</b>	15,787	15,787	15,787	15,787	15,787	15,787	15,787	15,787	15,787	15,787	15,787	15,787	189,444
<b>36</b> Days	31	28	31	30	31	30	31	31	30	31	30	31	365
<b>Daily Base Fixed Charge</b>													
<b>37</b> Residential	\$ 0.794	\$ 0.794	\$ 0.794	\$ 0.794	\$ 0.794	\$ 0.794	\$ 0.794	\$ 0.794	\$ 0.794	\$ 0.794	\$ 0.794	\$ 0.794	\$ 0.794
<b>38</b> Commercial	\$ 0.794	\$ 0.794	\$ 0.794	\$ 0.794	\$ 0.794	\$ 0.794	\$ 0.794	\$ 0.794	\$ 0.794	\$ 0.794	\$ 0.794	\$ 0.794	\$ 0.794
<b>39</b> Rural	\$ 0.794	\$ 0.794	\$ 0.794	\$ 0.794	\$ 0.794	\$ 0.794	\$ 0.794	\$ 0.794	\$ 0.794	\$ 0.794	\$ 0.794	\$ 0.794	\$ 0.794
<b>40</b> Large General Service	\$ 13.218	\$ 13.218	\$ 13.218	\$ 13.218	\$ 13.218	\$ 13.218	\$ 13.218	\$ 13.218	\$ 13.218	\$ 13.218	\$ 13.218	\$ 13.218	\$ 13.218
<b>41</b> Demand-Commodity	\$ 22.029	\$ 22.029	\$ 22.029	\$ 22.029	\$ 22.029	\$ 22.029	\$ 22.029	\$ 22.029	\$ 22.029	\$ 22.029	\$ 22.029	\$ 22.029	\$ 22.029
<b>42</b> Irrigation	\$ -	\$ -	\$ -	\$ 1.666	\$ 1.666	\$ 1.666	\$ 1.666	\$ 1.666	\$ 1.666	\$ 1.666	\$ -	\$ -	\$ -
<b>Daily DSP Administration Fee</b>													
<b>43</b> Residential	\$ 0.074	\$ 0.074	\$ 0.074	\$ 0.074	\$ 0.074	\$ 0.074	\$ 0.074	\$ 0.074	\$ 0.074	\$ 0.074	\$ 0.074	\$ 0.074	\$ 0.074
<b>44</b> Commercial	\$ 0.074	\$ 0.074	\$ 0.074	\$ 0.074	\$ 0.074	\$ 0.074	\$ 0.074	\$ 0.074	\$ 0.074	\$ 0.074	\$ 0.074	\$ 0.074	\$ 0.074
<b>45</b> Rural	\$ 0.074	\$ 0.074	\$ 0.074	\$ 0.074	\$ 0.074	\$ 0.074	\$ 0.074	\$ 0.074	\$ 0.074	\$ 0.074	\$ 0.074	\$ 0.074	\$ 0.074
<b>46</b> Large General Service	\$ 0.074	\$ 0.074	\$ 0.074	\$ 0.074	\$ 0.074	\$ 0.074	\$ 0.074	\$ 0.074	\$ 0.074	\$ 0.074	\$ 0.074	\$ 0.074	\$ 0.074
<b>47</b> Demand-Commodity	\$ 0.074	\$ 0.074	\$ 0.074	\$ 0.074	\$ 0.074	\$ 0.074	\$ 0.074	\$ 0.074	\$ 0.074	\$ 0.074	\$ 0.074	\$ 0.074	\$ 0.074
<b>48</b> Irrigation	\$ -	\$ -	\$ -	\$ 0.074	\$ 0.074	\$ 0.074	\$ 0.074	\$ 0.074	\$ 0.074	\$ 0.074	\$ 0.074	\$ 0.074	\$ -

Rate Design & Regulatory Schedules  
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**AltaGas Utilities Inc.**  
Application No. 1606230 I.D. 651  
AUI 2008-09 GRA Phase II - Negotiated Settlement Agreement - Appendix A  
Schedule 2.0 - 2009 Forecast Revenue at Existing Rates (Annualized)

Line	Category	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
49	Residential	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
50	Commercial	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
51	Rural	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
52	Large General Service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
53	Demand-Commodity	\$ 0.242	\$ 0.242	\$ 0.242	\$ 0.242	\$ 0.242	\$ 0.242	\$ 0.242	\$ 0.242	\$ 0.242	\$ 0.242	\$ 0.242	\$ 0.242	\$ 2.904
54	Irrigation	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Variable Base Energy Charge</b>														
55	Residential	\$ 1.636	\$ 1.636	\$ 1.636	\$ 1.636	\$ 1.636	\$ 1.636	\$ 1.636	\$ 1.636	\$ 1.636	\$ 1.636	\$ 1.636	\$ 1.636	\$ 19.632
56	Commercial	\$ 1.636	\$ 1.636	\$ 1.636	\$ 1.636	\$ 1.636	\$ 1.636	\$ 1.636	\$ 1.636	\$ 1.636	\$ 1.636	\$ 1.636	\$ 1.636	\$ 19.632
57	Rural	\$ 1.636	\$ 1.636	\$ 1.636	\$ 1.636	\$ 1.636	\$ 1.636	\$ 1.636	\$ 1.636	\$ 1.636	\$ 1.636	\$ 1.636	\$ 1.636	\$ 19.632
58	Large General Service	\$ 0.931	\$ 0.931	\$ 0.931	\$ 0.931	\$ 0.931	\$ 0.931	\$ 0.931	\$ 0.931	\$ 0.931	\$ 0.931	\$ 0.931	\$ 0.931	\$ 11.172
59	Demand-Commodity	\$ 0.021	\$ 0.021	\$ 0.021	\$ 0.021	\$ 0.021	\$ 0.021	\$ 0.021	\$ 0.021	\$ 0.021	\$ 0.021	\$ 0.021	\$ 0.021	\$ 0.252
60	Irrigation	\$ -	\$ -	\$ -	\$ 1.445	\$ 1.445	\$ 1.445	\$ 1.445	\$ 1.445	\$ 1.445	\$ 1.445	\$ 1.445	\$ -	\$ 14.895
<b>Base Fixed Charge Revenue</b>														
61	Residential	\$ 1,198,973	\$ 1,084,788	\$ 1,202,714	\$ 1,159,534	\$ 1,200,326	\$ 1,150,863	\$ 1,193,139	\$ 1,192,130	\$ 1,170,110	\$ 1,219,894	\$ 1,189,476	\$ 1,238,035	\$ 14,199,982
62	Commercial	\$ 159,255	\$ 143,974	\$ 159,893	\$ 153,972	\$ 158,490	\$ 151,162	\$ 154,284	\$ 153,542	\$ 151,114	\$ 156,496	\$ 152,901	\$ 162,822	\$ 1,857,898
63	Rural	\$ 315,551	\$ 285,325	\$ 315,896	\$ 305,158	\$ 315,551	\$ 303,610	\$ 312,155	\$ 315,502	\$ 308,136	\$ 319,465	\$ 310,136	\$ 321,262	\$ 3,727,748
64	Large General Service	\$ 68,430	\$ 61,807	\$ 68,430	\$ 66,222	\$ 68,430	\$ 66,222	\$ 68,430	\$ 68,430	\$ 66,222	\$ 68,430	\$ 66,222	\$ 68,430	\$ 805,703
65	Demand-Commodity	\$ 33,462	\$ 30,224	\$ 33,462	\$ 32,383	\$ 33,462	\$ 32,383	\$ 33,462	\$ 33,462	\$ 32,383	\$ 33,462	\$ 32,383	\$ 33,462	\$ 393,989
66	Irrigation	\$ -	\$ -	\$ -	\$ 10,246	\$ 13,118	\$ 13,170	\$ 13,170	\$ 13,118	\$ 12,695	\$ 11,001	\$ -	\$ -	\$ 86,092
67		\$ 1,775,668	\$ 1,606,119	\$ 1,780,394	\$ 1,727,515	\$ 1,789,377	\$ 1,716,984	\$ 1,774,636	\$ 1,776,184	\$ 1,740,659	\$ 1,808,748	\$ 1,751,117	\$ 1,824,010	\$ 21,071,412
<b>DSP Administration Fee Revenue</b>														
68	Residential	\$ 111,560	\$ 100,935	\$ 111,908	\$ 107,890	\$ 111,686	\$ 107,082	\$ 111,016	\$ 110,922	\$ 108,875	\$ 113,509	\$ 110,680	\$ 115,200	\$ 1,321,263
69	Commercial	\$ 13,131	\$ 11,873	\$ 13,154	\$ 12,654	\$ 13,018	\$ 12,392	\$ 12,622	\$ 12,548	\$ 12,381	\$ 12,821	\$ 12,492	\$ 13,358	\$ 152,443
70	Rural	\$ 29,375	\$ 26,561	\$ 29,407	\$ 28,407	\$ 29,375	\$ 28,263	\$ 29,058	\$ 29,370	\$ 28,685	\$ 29,739	\$ 28,871	\$ 29,907	\$ 347,017
71	Large General Service	\$ 161	\$ 143	\$ 156	\$ 153	\$ 151	\$ 144	\$ 147	\$ 140	\$ 133	\$ 138	\$ 127	\$ 131	\$ 1,723
72	Demand-Commodity	\$ 53	\$ 48	\$ 53	\$ 51	\$ 53	\$ 51	\$ 53	\$ 53	\$ 51	\$ 53	\$ 51	\$ 53	\$ 621
73	Irrigation	\$ -	\$ -	\$ -	\$ 448	\$ 576	\$ 559	\$ 578	\$ 576	\$ 557	\$ 482	\$ -	\$ -	\$ 3,777
74		\$ 154,278	\$ 139,560	\$ 154,678	\$ 149,604	\$ 154,859	\$ 148,491	\$ 153,473	\$ 153,609	\$ 150,683	\$ 156,742	\$ 152,221	\$ 158,648	\$ 1,826,845
<b>Demand Charge Revenue</b>														
75	Residential	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
76	Commercial	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
77	Rural	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
78	Large General Service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
79	Demand-Commodity	\$ 118,434	\$ 106,973	\$ 118,434	\$ 114,614	\$ 118,434	\$ 114,614	\$ 118,434	\$ 118,434	\$ 114,614	\$ 118,434	\$ 114,614	\$ 118,434	\$ 1,394,466
80	Irrigation	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
81		\$ 118,434	\$ 106,973	\$ 118,434	\$ 114,614	\$ 118,434	\$ 114,614	\$ 118,434	\$ 118,434	\$ 114,614	\$ 118,434	\$ 114,614	\$ 118,434	\$ 1,394,466
<b>Variable Base Energy Charge Revenue</b>														
82	Residential	\$ 1,594,982	\$ 1,305,073	\$ 1,165,576	\$ 714,812	\$ 466,202	\$ 270,161	\$ 225,233	\$ 260,970	\$ 431,048	\$ 781,754	\$ 1,203,371	\$ 1,531,992	\$ 9,951,174
83	Commercial	\$ 1,121,342	\$ 915,426	\$ 813,570	\$ 489,643	\$ 309,734	\$ 171,011	\$ 136,716	\$ 160,740	\$ 279,754	\$ 518,870	\$ 812,944	\$ 1,064,323	\$ 6,794,071
84	Rural	\$ 588,908	\$ 479,467	\$ 428,179	\$ 265,759	\$ 174,018	\$ 102,030	\$ 84,905	\$ 99,156	\$ 161,284	\$ 289,216	\$ 441,720	\$ 559,149	\$ 3,673,790
85	Large General Service	\$ 172,047	\$ 141,406	\$ 127,677	\$ 81,635	\$ 56,628	\$ 36,827	\$ 32,554	\$ 36,165	\$ 52,566	\$ 87,621	\$ 128,912	\$ 161,179	\$ 1,115,215
86	Demand-Commodity	\$ 6,570	\$ 6,062	\$ 6,044	\$ 5,151	\$ 4,420	\$ 3,643	\$ 3,439	\$ 3,653	\$ 3,833	\$ 5,489	\$ 5,835	\$ 5,974	\$ 60,114
87	Irrigation	\$ -	\$ -	\$ -	\$ 710	\$ 9,629	\$ 19,204	\$ 36,521	\$ 36,736	\$ 19,064	\$ 8,160	\$ -	\$ -	\$ 130,224
88		\$ 3,483,849	\$ 2,847,433	\$ 2,541,046	\$ 1,557,711	\$ 1,020,632	\$ 602,876	\$ 519,367	\$ 597,420	\$ 947,547	\$ 1,691,110	\$ 2,592,781	\$ 3,322,617	\$ 21,724,388
<b>Total Distribution Revenue</b>														
89	Residential	\$ 2,905,514	\$ 2,490,797	\$ 2,480,198	\$ 1,982,236	\$ 1,778,214	\$ 1,528,106	\$ 1,529,388	\$ 1,564,022	\$ 1,710,033	\$ 2,115,158	\$ 2,503,527	\$ 2,885,227	\$ 25,472,419
90	Commercial	\$ 1,293,725	\$ 1,071,273	\$ 986,616	\$ 656,269	\$ 481,242	\$ 334,565	\$ 303,618	\$ 326,830	\$ 443,249	\$ 688,187	\$ 978,337	\$ 1,240,802	\$ 8,804,415
91	Rural	\$ 933,834	\$ 791,253	\$ 773,682	\$ 599,324	\$ 518,944	\$ 433,903	\$ 426,117	\$ 444,028	\$ 498,104	\$ 638,421	\$ 780,727	\$ 910,318	\$ 7,748,555
92	Large General Service	\$ 240,637	\$ 203,356	\$ 196,263	\$ 148,011	\$ 125,209	\$ 103,193	\$ 101,130	\$ 104,734	\$ 118,921	\$ 156,188	\$ 195,260	\$ 229,739	\$ 1,922,641
93	Demand-Commodity	\$ 158,519	\$ 143,306	\$ 157,993	\$ 152,199	\$ 156,369	\$ 150,690	\$ 155,388	\$ 155,602	\$ 150,880	\$ 157,438	\$ 152,882	\$ 157,923	\$ 1,849,190
94	Irrigation	\$ -	\$ -	\$ -	\$ 11,404	\$ 23,323	\$ 32,508	\$ 50,269	\$ 50,430	\$ 32,316	\$ 19,642	\$ -	\$ -	\$ 219,893
95		\$ 5,532,230	\$ 4,700,085	\$ 4,594,552	\$ 3,549,443	\$ 3,083,302	\$ 2,582,965	\$ 2,565,910	\$ 2,645,646	\$ 2,953,503	\$ 3,775,034	\$ 4,610,733	\$ 5,423,710	\$ 46,017,111

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AltaGas Utilities Inc.  
Application No. 1606230 I.D. 651  
AUI 2008-09 GRA Phase II - Negotiated Settlement Agreement - Appendix A  
Schedule 3.0 - 2009 Forecast Revenue at Proposed Rates (Annualized)

Line	Default Supply Customers	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
1	Residential	48,631	48,714	48,783	48,599	48,686	48,235	48,394	48,353	49,043	49,481	49,856	50,218	586,993
2	Commercial	5,724	5,730	5,734	5,700	5,675	5,582	5,502	5,470	5,577	5,589	5,627	5,823	67,733
3	Rural	12,805	12,819	12,819	12,796	12,805	12,731	12,667	12,803	12,921	12,964	13,005	13,037	154,172
4	Large General Service	70	69	68	69	66	65	64	61	60	60	57	57	766
5	Demand-Commodity	23	23	-	23	23	23	23	23	23	23	23	-	276
6	Irrigation	-	-	-	202	251	252	251	251	251	210	-	-	1,669
7		67,253	67,355	67,427	67,389	67,506	66,888	66,902	66,961	67,875	68,327	68,568	69,158	811,609
8	<b>Retail Supply Customers</b>													
8	Residential	80	80	80	80	80	80	80	80	80	80	80	80	960
9	Commercial	746	746	762	764	764	764	766	768	767	769	792	792	9,200
10	Rural	15	15	15	15	15	15	15	15	15	15	15	15	180
11	Large General Service	97	98	99	98	101	102	103	106	107	107	110	110	1,238
12	Demand-Commodity	26	26	26	26	26	26	26	26	26	26	26	26	312
13	Irrigation	-	-	-	3	3	3	3	3	3	3	-	-	21
14		964	965	982	986	989	990	993	998	998	1,000	1,023	1,023	11,911
15	<b>Default Supply Throughput (GJ)</b>													
15	Residential	973,442	796,502	711,364	436,252	284,521	164,871	137,452	159,266	263,077	477,125	734,462	935,044	6,073,378
16	Commercial	613,619	500,862	444,017	266,603	168,119	92,133	73,202	86,280	151,529	281,781	441,082	579,651	3,698,878
17	Rural	359,583	292,758	261,441	162,272	106,255	62,297	51,839	60,543	98,481	176,597	269,717	341,420	2,243,204
18	Large General Service	73,195	59,457	53,308	34,989	23,569	15,399	13,589	14,089	19,770	32,419	44,844	55,763	440,390
19	Demand-Commodity	84,188	73,900	68,508	53,455	44,903	35,446	29,938	34,492	38,106	54,096	69,165	76,681	662,879
20	Irrigation	-	-	-	491	6,577	13,140	25,015	24,825	12,950	5,425	-	-	88,423
21		2,104,027	1,723,479	1,538,638	954,062	633,944	383,287	331,035	379,496	583,912	1,027,444	1,559,270	1,988,559	13,207,151
22	<b>Retail Supply Throughput (GJ)</b>													
22	Residential	1,486	1,220	1,091	675	443	264	221	251	400	720	1,095	1,382	9,247
23	Commercial	71,798	58,689	53,275	32,690	21,205	12,397	10,365	11,972	19,470	35,376	55,827	70,913	453,977
24	Rural	385	315	282	173	113	68	58	66	103	186	283	358	2,389
25	Large General Service	111,603	92,429	83,832	52,697	37,255	24,157	21,378	24,756	36,692	61,695	93,622	117,362	757,477
26	Demand-Commodity	228,677	214,748	219,323	191,851	165,593	138,025	133,833	139,457	144,414	207,300	208,676	207,795	2,199,691
27	Irrigation	-	-	-	-	87	150	259	598	243	222	-	-	1,559
28		413,949	367,401	357,803	278,086	224,698	175,061	166,114	177,100	201,321	305,498	359,502	397,809	3,424,341
29	<b>Billing Demand (GJ)</b>													
29	Residential	-	-	-	-	-	-	-	-	-	-	-	-	-
30	Commercial	-	-	-	-	-	-	-	-	-	-	-	-	-
31	Rural	-	-	-	-	-	-	-	-	-	-	-	-	-
32	Large General Service	15,787	15,787	15,787	15,787	15,787	15,787	15,787	15,787	15,787	15,787	15,787	15,787	189,444
33	Demand-Commodity	-	-	-	-	-	-	-	-	-	-	-	-	-
34	Irrigation	-	-	-	-	-	-	-	-	-	-	-	-	-
35		15,787	15,787	15,787	15,787	15,787	15,787	15,787	15,787	15,787	15,787	15,787	15,787	189,444
36	<b>Days</b>	31	28	31	30	31	30	31	31	30	31	30	31	365
37	<b>Daily Base Fixed Charge</b>													
37	Residential	\$ 0.768	\$ 0.768	\$ 0.768	\$ 0.768	\$ 0.768	\$ 0.768	\$ 0.768	\$ 0.768	\$ 0.768	\$ 0.768	\$ 0.768	\$ 0.768	\$ 0.768
38	Commercial	\$ 0.768	\$ 0.768	\$ 0.768	\$ 0.768	\$ 0.768	\$ 0.768	\$ 0.768	\$ 0.768	\$ 0.768	\$ 0.768	\$ 0.768	\$ 0.768	\$ 0.768
39	Rural	\$ 0.768	\$ 0.768	\$ 0.768	\$ 0.768	\$ 0.768	\$ 0.768	\$ 0.768	\$ 0.768	\$ 0.768	\$ 0.768	\$ 0.768	\$ 0.768	\$ 0.768
40	Large General Service	\$ 8.745	\$ 8.745	\$ 8.745	\$ 8.745	\$ 8.745	\$ 8.745	\$ 8.745	\$ 8.745	\$ 8.745	\$ 8.745	\$ 8.745	\$ 8.745	\$ 8.745
41	Demand-Commodity	\$ 20.022	\$ 20.022	\$ 20.022	\$ 20.022	\$ 20.022	\$ 20.022	\$ 20.022	\$ 20.022	\$ 20.022	\$ 20.022	\$ 20.022	\$ 20.022	\$ 20.022
42	Irrigation	\$ -	\$ -	\$ -	\$ 2.551	\$ 2.551	\$ 2.551	\$ 2.551	\$ 2.551	\$ 2.551	\$ 2.551	\$ -	\$ -	\$ -
43	<b>Daily DSP Administration Fee</b>													
43	Residential	\$ 0.056	\$ 0.056	\$ 0.056	\$ 0.056	\$ 0.056	\$ 0.056	\$ 0.056	\$ 0.056	\$ 0.056	\$ 0.056	\$ 0.056	\$ 0.056	\$ 0.056
44	Commercial	\$ 0.056	\$ 0.056	\$ 0.056	\$ 0.056	\$ 0.056	\$ 0.056	\$ 0.056	\$ 0.056	\$ 0.056	\$ 0.056	\$ 0.056	\$ 0.056	\$ 0.056
45	Rural	\$ 0.056	\$ 0.056	\$ 0.056	\$ 0.056	\$ 0.056	\$ 0.056	\$ 0.056	\$ 0.056	\$ 0.056	\$ 0.056	\$ 0.056	\$ 0.056	\$ 0.056
46	Large General Service	\$ 0.056	\$ 0.056	\$ 0.056	\$ 0.056	\$ 0.056	\$ 0.056	\$ 0.056	\$ 0.056	\$ 0.056	\$ 0.056	\$ 0.056	\$ 0.056	\$ 0.056
47	Demand-Commodity	\$ 0.056	\$ 0.056	\$ 0.056	\$ 0.056	\$ 0.056	\$ 0.056	\$ 0.056	\$ 0.056	\$ 0.056	\$ 0.056	\$ 0.056	\$ 0.056	\$ 0.056
48	Irrigation	\$ -	\$ -	\$ -	\$ 0.056	\$ 0.056	\$ 0.056	\$ 0.056	\$ 0.056	\$ 0.056	\$ 0.056	\$ 0.056	\$ -	\$ -



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AltaGas Utilities Inc.												
Application No. 1606230 I.D. 651												
AUI 2008-09 GRA Phase II - Negotiated Settlement Agreement - Appendix A												
Schedule 3.0 - 2009 Forecast Revenue at Proposed Rates (Annualized)												
Line	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
<b>Daily Demand Charge</b>												
49 Residential	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
50 Commercial	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
51 Rural	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
52 Large General Service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
53 Demand-Commodity	\$ 0.198	\$ 0.198	\$ 0.198	\$ 0.198	\$ 0.198	\$ 0.198	\$ 0.198	\$ 0.198	\$ 0.198	\$ 0.198	\$ 0.198	\$ 0.198
54 Irrigation	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Variable Base Energy Charge</b>												
55 Residential	\$ 1.360	\$ 1.360	\$ 1.360	\$ 1.360	\$ 1.360	\$ 1.360	\$ 1.360	\$ 1.360	\$ 1.360	\$ 1.360	\$ 1.360	\$ 1.360
56 Commercial	\$ 1.360	\$ 1.360	\$ 1.360	\$ 1.360	\$ 1.360	\$ 1.360	\$ 1.360	\$ 1.360	\$ 1.360	\$ 1.360	\$ 1.360	\$ 1.360
57 Rural	\$ 1.360	\$ 1.360	\$ 1.360	\$ 1.360	\$ 1.360	\$ 1.360	\$ 1.360	\$ 1.360	\$ 1.360	\$ 1.360	\$ 1.360	\$ 1.360
58 Large General Service	\$ 0.894	\$ 0.894	\$ 0.894	\$ 0.894	\$ 0.894	\$ 0.894	\$ 0.894	\$ 0.894	\$ 0.894	\$ 0.894	\$ 0.894	\$ 0.894
59 Demand-Commodity	\$ 0.020	\$ 0.020	\$ 0.020	\$ 0.020	\$ 0.020	\$ 0.020	\$ 0.020	\$ 0.020	\$ 0.020	\$ 0.020	\$ 0.020	\$ 0.020
60 Irrigation	\$ -	\$ -	\$ -	\$ 0.810	\$ 0.810	\$ 0.810	\$ 0.810	\$ 0.810	\$ 0.810	\$ 0.810	\$ -	\$ -
<b>Base Fixed Charge Revenue</b>												
61 Residential	\$ 1,159,711	\$ 1,049,266	\$ 1,163,330	\$ 1,121,564	\$ 1,161,021	\$ 1,113,178	\$ 1,154,069	\$ 1,155,093	\$ 1,131,794	\$ 1,179,948	\$ 1,150,525	\$ 1,197,495
62 Commercial	\$ 154,038	\$ 139,200	\$ 154,857	\$ 148,931	\$ 153,300	\$ 146,212	\$ 149,229	\$ 148,514	\$ 146,166	\$ 151,371	\$ 147,894	\$ 157,360
63 Rural	\$ 305,219	\$ 275,982	\$ 305,552	\$ 295,165	\$ 305,219	\$ 292,668	\$ 301,933	\$ 305,171	\$ 298,045	\$ 309,004	\$ 299,981	\$ 310,742
64 Large General Service	\$ 45,273	\$ 40,892	\$ 45,273	\$ 43,812	\$ 45,273	\$ 43,812	\$ 45,273	\$ 45,273	\$ 43,812	\$ 45,273	\$ 43,812	\$ 45,273
65 Demand-Commodity	\$ 30,413	\$ 27,470	\$ 30,413	\$ 29,432	\$ 30,413	\$ 29,432	\$ 30,413	\$ 30,413	\$ 29,432	\$ 30,413	\$ 29,432	\$ 30,413
66 Irrigation	\$ -	\$ -	\$ -	\$ 15,689	\$ 20,087	\$ 19,515	\$ 20,166	\$ 20,087	\$ 19,439	\$ 16,844	\$ -	\$ -
<b>Total</b>	<b>\$ 1,694,654</b>	<b>\$ 1,532,870</b>	<b>\$ 1,699,225</b>	<b>\$ 1,654,594</b>	<b>\$ 1,715,312</b>	<b>\$ 1,645,817</b>	<b>\$ 1,701,083</b>	<b>\$ 1,702,551</b>	<b>\$ 1,668,689</b>	<b>\$ 1,732,854</b>	<b>\$ 1,671,645</b>	<b>\$ 1,741,413</b>
<b>DSP Administration Fee Revenue</b>												
68 Residential	\$ 84,423	\$ 76,384	\$ 84,687	\$ 81,646	\$ 84,519	\$ 81,035	\$ 84,012	\$ 83,941	\$ 82,392	\$ 85,899	\$ 83,758	\$ 87,178
69 Commercial	\$ 9,937	\$ 8,985	\$ 9,954	\$ 9,576	\$ 9,852	\$ 9,378	\$ 9,551	\$ 9,496	\$ 9,369	\$ 9,703	\$ 9,453	\$ 10,109
70 Rural	\$ 22,229	\$ 20,100	\$ 22,254	\$ 21,497	\$ 22,229	\$ 21,388	\$ 21,990	\$ 22,226	\$ 21,707	\$ 22,506	\$ 21,848	\$ 22,632
71 Large General Service	\$ 122	\$ 108	\$ 118	\$ 116	\$ 115	\$ 109	\$ 111	\$ 106	\$ 101	\$ 104	\$ 96	\$ 99
72 Demand-Commodity	\$ 40	\$ 36	\$ 40	\$ 39	\$ 40	\$ 39	\$ 40	\$ 40	\$ 39	\$ 40	\$ 39	\$ 40
73 Irrigation	\$ -	\$ -	\$ -	\$ 339	\$ 436	\$ 423	\$ 437	\$ 436	\$ 422	\$ 365	\$ -	\$ -
<b>Total</b>	<b>\$ 116,751</b>	<b>\$ 105,613</b>	<b>\$ 117,053</b>	<b>\$ 113,214</b>	<b>\$ 117,190</b>	<b>\$ 112,372</b>	<b>\$ 116,142</b>	<b>\$ 116,244</b>	<b>\$ 114,030</b>	<b>\$ 118,616</b>	<b>\$ 115,194</b>	<b>\$ 120,058</b>
<b>Demand Charge Revenue</b>												
75 Residential	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
76 Commercial	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
77 Rural	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
78 Large General Service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
79 Demand-Commodity	\$ 96,901	\$ 87,523	\$ 96,901	\$ 93,775	\$ 96,901	\$ 93,775	\$ 96,901	\$ 96,901	\$ 93,775	\$ 96,901	\$ 93,775	\$ 96,901
80 Irrigation	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Total</b>	<b>\$ 96,901</b>	<b>\$ 87,523</b>	<b>\$ 96,901</b>	<b>\$ 93,775</b>	<b>\$ 96,901</b>	<b>\$ 93,775</b>	<b>\$ 96,901</b>	<b>\$ 96,901</b>	<b>\$ 93,775</b>	<b>\$ 96,901</b>	<b>\$ 93,775</b>	<b>\$ 96,901</b>
<b>Variable Base Energy Charge Revenue</b>												
82 Residential	\$ 1,325,902	\$ 1,084,902	\$ 968,939	\$ 594,221	\$ 387,552	\$ 224,584	\$ 187,235	\$ 216,944	\$ 358,328	\$ 649,869	\$ 1,000,357	\$ 1,273,539
83 Commercial	\$ 932,167	\$ 760,990	\$ 676,317	\$ 407,038	\$ 257,481	\$ 142,161	\$ 113,651	\$ 133,622	\$ 232,558	\$ 431,334	\$ 675,797	\$ 884,767
84 Rural	\$ 489,557	\$ 398,579	\$ 355,943	\$ 220,924	\$ 144,661	\$ 84,817	\$ 70,581	\$ 82,428	\$ 134,074	\$ 240,424	\$ 367,200	\$ 464,818
85 Large General Service	\$ 165,209	\$ 135,786	\$ 122,603	\$ 78,391	\$ 54,377	\$ 35,363	\$ 31,260	\$ 34,727	\$ 50,477	\$ 84,138	\$ 123,780	\$ 154,773
86 Demand-Commodity	\$ 6,257	\$ 5,773	\$ 5,757	\$ 4,906	\$ 4,210	\$ 3,469	\$ 3,275	\$ 3,479	\$ 3,650	\$ 5,228	\$ 5,557	\$ 5,690
87 Irrigation	\$ -	\$ -	\$ -	\$ 398	\$ 538	\$ 10,765	\$ 20,472	\$ 20,593	\$ 10,686	\$ 4,574	\$ -	\$ -
<b>Total</b>	<b>\$ 2,919,092</b>	<b>\$ 2,386,029</b>	<b>\$ 2,129,558</b>	<b>\$ 1,305,878</b>	<b>\$ 853,678</b>	<b>\$ 501,159</b>	<b>\$ 426,475</b>	<b>\$ 491,793</b>	<b>\$ 789,774</b>	<b>\$ 1,415,568</b>	<b>\$ 2,172,699</b>	<b>\$ 2,783,587</b>
<b>Total Distribution Revenue</b>												
89 Residential	\$ 2,570,037	\$ 2,210,552	\$ 2,216,956	\$ 1,797,431	\$ 1,633,092	\$ 1,418,796	\$ 1,425,316	\$ 1,453,977	\$ 1,572,514	\$ 1,915,716	\$ 2,234,641	\$ 2,558,212
90 Commercial	\$ 1,096,141	\$ 909,234	\$ 840,828	\$ 565,545	\$ 420,632	\$ 297,750	\$ 272,431	\$ 294,633	\$ 388,093	\$ 592,408	\$ 833,144	\$ 1,052,366
91 Rural	\$ 817,005	\$ 694,661	\$ 683,749	\$ 537,587	\$ 472,109	\$ 399,873	\$ 394,504	\$ 409,825	\$ 453,827	\$ 571,934	\$ 689,029	\$ 798,193
92 Large General Service	\$ 210,604	\$ 176,786	\$ 167,994	\$ 122,319	\$ 99,765	\$ 79,285	\$ 76,644	\$ 80,106	\$ 94,390	\$ 129,515	\$ 167,697	\$ 200,145
93 Demand-Commodity	\$ 133,611	\$ 120,802	\$ 133,111	\$ 128,152	\$ 131,564	\$ 126,715	\$ 130,629	\$ 130,833	\$ 126,896	\$ 132,582	\$ 128,803	\$ 133,043
94 Irrigation	\$ -	\$ -	\$ -	\$ 16,426	\$ 25,920	\$ 30,703	\$ 41,075	\$ 41,115	\$ 30,547	\$ 21,783	\$ -	\$ -
<b>Total</b>	<b>\$ 4,827,398</b>	<b>\$ 4,112,035</b>	<b>\$ 4,042,737</b>	<b>\$ 3,167,460</b>	<b>\$ 2,783,081</b>	<b>\$ 2,353,123</b>	<b>\$ 2,340,600</b>	<b>\$ 2,407,489</b>	<b>\$ 2,666,267</b>	<b>\$ 3,363,938</b>	<b>\$ 4,053,313</b>	<b>\$ 4,741,959</b>
95												\$ 40,859,400

Rate Design & Regulatory Schedules  
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**AltaGas Utilities Inc.**  
Application No. 1606230 I.D. 651  
AUI 2008-09 GRA Phase II - Negotiated Settlement Agreement - Appendix A  
Schedule 4.0 - Rate Change Impact of Proposed Relative to Existing (2008 Interim) Rates

Line	Category	Rates 1/11		Rates 1/11		Rates 1/11		Rates 2/12		Rates 3/13		Rates 4/14	
		Residential	Commercial	Rural	Large	General	Service	Demand /	Commodity	Irrigation			
1	Consumption (GJ)	124	648	175	4,000	40,000	400						
2	Days	365	365	365	365	365	214						
3	Demand (GJ/day)	n/a	n/a	n/a	n/a	300	n/a						
<b>Base Fixed Charge (\$/day)</b>													
4	Existing Rates	\$ 0.794	\$ 0.794	\$ 0.794	\$ 13.218	\$ 22.029	\$ 1.666						
5	Proposed Rates	\$ 0.768	\$ 0.768	\$ 0.768	\$ 8.745	\$ 20.022	\$ 2.551						
6	Change	\$ (0.026)	\$ (0.026)	\$ (0.026)	\$ (4.473)	\$ (2.007)	\$ 0.885						
<b>DSP Admin. Fee (\$/day)</b>													
7	Existing Rates	\$ 0.074	\$ 0.074	\$ 0.074	\$ 0.074	\$ 0.074	\$ 0.074						
8	Proposed Rates	\$ 0.056	\$ 0.056	\$ 0.056	\$ 0.056	\$ 0.056	\$ 0.056						
9	Change	\$ (0.018)	\$ (0.018)	\$ (0.018)	\$ (0.018)	\$ (0.018)	\$ (0.018)						
<b>Variable Base Energy Charge (\$/GJ)</b>													
10	Existing Rates	\$ 1.636	\$ 1.636	\$ 1.636	\$ 0.931	\$ 0.021	\$ 1.445						
11	Proposed Rates	\$ 1.360	\$ 1.360	\$ 1.360	\$ 0.894	\$ 0.020	\$ 0.810						
12	Change	\$ (0.276)	\$ (0.276)	\$ (0.276)	\$ (0.037)	\$ (0.001)	\$ (0.635)						
<b>Demand Charge (\$/GJ/day)</b>													
13	Existing Rates	n/a	n/a	n/a	n/a	\$ 0.242	n/a						
14	Proposed Rates	n/a	n/a	n/a	n/a	\$ 0.198	n/a						
15	Change					\$ (0.044)							
<b>Base Fixed Revenue</b>													
16	Existing Rates	\$ 289.81	\$ 289.81	\$ 289.81	\$ 4,824.57	\$ 8,040.59	\$ 356.52						
17	Proposed Rates	\$ 280.32	\$ 280.32	\$ 280.32	\$ 3,191.93	\$ 7,308.03	\$ 545.91						
18	Change	\$ (9.49)	\$ (9.49)	\$ (9.49)	\$ (1,632.64)	\$ (732.56)	\$ 189.39						
<b>DSP Administration Fee Revenue</b>													
19	Existing Rates	\$ 27.01	\$ 27.01	\$ 27.01	\$ 27.01	\$ 27.01	\$ 15.84						
20	Proposed Rates	\$ 20.44	\$ 20.44	\$ 20.44	\$ 20.44	\$ 20.44	\$ 11.98						
21	Change	\$ (6.57)	\$ (6.57)	\$ (6.57)	\$ (6.57)	\$ (6.57)	\$ (3.86)						
<b>Variable Base Energy Revenue</b>													
22	Existing Rates	\$ 202.86	\$ 1,060.13	\$ 286.30	\$ 3,724.00	\$ 840.00	\$ 578.00						
23	Proposed Rates	\$ 168.64	\$ 881.28	\$ 238.00	\$ 3,576.00	\$ 800.00	\$ 324.00						
24	Change	\$ (34.22)	\$ (178.85)	\$ (48.30)	\$ (148.00)	\$ (40.00)	\$ (254.00)						
<b>Demand Revenue</b>													
25	Existing Rates	n/a	n/a	n/a	n/a	\$ 26,499.00	n/a						
26	Proposed Rates	n/a	n/a	n/a	n/a	\$ 21,681.00	n/a						
27	Change					\$ (4,818.00)							
<b>Total Revenue</b>													
28	Existing Rates per 2009-038	\$ 519.68	\$ 1,376.95	\$ 603.12	\$ 8,575.58	\$ 35,406.60	\$ 950.36						
29	Proposed 2009 Rates	\$ 469.40	\$ 1,182.04	\$ 538.76	\$ 6,788.37	\$ 29,809.47	\$ 881.89						
30	Annual Increase (\$)	\$ (50.28)	\$ (194.91)	\$ (64.36)	\$ (1,787.21)	\$ (5,597.13)	\$ (68.47)						
31	Annual Increase (%)	-9.68%	-14.16%	-10.67%	-20.84%	-15.81%	-7.20%						

Rate Design & Regulatory Schedules  
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**AltaGas Utilities Inc.**  
Application No. 1606230 I.D. 651  
AUI 2008-09 GRA Phase II - Negotiated Settlement Agreement - Appendix A  
Schedule 5.0 - Rate Change Impact of Proposed Relative to Existing (2008 Interim) Rates  
Scaled to 2009 Rate Level Revenue Requirement

Line	Category	Rates 1/11	Rates 1/11	Rates 1/11	Rates 2/12	Rates 3/13	Rates 4/14
		Residential	Commercial	Rural	Large General Service	Demand / Commodity	Irrigation
1	Consumption (GJ)	124	648	175	4,000	40,000	400
2	Days	365	365	365	365	365	214
3	Demand (GJ/day)	n/a	n/a	n/a	n/a	300	n/a
<b>Base Fixed Charge (\$/day)</b>							
4	Existing Rates	\$ 0.705	\$ 0.705	\$ 0.705	\$ 11.736	\$ 19.560	\$ 1.479
5	Proposed Rates	\$ 0.768	\$ 0.768	\$ 0.768	\$ 8.745	\$ 20.022	\$ 2.551
6	Change	\$ 0.063	\$ 0.063	\$ 0.063	\$ (2.991)	\$ 0.462	\$ 1.072
<b>DSP Admin. Fee (\$/day)</b>							
7	Existing Rates	\$ 0.066	\$ 0.066	\$ 0.066	\$ 0.066	\$ 0.066	\$ 0.066
8	Proposed Rates	\$ 0.056	\$ 0.056	\$ 0.056	\$ 0.056	\$ 0.056	\$ 0.056
9	Change	\$ (0.010)	\$ (0.010)	\$ (0.010)	\$ (0.010)	\$ (0.010)	\$ (0.010)
<b>Variable Base Energy Charge (\$/GJ)</b>							
10	Existing Rates	\$ 1.453	\$ 1.453	\$ 1.453	\$ 0.827	\$ 0.019	\$ 1.283
11	Proposed Rates	\$ 1.360	\$ 1.360	\$ 1.360	\$ 0.894	\$ 0.020	\$ 0.810
12	Change	\$ (0.093)	\$ (0.093)	\$ (0.093)	\$ 0.067	\$ 0.001	\$ (0.473)
<b>Demand Charge (\$/GJ/day)</b>							
13	Existing Rates	n/a	n/a	n/a	n/a	\$ 0.215	n/a
14	Proposed Rates	n/a	n/a	n/a	n/a	\$ 0.198	n/a
15	Change					\$ (0.017)	
<b>Base Fixed Revenue</b>							
16	Existing Rates	\$ 257.33	\$ 257.33	\$ 257.33	\$ 4,283.64	\$ 7,139.40	\$ 316.51
17	Proposed Rates	\$ 280.32	\$ 280.32	\$ 280.32	\$ 3,191.93	\$ 7,308.03	\$ 545.91
18	Change	\$ 22.99	\$ 22.99	\$ 22.99	\$ (1,091.71)	\$ 168.63	\$ 229.40
<b>DSP Administration Fee Revenue</b>							
19	Existing Rates	\$ 24.09	\$ 24.09	\$ 24.09	\$ 24.09	\$ 24.09	\$ 14.12
20	Proposed Rates	\$ 20.44	\$ 20.44	\$ 20.44	\$ 20.44	\$ 20.44	\$ 11.98
21	Change	\$ (3.65)	\$ (3.65)	\$ (3.65)	\$ (3.65)	\$ (3.65)	\$ (2.14)
<b>Variable Base Energy Revenue</b>							
22	Existing Rates	\$ 180.17	\$ 941.54	\$ 254.28	\$ 3,308.00	\$ 760.00	\$ 513.20
23	Proposed Rates	\$ 168.64	\$ 881.28	\$ 238.00	\$ 3,576.00	\$ 800.00	\$ 324.00
24	Change	\$ (11.53)	\$ (60.26)	\$ (16.28)	\$ 268.00	\$ 40.00	\$ (189.20)
<b>Demand Revenue</b>							
25	Existing Rates	n/a	n/a	n/a	n/a	\$ 23,542.50	n/a
26	Proposed Rates	n/a	n/a	n/a	n/a	\$ 21,681.00	n/a
27	Change					\$ (1,861.50)	
<b>Total Revenue</b>							
28	Existing Rates - Scaled	\$ 461.59	\$ 1,222.96	\$ 535.70	\$ 7,615.73	\$ 31,465.99	\$ 843.83
29	Proposed 2009 Rates	\$ 469.40	\$ 1,182.04	\$ 538.76	\$ 6,788.37	\$ 29,809.47	\$ 881.89
30	Annual Increase (\$)	\$ 7.81	\$ (40.92)	\$ 3.06	\$ (827.36)	\$ (1,656.52)	\$ 38.06
31	Annual Increase (%)	1.69%	-3.35%	0.57%	-10.86%	-5.26%	4.51%

**APPENDIX B**  
**RATES AND RIDERS**

<b>RATE NO. 1</b>	<b>SMALL GENERAL SERVICE</b>
-------------------	------------------------------

**Description:**

Available to all customers except those customers who do not purchase their total natural gas requirements from the Company or who utilize the Company's facilities only for standby, peaking, emergency or irrigation services.

**Charges:**

Fixed Charge:

Base .....	\$ 0.768/Day
Default Supply Provider Administration Fee .....	\$ 0.056/Day

Variable Energy Charge:

Base .....	\$ 1.360/GJ
Gas Cost Recovery .....	Rate Rider "D"
Third Party Transportation .....	Rate Rider "G"

The minimum daily charge will be the Fixed Charge.

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AltaGas Utilities Inc. 08/09 GRA PH II  
 Proposed

<b>RATE NO. 2</b>	<b>LARGE GENERAL SERVICE (OPTIONAL)</b>
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**Description:**

Available to all customers except those customers who do not purchase their total natural gas requirements from the Company or who utilize the Company's facilities only for standby, peaking, or emergency services.

**Charges:**

Fixed Charge:

Base .....	\$ 8.745/Day
Default Supply Provider Administration Fee .....	\$ 0.056/Day

Variable Energy Charge:

Base .....	\$ 0.894/GJ
Gas Cost Recovery .....	Rate Rider "D"
Third Party Transportation .....	Rate Rider "G"

The minimum daily charge will be the Fixed Charge.

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AltaGas Utilities Inc. 08/09 GRA PH II  
 Proposed

<b>RATE NO. 3</b>	<b>DEMAND GENERAL SERVICE (OPTIONAL)</b>
-------------------	--

**Description:**

Available to all customers except those customers who do not purchase their total natural gas requirements from the Company or who utilize the Company's facilities only for standby, peaking or emergency services.

**Charges:**

Demand Charge ..... \$ 0.198/Day/GJ  
 of Billing Demand

Fixed Charge:

Base ..... \$ 20.022/Day  
 Default Supply Provider Administration Fee ..... \$ 0.056/Day

Variable Energy Charge:

Base ..... \$ 0.020/GJ  
 Gas Cost Recovery ..... Rate Rider "D"  
 Third Party Transportation ..... Rate Rider "G"

The minimum daily charge will be the Demand Charge and Fixed Charge.

**Determination of Billing Demand:**

The Billing Demand shall be the greater of:

1. 100 GJ, or
2. The Contract Demand, or
3. The greatest amount of gas (GJ) delivered in any consecutive 24-hour period during the current and preceding eleven billing periods provided that the greatest amount of gas delivered in any 24 consecutive hours in the summer period (April 1 to October 31, inclusive) shall be divided by 2.

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AltaGas Utilities Inc. 08/09 GRA PH II  
 Proposed

<b>RATE NO. 4</b>	<b>IRRIGATION PUMPING SERVICE (OPTIONAL)</b>
-------------------	--

**Description:**

Available only to customers for the use of natural gas as a fuel for engines pumping irrigation water from **April 1 to October 31**, inclusive.

**Charges:**

	<u>April 1 to October 31</u>
<b>Fixed Charge:</b>	
Base .....	\$ 2.551/Day
Default Supply Provider Administration Fee .....	\$ 0.056/Day
<b>Variable Energy Charge:</b>	
Base .....	\$ 0.810/GJ
Gas Cost Recovery .....	Rate Rider "D"
Third Party Transportation .....	Rate Rider "G"

The minimum daily charge will be the Fixed Charge.

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AltaGas Utilities Inc. 08/09 GRA PH II  
 Proposed



<b>RATE NO. 6</b>	<b>STANDBY, PEAKING, AND EMERGENCY SERVICE</b>
-------------------	--

**Description:**

Available only at the option of the Company.

**Charges:**

Demand Charge ..... \$ 0.198/Day/GJ  
 of Billing Demand

Fixed Charge:

Base ..... \$ 20.022/Day  
 Default Supply Provider Administration Fee ..... \$ 0.056/Day

Variable Energy Charge ..... 1.3 times the Variable Base Charge of Rate No. 3  
 plus the greater of:  
 (a) 1.3 times the GCRR; or  
 (b) 1.3 times the actual cost of gas purchased

The minimum daily charge will be the Demand Charge and Fixed Charge.

**Determination of Billing Demand:**

The Billing Demand shall be the greater of:

1. 100 GJ, or
2. The Contract Demand, or
3. The greatest amount of gas (GJ) delivered in any consecutive 24-hour period during the current and preceding eleven billing periods provided that the greatest amount of gas delivered in any 24 consecutive hours in the summer period (April 1 to October 31, inclusive) shall be divided by 2.

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AltaGas Utilities Inc. 08/09 GRA PH II  
 Proposed

<b>RATE NO. 10a</b>	<b>PRODUCER TRANSPORTATION SERVICE 'CLOSED RATE'</b>
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**Description:**

Transportation service is available to the Rate 10a customer subject to the terms and conditions specified in the contract.

**Charges:**

	<u>1 Year</u>	<u>Term 2 Years</u>	<u>3 Years</u>
Fixed Charge per Month .....	\$ 250.00	\$ 250.00	\$ 250.00
Demand Charge per GJ of Billing Demand per Month.....	\$ 1.418	\$ 1.333	\$ 1.248
Energy Charge per GJ .....	\$ 0.019	\$ 0.019	\$ 0.019

- a) The minimum monthly charge will be the fixed plus demand charge.
- b) The Company and customer shall determine receipt and delivery locations for transportation service by consultation and agreement.
- c) Service under Rate 10a is subject to available system capacity.
- d) The Company reserves the right to restrict the amount of gas received and delivered up to the Contract Demand.
- e) Billing demand will be the higher of: contracted demand, the greatest amount of gas (GJ) transported in any consecutive 24-hour period, during the current or the previous 11 months.
- f) The rates do not include costs payable by the Customer for specific facilities at the point(s) of receipt or delivery provided by the Company for the Customer.

EFFECTIVE DATE:	REPLACING RATE EFFECTIVE:	Page 1 of 1 PTS10a
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AltaGas Utilities Inc. 08/09 GRA PH II  
 Proposed

RATE NO. 10b	PRODUCER TRANSPORTATION SERVICE 'CLOSED RATE'
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**Description:**

Transportation service is available to the Rate 10b customer subject to the terms and conditions specified in the contract.

**Charges:**

Variable Energy Charge..... \$ 0.085/GJ

EFFECTIVE DATE:	REPLACING RATE EFFECTIVE:	Page 1 of 1 PTS10b
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AltaGas Utilities Inc. 08/09 GRA PH II  
Proposed

RATE NO. 10c	PRODUCER TRANSPORTATION SERVICE 'CLOSED RATE'
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**Description:**

Transportation service is available to the Rate 10c customer subject to the terms and conditions specified in the contract.

**Charges:**

Demand Charge .....	\$ 0.020/Day/GJ of Billing Demand
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EFFECTIVE DATE:	REPLACING RATE EFFECTIVE:	Page 1 of 1 PTS10c
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AltaGas Utilities Inc. 08/09 GRA PH II  
 Proposed

<b>RATE NO. 11</b>	<b>SMALL GENERAL SERVICE FOR RETAILER</b>
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**Description:**

Distribution service is available to retailers under contract for the delivery of retail supply.

**Charges:**

Fixed Charge:

Base ..... \$ 0.768/Day

Variable Energy Charge:

Base ..... \$ 1.360/GJ  
 Third Party Transportation ..... Rate Rider "G"

The minimum daily charge will be the Fixed Charge.  
 This service is not available for standby, peaking or emergency services.

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AltaGas Utilities Inc. 08/09 GRA PH II  
 Proposed

<b>RATE NO. 12</b>	<b>LARGE GENERAL SERVICE (OPTIONAL) FOR RETAILER</b>
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**Description:**

Distribution service is available to retailers under contract for the delivery of retail supply.

**Charges:**

Fixed Charge:

Base ..... \$ 8.745/Day

Variable Energy Charge:

Base ..... \$ 0.894/GJ  
 Third Party Transportation ..... Rate Rider "G"

The minimum daily charge will be the Fixed Charge.  
 This service is not available for standby, peaking or emergency services.

EFFECTIVE DATE: January 1, 2011	REPLACING RATE EFFECTIVE: May 1, 2009 Decision 2009-038	Page 1 of 1 LGS-R
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AltaGas Utilities Inc. 08/09 GRA PH II  
 Proposed

<b>RATE NO. 13</b>	<b>DEMAND GENERAL SERVICE (OPTIONAL) FOR RETAILER</b>
--------------------	---

**Description:**

Distribution service is available to retailers under contract for the delivery of retail supply.

**Charges:**

Demand Charge ..... \$ 0.198/Day/GJ  
 of Billing Demand

Fixed Charge:

Base ..... \$ 20.022/Day

Variable Energy Charge:

Base ..... \$ 0.020/GJ  
 Third Party Transportation ..... Rate Rider "G"

The minimum daily charge will be the Demand Charge and Fixed Charge.

**Determination of Billing Demand:**

The Billing Demand shall be the greater of:

1. 100 GJ, or
2. The Contract Demand, or
3. The greatest amount of gas (GJ) delivered in any consecutive 24-hour period during the current and preceding eleven billing periods provided that the greatest amount of gas delivered in any 24 consecutive hours in the summer period (April 1 to October 31, inclusive) shall be divided by 2.

EFFECTIVE DATE: January 1, 2011	REPLACING RATE EFFECTIVE: May 1, 2009 Decision 2009-038	Page 1 of 1 DCGS-R
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AltaGas Utilities Inc. 08/09 GRA PH II  
 Proposed

<b>RATE NO. 14</b>	<b>IRRIGATION PUMPING SERVICE (OPTIONAL) FOR RETAILER</b>
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**Description:**

Distribution service is available to retailers under contract for the delivery of retail supply. Available to retailers only for the use of natural gas as a fuel for engines pumping irrigation water from **April 1 to October 31**, inclusive.

**Charges:**

	<u>April 1 to October 31</u>
Fixed Charge:	
Base .....	\$ 2.551/Day
Variable Energy Charge:	
Base .....	\$ 0.810/GJ
Third Party Transportation .....	Rate Rider "G"

The minimum daily charge will be the Fixed Charge.  
 This service is not available for standby, peaking or emergency services.

EFFECTIVE DATE: January 1, 2011	REPLACING RATE EFFECTIVE: May 1, 2009 Decision 2009-038	Page 1 of 1 IPS-R
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AltaGas Utilities Inc. 08/09 GRA PH II  
 Proposed



<b>SPECIAL CONTRACT RATE NO. 30</b>	<b>TRANSPORTATION SERVICE 'CLOSED RATE'</b>
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**Description:**

Transportation service is available to the Rate No. 30 customer for the term and conditions specified in the contract.

**Charges:**

Fixed Charge .....	\$ 250.00/Month
Energy Charge.....	\$ 0.230/GJ

EFFECTIVE DATE:	REPLACING RATE EFFECTIVE:	Page 1 of 1 TS-RT30
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AltaGas Utilities Inc. 08/09 GRA PH II  
 Proposed

<b>RATE RIDER "A"</b>	<b>FRANCHISE TAX RIDERS</b>
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**Municipalities**

Additions to be made to the rates of customers resident in municipalities that have agreed to accept a percentage of gross revenue of the special franchise tax in lieu of a property tax pursuant to Section 360 of the *Municipal Government Act, 1994, c. M-26.1* (previously Section 14(7) and 14(8) of the *Municipal Taxation Act*).

The percentage shown is to be applied as an addition to the total billings calculated.

<u>Municipality</u>	<u>District</u>	<u>Type</u>	<u>Rate (%)</u>	<u>Decision/Order</u>	<u>Effective Date<sup>1</sup> (yyyy-mm-dd)</u>
Athabasca	Athabasca	Town	6.00	U2009-75	2009-05-19
Grande Cache	Grande Cache	Town	6.95	U99084	1999-10-18
Hairy Hill	Two Hills	Village	5.00	E95078	1999-01-01
Radway	Westlock	Village	3.00	E90046	1998-03-01
Three Hills	Three Hills	Town	4.75	U98033	1998-03-01

		Page 1 of 3 RIDER "A"
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<b>RATE RIDER "A"</b>	<b>FRANCHISE TAX RIDERS</b>
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**Métis Settlements**

Additions to be made to the rates of customers resident in Métis Settlements that have by bylaw approved Utility Services Agreements providing for the payment of annual utility service fees calculated as a percentage of gross revenues.<sup>1</sup> The percentage shown is to be applied as an addition to the total billings calculated.

<u>Métis Settlement</u>	<u>District</u>	<u>Rate (%)</u>	<u>Decision/Order</u>	<u>Effective Date<sup>2</sup></u> <u>(yyyy-mm-dd)</u>
Buffalo Lake	St. Paul	7.00	U2000-236	2000-07-15
Fishing Lake	St. Paul	5.00	U97153	1998-03-01
Gift Lake	Wabasca	7.00	U2003-378	2003-10-01
Kikino	St. Paul	7.00	U2000-107	2000-05-01

<sup>1</sup> The *Métis Settlements Act* (S.A. 1998 Chapter M-14.3) enables the Métis Settlements General Council to legislate by Policy and Settlement Councils to legislate by bylaw on matters related to the operations of utilities within the settlement areas, including the granting of interests in land, the assessment and taxation of these interests, and the licensing of related activities. [s.222(1); Sch.1, ss.14, 19]. Under Métis Settlements General Council *Public Utilities Policy* (GC-P9804; Alberta Gazette, Nov.30, 1998, p.2221) a Settlement may enter into Utility Service Agreement allowing a utility to use land and provide utility services in the Settlement Area and providing for the utility to pay an all inclusive annual service fee. The fee may be determined as a percentage of gross revenue received from services provided in the Settlement Area. Each of the listed Settlements has entered into a Utility Service Agreement with AltaGas Utilities. Under the *Public Utility Policy* [s.2.3(3)] the Service Agreement takes effect on being approved by bylaw and by the Alberta Energy and Utilities Board.

<sup>2</sup> Any bill rendered after this date is subject to the corresponding rate.

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<b>RATE RIDER "A"</b>	<b>FRANCHISE TAX RIDERS</b>
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**Municipalities Governed by Standardized Franchise Agreement**

For each calendar year the franchise fee will be calculated as a percentage of the Company's actual total revenue derived from the Gas Distribution Tariff, including without limitation the fixed charge, base energy charge, demand charge but excluding the cost of gas (being the calculated revenues from the gas cost recovery rate rider or the deemed cost of gas) in that year for Gas Distribution Service within the Municipal Area.

<u>Municipality</u>	<u>Type</u>	<u>District</u>	<u>Rate (%)</u>	<u>Decision / Order</u>	<u>Effective Date<sup>4</sup> (yyyy-mm-dd)</u>
Barrhead	Town	BMW <sup>1</sup>	8.00	2009-20	2009-04-02
Beaumont	Town	Leduc	21.20	2005-287	2005-08-13
Bonnyville	Town	Bonnyville	20.00	2003-68	2003-10-16
Bonnyville Beach	Summer Village	Bonnyville	0.00	2005-321	2005-09-26
Botha	Village	Stettler	10.00	2004-260	2004-09-29
Calmar	Town	Leduc	17.00	2004-244	2010-01-01
Crystal Springs	Summer Village	Leduc	0.00	2005-117	2005-03-09
Delia	Village	Hanna	10.00	2007-364	2007-12-21
Donalda	Village	Stettler	13.50	2009-157	2009-11-04
Drumheller	Town	Drumheller	27.00	2004-440	2004-12-17
Elk Point	Town	St. Paul	16.00	2010-158	2010-06-16
Glendon	Village	St. Paul	4.62	2004-264	2004-09-16
Grandview	Summer Village	Leduc	0.00	2010-178	2010-07-08
Hanna	Town	Hanna	9.85	2007-133	2007-06-08
High Level	Town	High Level	27.50	2004-274	2004-09-16
Island Lake	Summer Village	Athabasca	0.00	2005-85	2005-03-24
Leduc <sup>2</sup>	City	Leduc	27.00	2005-276	2005-07-09
Leduc <sup>3</sup>	City	Leduc	35.00	2005-276	2005-07-09
Ma-Me-O Beach	Summer Village	Leduc	0.00	2009-67	2009-03-21
Mewatha Beach	Summer Village	Athabasca	6.00	2005-207	2005-07-12
Morinville	Town	BMW	19.00	2005-142	2005-04-28
Munson	Village	Drumheller	11.00	2004-291	2004-12-01
New Sarepta	Village	Leduc	20.75	2009-90	2009-11-05
Pelican Narrows	Summer Village	Bonnyville	0.00	2006-162	2006-06-20
Pincher Creek	Town	Pincher Creek	20.00	2004-293	2004-09-16
Poplar Bay	Summer Village	Leduc	0.00	2010-199	2010-08-20
Rochon Sands	Summer Village	Stettler	0.00	2007-212	2007-08-14
St. Paul	Town	St. Paul	22.00	2004-289	2004-11-10
Stettler	Town	Stettler	18.00	2004-247	2004-08-27
Sunset Beach	Summer Village	Athabasca	3.00	2008-247	2008-09-24
Two Hills	Town	Two Hills	15.00	2005-135	2009-01-07
Waskatenau	Village	BMW	8.00	2004-421	2004-12-22
Westlock	Town	BMW	18.00	2004-232	2009-01-07
White Sands	Summer Village	Stettler	0.00	2008-130	2008-05-29
Willingdon	Village	Two Hills	6.00	2005-005	2005-01-26

<sup>1</sup> BMW denotes Barrhead, Morinville and Westlock.

<sup>2</sup> Does not apply to service under Rates 3 or 13.

<sup>3</sup> Applies only to service under Rates 3 and 13.

<sup>4</sup> Any bill rendered after this date is subject to the corresponding rate.

	Page 3 of 3 RIDER "A"
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<b>RATE RIDER "B"</b>	<b>DISTRICT &amp; MUNICIPAL PROPERTY TAX RIDERS</b>
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Additions to be made to the rates of customers resident in municipalities that receive a property tax assessed pursuant to Section 353 of the *Municipal Government Act, R.S.A. 2000 c.M-26*. The addition is an estimated percentage of distribution revenues required to provide for the tax payable each year. To the extent that this percentage may be more or less than that required to pay the tax, the percentage of distribution revenue in the rider will be adjusted on an annual basis. The percentages are filed with the Alberta Utilities Commission.

Rate Rider "B" is to be applied as an addition to the total billings calculated for the following areas:

**District Property Tax Riders**

<u>District</u>	<u>Rate (%)</u>	<u>Effective Date</u> <sup>1</sup>
Athabasca	3.4494	January 1, 2010
Barrhead, Morinville, Westlock	2.1811	January 1, 2010
Bonnyville	1.3185	January 1, 2010
Drumheller	0.2828	January 1, 2010
Grande Cache	n/a	January 1, 2010
Hanna	1.2836	January 1, 2010
High Level	2.8826	January 1, 2010
Leduc	0.9671	January 1, 2010
Pincher Creek	0.8900	January 1, 2010
St. Paul	3.0096	January 1, 2010
Southeast	1.6778	January 1, 2010
Stettler	1.1574	January 1, 2010
Three Hills	1.2979	January 1, 2010
Two Hills	3.3543	January 1, 2010

<sup>1</sup> Any bill rendered after this date is subject to the corresponding rate.

<b>RATE RIDER "B"</b>	<b>DISTRICT &amp; MUNICIPAL PROPERTY TAX RIDERS</b>
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**Municipality-Specific Property Tax Riders**  
 (incremental to applicable District Property Tax Rider)

<u>Municipality</u>	<u>Type</u>	<u>District</u>	<u>Rate (%)</u>	<u>Effective Date</u> <sup>1</sup>
Barrhead	Town	BMW <sup>2</sup>	2.8916	January 1, 2010
Beaumont	Town	Leduc	2.1779	January 1, 2010
Bonnyville Beach	Summer Village	Bonnyville	1.1795	January 1, 2010
Bonnyville	Town	Bonnyville	2.2730	January 1, 2010
Botha	Village	Stettler	1.4184	January 1, 2010
Calmar	Town	Leduc	4.0412	January 1, 2010
Crystal Springs	Summer Village	Leduc	1.1425	January 1, 2010
Delia	Village	Hanna	7.4436	January 1, 2010
Donalda	Village	Stettler	0.0000	January 1, 2010
Drumheller	Town	Drumheller	3.6796	January 1, 2010
Elk Point	Town	St. Paul	4.8716	June 16, 2010
Glendon	Village	St. Paul	7.8554	January 1, 2010
Grandview	Summer Village	Leduc	1.3946	July 8, 2010
Hanna	Town	Hanna	3.3256	January 1, 2010
High Level	Town	High Level	2.5058	January 1, 2010
Island Lake	Summer Village	Athabasca	1.7459	January 1, 2010
Leduc	City	Leduc	2.6988	January 1, 2010
Ma-Me-O Beach	Summer Village	Leduc	1.4025	January 1, 2010
Mewatha Beach	Summer Village	Athabasca	0.0000	January 1, 2010
Morinville	Town	BMW	1.7761	January 1, 2010
Morrin	Village	Drumheller	4.0395	January 1, 2010
Munson	Village	Drumheller	3.6600	January 1, 2010
New Sarepta	Village	Leduc	1.7132	January 1, 2010
Pelican Narrows	Summer Village	Bonnyville	1.6293	January 1, 2010
Pincher Creek	Town	Pincher Creek	2.7914	January 1, 2010
Poplar Bay	Summer Village	Leduc	1.6973	August 20, 2010
Rochon Sands	Summer Village	Stettler	1.0666	January 1, 2010
St. Paul	Town	St. Paul	3.5754	January 1, 2010
Stettler	Town	Stettler	2.6259	January 1, 2010
Sunset Beach	Summer Village	Athabasca	1.8292	January 1, 2010
Two Hills	Town	Two Hills	7.4544	January 1, 2010
Waskatenau	Village	BMW	3.7453	January 1, 2010
Westlock	Town	BMW	3.7263	January 1, 2010
White Sands	Summer Village	Stettler	3.1328	January 1, 2010
Willingdon	Village	Two Hills	6.8364	January 1, 2010
Zama Lake	Town	High Level	20.3511	January 1, 2010

<sup>1</sup> Any bill rendered after this date is subject to the corresponding rate.

<sup>2</sup> BMW denotes Barrhead, Morinville and Westlock.

RATE RIDER "C"	DEEMED COST OF GAS RIDER
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**TO ALL RETAILER DISTRIBUTION SERVICE RATES IN THE DETERMINATION OF THE  
DEEMED COST OF GAS FOR CALCULATING RATE RIDER "A"**

To be applied to the amount of natural gas delivered under Retailer Distribution Service in the determination of municipal franchise tax payable (Rider "A") to municipalities that have agreed to accept payment of a percentage of gross revenues of the special franchise pursuant to Section 360 of the *Municipal Government Act* R.S.A. 2000, c. M-26.

The Deemed Cost of Gas Rider is equal to Rider "D" as amended from time to time and approved by the Alberta Utilities Commission.

EFFECTIVE DATE:	REPLACING RATE EFFECTIVE: November 1, 2007 Decision 2007-079	Page 1 of 1 RIDER "C"
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<b>RATE RIDER "E"</b>	<b>UNACCOUNTED-FOR GAS RIDER</b>
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**FOR THE DETERMINATION OF UNACCOUNTED-FOR GAS**

The Unaccounted-For Gas Rate Rider shall be used in the calculation of the Gas Cost Recovery Rate Rider 'D', the Third Party Transportation Rate Rider 'G', and to determine the amount of Unaccounted-For Gas as defined in AltaGas Utilities Inc.'s terms and conditions of service.

Unaccounted-For Gas Rider: ..... 0.97%

EFFECTIVE DATE: November 1, 2010 (Pending AUC Approval)	REPLACING RATE EFFECTIVE: November 1, 2009 Decision 2009-155	Page 1 of 1 RIDER "E"
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**APPENDIX C**  
**TERMS AND CONDITIONS OF SERVICE**

<b>GENERAL CONDITIONS OF SERVICE</b>
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1. AltaGas Utilities Inc.'s default rate tariff and distribution tariff are subject to change and approval by the Alberta Utilities Commission. Information about AUI's approved default rate and distribution tariffs is available on the AltaGas Utilities Inc. website at [www.altagasutilities.com](http://www.altagasutilities.com).
2. Service sites are subject to all applicable rate riders as approved by the Alberta Utilities Commission.
3. Service provided under a special contract is subject to the terms and conditions of that contract, unless the Alberta Utilities Commission orders a variance to those terms and conditions.
4. AUI requires at least one (1) month prior written notice for a customer-initiated request to transfer an account from one rate class to another (i.e. between Small General Service, Large General Service, or Demand General Service). AUI may not make the transfer if associated changes in service requirements make it unreasonable to do so. There may be charges for additions or modifications to lines and equipment to accommodate a change in service requirements.
5. A service site using natural gas as a fuel for pumping irrigation water is restricted to the Irrigation Pumping Service rate class.
6. An account will retain the same rate class in the event of a change in gas supply unless a rate class change is being performed pursuant to Part 6 of the Natural Gas Utility Service Rules.

EFFECTIVE DATE:	REPLACING RATE EFFECTIVE: October 7, 2010 Decision 2010-484	Page 1 of 1 GCS
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AltaGas Utilities Inc.

**AltaGas Utilities Inc.**  
**NATURAL GAS UTILITY  
SERVICE RULES**

Effective: October 7, 2010

AltaGas Utilities Inc.

Natural Gas Utility Service Rules

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AltaGas Utilities Inc.

Natural Gas Utility Service Rules

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## AltaGas Utilities Inc. NATURAL GAS UTILITY SERVICE RULES

### Part 1 What these Rules are about

*We run the system that brings natural gas to you*

1. We are AltaGas Utilities Inc. (AUI), a gas utility committed to providing our customers with safe, reliable, and economical natural gas *utility service*. Our *utility service* can be *gas distribution service*, by itself, or *gas distribution service* and *default supply* combined.

*You need to know what type of services you can receive*

2. It is important for you to know what type of services you can receive to understand these Rules. To start, you need to know who supplies your natural gas.
  - a) If you buy your natural gas from us, you are a *default supply* customer.
  - b) If you have a contract (written, verbal or electronic) to buy your natural gas from a retailer, you are a *retail supply* customer.
3. Regardless of who you purchase your natural gas from, the delivery of the gas (your *gas distribution service*) is done by us.
4. You are free to choose between *default supply* and *retail supply*. Receiving *gas distribution service* does not depend on who supplies your natural gas. For more information about natural gas suppliers and making energy supply choices, you should contact the Government of Alberta's Utilities Consumer Advocate. Their contact information is provided at the end of these Rules.
5. Unless specifically identified, these Rules apply to both *default supply* and *retail supply* customers.

*Everyone on our system helps pay for it, so we need rules*

6. All our customers help pay the costs of building, operating and maintaining *our system* – the things we install to provide *gas distribution service* to our customers, including you. The lower the costs are, the lower our rates can be. Keeping costs down, while maintaining safety and reliability, takes cooperation and rules.

AltaGas Utilities Inc.

Natural Gas Utility Service Rules

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*These Rules govern the relationship between us*

7. These are the rules for *our system*. They govern how we serve you and how you take service from us. They are part of every *service agreement* – the agreement between us, as the provider of *utility service*, and you, as our customer. We have a *service agreement* with you whether you sign a contract or we simply begin providing you with *utility service* on the basis of these Rules.
8. No agreement can waive or alter any part of these Rules unless it has been approved by the *Commission*.

*These Rules are approved by the Alberta Utilities Commission*

9. These Rules are approved by the Alberta Utilities *Commission* and cannot be changed without its approval. Once the *Commission* approves the Rules, they are legally binding on you and us.
10. If there is any conflict between these Rules and a specific direction in an Order of the *Commission*, the Order takes priority.

*Italicized terms are defined at the end of these Rules*

11. In these Rules some words are in italics and have special meanings. These terms are defined in a List of Definitions in Part 11 of these Rules.

*Access to these Rules*

12. These Rules are available on our website at [www.altagasutilities.com](http://www.altagasutilities.com) or may be requested by using our General Inquiry contact information located at the end of these Rules.

## **Part 2 Signing up for gas distribution service**

*To get gas distribution service, you or your retailer has to sign up*

1. If you are a *default supply* customer and want us to start providing you with *gas distribution service*, you have to tell us. We may not be able to provide service until you sign an application or give us written confirmation you accept responsibility for an account with us.
2. If you are a *retail supply* customer, whether you or your *retailer* contacts us will depend on your *service requirements*:

AltaGas Utilities Inc.

Natural Gas Utility Service Rules

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- If you require new *lines and equipment* or changes to the existing *gas distribution system* to meet your *service requirements*, you should contact us directly to discuss your requirements. Please use the General Inquiry contact information located at the end of these Rules.
  - If no changes are required to meet your *service requirements*, your *retailer* can sign up on your behalf as long as your *retailer* can provide the necessary information we require to properly serve you. We will use the information we receive to set up an account for you on *our system*.
3. Our ability to provide service will also depend on your *service requirements* and whether our *lines and equipment* are set up to serve you.

***To provide proper service, we need to know you and your requirements***

4. For us to provide the right service and charge the right rates, we will need some information about you when you, or your *retailer*, sign up for *gas distribution service*. For example, we will need to know the amount of gas you expect to use and how it will be used. We will also need emergency contact information and may need other information such as credit information.
5. Our ability to provide proper service relies on being aware of any changes to the information we have about you. If any of your information needs to be updated, it is your responsibility to provide the most current information as soon as reasonably possible.
- a) If you are a *default supply* customer, you need to contact us. To contact us, please use the General Inquiry contact information located at the end of these Rules.
  - b) If you are a *retail supply* customer and have a contract with a *retailer*, you must provide your *retailer* with your updated information. Your *retailer* is responsible for sending us your updated information.

***Our agreement starts when we start providing gas distribution service***

6. A *service agreement* is in place as soon as we are told to provide the service and one of the following occurs:
- We begin providing the *gas distribution service* to you; or
  - We start doing the things necessary to provide the *gas distribution service*.
7. If you are a *default supply* customer we do not have a *service agreement* or an obligation to serve you simply because you have given us an application form for installation of a new service or a cash deposit.

**AltaGas Utilities Inc.**

**Natural Gas Utility Service Rules**

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8. If you are a *retail supply* customer we do not have a *service agreement* or an obligation to serve you simply because you have signed an agreement with a *retailer*.

***There is a fee to assume service***

9. You may be able to receive *gas distribution service* from *our system* without us needing to install any new *lines and equipment*.
- a) If you are a *default supply* customer and assume *gas distribution service* at a *service site*, you must pay the Account Activation Fee to cover the cost of activating your account.
  - b) An account is required for all customers, both *default supply* and *retail supply* customers. Depending on the work required to activate a *retail supply* customer account, we may also charge the Account Activation Fee to a *retail supply* customer.
  - c) The Account Activation Fee does not apply if we are installing new *lines and equipment* to provide you with *gas distribution service*.
10. The amounts of the Account Activation Fee and other Special Charges are set out in the Special Charges Schedule located at the end of these Rules.

***Special agreements may be required***

11. Demand/Commodity General Service customers are required to enter into a Demand/Commodity General Service Contract with us.
12. Customers with special *service requirements* may be required to enter into a special agreement with us. The special agreement can identify additional responsibilities not included in these Rules and other information we may need to properly serve you.

***These Rules always apply***

13. In any case, however a *service agreement* is made, it includes these Rules as if they were in a paper contract we signed with you.

***You let us use your land to serve you***

14. To serve you, we need some rights to use the *service land* – the parcel of land where the *service site* is located. The *service site* is the building or thing we provide *gas distribution service* to under the *service agreement*. For example, for typical *gas distribution service* to a home, the *service site* would be the house and the *service land* would be the parcel of land where the house is built. If the *service agreement* is not clear, we are permitted to name anything as the *service site* fitting the general intent of the *service agreement*.



AltaGas Utilities Inc.

Natural Gas Utility Service Rules

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*You may not charge us for using your land to serve you*

15. When you make a *service agreement* with us, you are granting us, at no charge, all reasonable land-related rights we need to provide *gas distribution service* to your *service site* and to install and maintain all our *lines and equipment*. Those rights may include easements and utility rights-of-way on any of your land for *lines and equipment* required to serve your *service site*, even if it is not the *service land*. It also includes the right to enter the land and dig it up to install, repair, replace, maintain and inspect the *lines and equipment*. We will try our best to minimize the inconvenience to you and the damage to your property when we do this work and we will reasonably restore your land when we are finished. If someone other than you has to give us the right to use the land, we may ask for your help in getting the land rights needed to serve you. If we cannot acquire these land rights, we may not be able to serve you.

## **Part 3 Installing or changing your gas distribution service**

### **3.1 Connecting you to our system**

*If someone else turned the gas off, we normally will not charge a reconnection fee*

1. If your *service site* was temporarily disconnected from *our system* (the gas was turned off), you are not expected to pay a reconnection fee to have the gas turned back on – unless you are the customer who originally caused the disconnection. Please refer below to Part 6 – Service charges about temporarily disconnecting from *our system*.

*We do all work on our system*

2. When it comes to *our system*, we have a basic rule – only our employees or our agents can work on it. This includes installing, maintaining, or removing a service line, as well as doing extensions, replacements, changes, connections to, or disconnections from, *our system*. No one else can do any of this kind of work unless we have given them specific permission in writing. This rule is necessary because we are very concerned about safety.

*You are responsible for getting permits and/or inspections*

3. Municipal bylaws or provincial laws may require you to get permits and/or inspections before we can provide you with *gas distribution service* at a new *delivery point* or continue *gas distribution service* at a *delivery point* where there have been changes to your piping or appliances. Getting those permits and/or inspections is your responsibility and we may not be able to start work or provide *gas distribution service* until you have

AltaGas Utilities Inc.

Natural Gas Utility Service Rules

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them completed. We may also stop *gas distribution service* if you do not have a legally required permit.

***Your application for installing your gas distribution service may be rejected***

4. We may reject your application for *gas distribution service* for any of the following reasons:
  - a) You do not have *good payment history* with us;
  - b) You do not make a proper application for service;
  - c) You refuse to sign any special agreement required for the type of service you need; or
  - d) Your *service requirements* would prevent us from providing safe, reliable and economical service to you or to others.

***We will schedule installation after all requirements have been met***

5. We will schedule the installation of our *lines and equipment* after you have complied with our application and contribution requirements, have acquired all necessary permits, inspections and approvals, and we have accepted your application for *gas distribution service*.

***We may not be able to provide gas distribution service right away***

6. We will try to install our *lines and equipment* as soon as we can after you apply, but the installation may not be right away. For example, it may not make sense to try to bury pipe in frozen ground. In short, we will not start an installation until we think it makes sense.

***You pay to install and remove temporary gas distribution service***

7. If you want us to install *lines and equipment* we determine are unlikely to be permanent, you will have to provide payment in advance to cover installation and removal costs. In addition, if the service is expected to be for less than six months, you may be required to prepay an amount equal to our estimated cost of service.

***We do not have to provide service if the costs are greater than the benefits***

8. Because all our customers share the cost of building and operating *our system*, we will not provide service unless we think the benefit to *our system* of doing so justifies the cost. If we decide it does not make sense to serve you without an additional non-standard non-refundable contribution and you disagree, you can ask the *Commission* to order us to provide the *gas distribution service* to you.

AltaGas Utilities Inc.

Natural Gas Utility Service Rules

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### **3.2 Placing the lines and equipment**

#### ***We decide where to place the lines and equipment***

1. We are very concerned about safety and efficiency. Before we provide *gas distribution service*, we have to decide what *lines and equipment* will be installed, where they will be placed and how much clear space must be left around them.
2. If you cannot provide a suitable location for the *lines and equipment*, we cannot provide the *gas distribution service*.

#### ***We may allow a different location***

3. You may want the *lines and equipment* put somewhere other than the location we have selected. We can only do that if we consider your proposed location safe and serviceable. The same applies for moving any part of the *lines and equipment* after they are installed.

#### ***We will pick the best place for the meter***

4. We decide where to put the meter. Except in very unusual circumstances, the meter will be located on the outside of the *service site*. If you want the meter located inside, we will put it as close as possible to the point where the service line enters the building. You may be charged the extra cost of running the connecting pipe from where the service line enters the *service site* to the meter.

#### ***To get gas distribution service at more than one point takes a special agreement***

5. Unless you make a special agreement with us, there is only one *delivery point* for your *service site* and that is the outlet of the meter installed at the *service site*. If you want more than one *delivery point* at the *service site*, we can put them in provided you pay the extra cost.

### **3.3 Charges for installing or changing the lines and equipment**

#### ***You may have to pay a non-refundable contribution to get gas distribution service***

1. To be fair to the other customers sharing the costs of *our system*, we may require you to pay a non-refundable contribution towards the cost of the *lines and equipment* we need to install to provide you with *gas distribution service*.

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*Non-refundable contributions can be standard or non-standard*

2. A standard non-refundable contribution is the minimum contribution we require and the amount depends on the location of your *service site*. If the cost of providing *gas distribution service* to you exceeds the criteria for a standard non-refundable contribution, you must pay an additional non-standard non-refundable contribution amount.

*The Commission approves the way we calculate non-refundable contributions*

3. We submit our standard non-refundable contributions to the Commission when we set them and whenever we change them. You can get a current list of our standard non-refundable contributions through our website at [www.altagasutilities.com](http://www.altagasutilities.com) or by telephone through our General Inquiry phone number.
4. We will calculate any required non-standard non-refundable contribution using the methods approved by the *Commission*. Our current method is described in the Special Charges Schedule attached to these Rules.

*You have to pay according to what is in effect when you get gas distribution service*

5. Our non-refundable contributions may change between the time you apply for *gas distribution service* and the time we install the *lines and equipment* to serve you. If they do, we will charge you the non-refundable contribution that is in effect **at the time of installation, not what was in effect at the time you applied** for *gas distribution service*.

*We will notify you of the contribution required to install the service you request*

6. We will advise you of the standard non-refundable contribution when you apply for *gas distribution service*. If you need to pay a non-standard non-refundable contribution to get *gas distribution service*, we will tell you in writing.

*You will have to pay an additional contribution if we need to build or expand a gas main*

7. If we have to build or expand a gas main to give you *gas distribution service*, you may be required to pay a contribution towards the cost of the main.

*A portion of your contribution towards the cost of a gas main may be refundable*

8. We will estimate the long-term costs of the new gas main and service lines expected to connect to the gas main. We will also estimate the long-term financial benefit we expect to get from the new mains and services. If the long-term benefit is greater than the costs, we may refund a portion of your contribution over time. If the costs are more than the benefits, your contribution will be non-refundable. We will ask you to sign an agreement that tells you how much you need to pay in advance and how much is eligible for a refund.

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***Should costs change, you will be advised***

9. If we determine that we require an additional non-refundable or refundable contribution due to a change in our estimate of the cost of installing the *lines and equipment*, we will let you know in writing before we proceed. If we do this, you have the option of deferring, cancelling or proceeding with your *gas distribution service* request.

***You must give us prior notice if there are changes to your service requirements***

10. To serve you properly, we need to know your *service requirements*, for example how much gas you expect to use and how it will be used. You must not change your *service requirements* without giving us advance notice.
11. If you are currently a *default supply* customer, you can provide notice by using our General Inquiry contact information located at the end of these Rules.
12. If you are currently a *retail supply* customer, your *retailer*, or any other person properly authorized to act as your agent, may give us notice on your behalf.
13. We are not obliged to meet your *service requirements* if they are different than the ones in our *service agreement*. We will accept a change to your *service requirements* only if *our system* can safely, reliably and economically accommodate it. If the change requires you to pay additional costs, we will inform you before we do the work needed to accommodate the change. You must not change your *service requirements* until after we have given you our permission to do so and you are responsible for any damage to *our system* as a result of changing your *service requirements* without our permission.

***We may contact you about changes in service requirements***

14. If we notice a change in how much gas you use or need more information about your *service requirements*, we may contact you directly to learn more about the amount of gas you are using, how it is being used and any plans you may have regarding future usage that might affect *our system*. Doing so will help us properly operate and maintain *our system* and will also help us bill correctly.

***If you want a different location, you pay the extra costs***

15. If we agree to your request to install the *lines and equipment* in a location different than the one we have selected, you may have to pay extra installation costs.
16. After the *lines and equipment* are installed, if you need any part moved (like a meter) and we agree, you will have to pay the cost of moving it.

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## Part 4 Rights and responsibilities once gas distribution service begins

### *You are responsible for reporting problems and preventing waste*

1. Once *gas distribution service* begins, you have a responsibility to make sure the natural gas is used properly and to help prevent waste. You must notify us immediately if you notice a natural gas leak on any of our *lines and equipment* or if you have other problems with the *gas distribution service*.

### *We will maintain our lines and equipment but you must help protect them*

2. We will maintain the *lines and equipment* we put in, but you must take reasonable steps to protect them. In particular:
  - You must contact Alberta One-Call at least two full working days before you or anyone working for you does any excavation work on the *service land*. Contact information for Alberta One-Call is provided at the end of these Rules. Even if their contact information changes, you must still contact Alberta One-Call and tell them your plans.
  - You cannot start digging until we have had a chance to mark the approximate location of our *lines and equipment* in the area to be excavated. We will make reasonable efforts to have the lines marked within the time you have requested, provided you have met the minimum notification period. You must not dig until we have marked the lines, even if we have not marked the lines within the requested time.
  - You must let us know immediately if you or someone doing work for you damage the *lines or equipment*.

**If one of our *lines or equipment* is damaged, call us immediately from a safe location using our emergency phone number (toll-free 1-866-222-2068 or direct 1-780-980-6701). Alternatively, call the fire department. Do not return to the location of the gas leak or allow any non-emergency personnel to do so.**

### *You are not permitted to make changes to your land or site that interferes with our lines and equipment.*

3. As long as the *lines and equipment* are in place, you need our written consent to do anything to the *service land* or *service site* that might make it difficult for us to maintain our *lines and equipment*. That includes, for example, placing a building, planting a tree, or digging a dugout, over or near the *lines and equipment*. If you put anything in the way, and we damage it trying to work on our *lines and equipment*, we are not responsible for

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the damage. If you make changes to the *service land* or *service site* resulting in increases to the costs of operating, maintaining or repairing the *lines and equipment*, you may have to pay those extra costs.

***We can enter when necessary and use force in an emergency***

4. We can enter the *service land* or the *service site* at any reasonable time to do anything necessary to maintain, repair and operate *our system*. That includes reading meters, turning gas on or off, examining and repairing the *lines and equipment*, and checking to see how you are using the gas. We can also dig and do any other work necessary to fix *our system*.
5. At any time we think there is an emergency, we can use reasonable force, as required, to enter the *service land* or the *service site*.

***We will try to provide you advance notice***

6. When we can, we will provide advance notice we will be performing work on the *service land* or *service site*. Depending on the type of work we will be performing, we may contact you directly, in writing or we may inform you by other means such as newspaper ads or messages with your bill. We may not provide advance notice in an emergency or for routine activities, such as meter reading.

***You pay for any damage that's not our fault***

7. As long as the *lines and equipment* are in place, you must pay for any damage done to them through your negligence or your actions, or the actions of anyone working for you. That applies even if the work is being done off the *service land*. You are not responsible for normal wear and tear or for any damage caused by our actions or our negligence.

***We own the lines and equipment***

8. We own all the *lines and equipment* and our ownership continues until we give it up. We can remove any part at any time. When our *service agreement* with you ends, we do not need to remove the *lines and equipment*, provided we leave them in a safe condition.
9. Making a contribution or other payment to us for *gas distribution service* does not entitle you to ownership of any part of the *lines and equipment*.

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## Part 5 Measuring use and charges

### *We can use actual or estimated usage when determining our charges*

1. Your bill will be based on an actual or estimated meter reading. If we estimate a meter reading, it will be based on any or all of the following:
  - The length of time covered by the estimate;
  - The amount of gas used previously in a similar period at the *service site*;
  - Weather during the period being estimated;
  - The type and energy-use rating of your gas-burning equipment; or
  - Other relevant information that may be available.

### *We will read the meter when necessary*

2. We will read your meter as often as we think is necessary.

### *You pay for special meter readings*

3. If we cannot access your meter when it is time for a meter reading, we will ask you to provide us with access when we are reading other meters in your area.
4. If we receive a request from you or your *retailer* to read the meter at any time other than when the meter is normally scheduled to be read, a special meter reading charge will apply.

### *You can provide us with a meter reading when we plan to estimate*

5. If you don't want us to estimate your meter reading for a billing period, you may provide us with the actual meter reading by phone. If you want to do this, you need to tell us in advance and follow the schedule we set.

### *If the meter is not working properly, we will estimate the amount used and adjust your charges*

6. If the meter stops working properly we will do our best to determine when that happened and then estimate the amount of gas you used while the meter was not working properly. The estimate will only be for the time we think the meter was not working properly. We may have to correct previous billings. If you are a *retail supply* customer your *retailer* may also adjust their charges to you, accordingly. If we cannot reasonably determine when the meter stopped working properly, we will determine your current billing or correct previous billings in compliance with applicable laws and *Commission* direction.



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*Disputes over our meter measurements can be taken to the federal government, but you or your retailer, may have to pay the cost*

7. You or your *retailer* has the right, under the *Electricity and Gas Inspection Act* (R.S., 1985, c. E-4), to dispute our meter measurements. We have the same right. If you or your *retailer* registers a dispute with the federal government and our meter measurements are found to be within the limits of error allowed in the Act, you or your *retailer* will have to pay us the cost of removing the meter for testing. The amount is shown in the Special Charges Schedule. Payment for that cost is not required if it turns out our meter measurements are not within the limits of error in the Act. Neither you nor your *retailer* has to pay if we register the dispute with the federal government. No matter who questions it, if it turns out the meter measurements are not within the limits of error in the Act, your billing charge will be adjusted to comply with the Act.

## Part 6 Service charges

*The Commission decides all our rates and charges*

1. All our rates and charges, including those in the Special Charges Schedule, are approved by the *Commission*. If you think any charge is unfair, you should advise us and we will try to resolve your concern. If you are not satisfied with our response, you can complain to the *Commission*.
2. If you purchase *retail supply*, the price for the natural gas is determined by a contract between you and your *retailer* and not by us or the *Commission*.

*To change your gas distribution service rate class, talk to us*

3. If we think you are not in the *gas distribution service* rate class best for you, we will let you know. We will only change the *gas distribution service* rate class you are in if you agree to it. If you ask us for help deciding on the best *gas distribution service* rate class for you, we will provide *gas distribution service* information to help you decide.
4. We will make one rate class change at your request in any consecutive twelve month period.

*Using natural gas for irrigation pumping requires a special rate class*

5. A *service site* using natural gas as a fuel for pumping irrigation water is restricted to the Irrigation Pumping Service rate class.

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***Demand/Commodity General Service billing demands can change***

6. You may or may not have a billing demand. The billing demand for the Demand/Commodity General Service rate class can change. Our rate schedule describes how the billing demand is determined.

***You begin paying within three months after lines and equipment are installed***

7. You must begin paying the minimum charge no more than three months after we have installed the *lines and equipment* to serve you, whether you have started using gas or not.
8. If you are a *default supply* customer, you will be billed directly by us for these charges.
9. If you are a *retail supply* customer, you will be billed by your *retailer*.

***If you want, we can turn your gas off temporarily, but charges will apply***

10. If you want us to disconnect you from *our system* by turning your gas off temporarily, you need to give us notice according to Part 9 of these Rules. We don't have to turn your gas off if doing so would be in conflict with anything in these Rules. If we temporarily disconnect you from *our system* at your request or for any of the reasons set out in these Rules, the minimum charge still applies while the gas is turned off, to a maximum of twelve (12) months. This is because we must continue to operate and maintain *our system* whether you are using gas or not.

***A temporary disconnection can become a permanent disconnection***

11. A temporary disconnection becomes a permanent disconnection after twelve (12) months. At that point, we will stop applying the minimum charge.
12. If you want us to restore *gas distribution service* to a *service site* within three (3) years of when it was determined to be permanently disconnected, you will have to sign up for *gas distribution service* as described in Part 2 of these Rules. In addition, you will have to pay the costs of the original disconnection, any removal of our *lines and equipment* and the restoration of *gas distribution service*.
13. If you want us to restore *gas distribution service* to a *service site* more than three (3) years after it was determined to be permanently disconnected, we will treat it as a new application for service.

***A temporary disconnection can extend for more than one year***

14. There may be reasons why you do not want a temporary disconnection to become a permanent disconnection. If you want the disconnection to remain temporary for a period

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greater than twelve (12) months, you need to tell us in advance. The minimum charge will apply for as long as you require the temporary disconnection.

***There is a charge for turning your gas on if it has been temporarily turned off***

15. If we temporarily turned your gas off because you or your *retailer* asked us to, or because you have not followed these Rules, you will have to pay a reconnection fee every time gas to the *service site* is turned on. You are also required to pay for other costs, such as costs to reinstall the meter and any other *lines and equipment* necessary to restore *gas distribution service*. Our fees are shown in the Special Charges Schedule. Until these charges and any other debts you owe us are paid, we may refuse to turn on the gas or provide other services.

***Irrigation customers are charged a different fee for turning gas on and off***

16. We do not charge a fee the first time we turn gas on at an irrigation *service site* at the start of each irrigation season. Also, we do not charge to turn gas off at an irrigation *service site* when each irrigation season ends. However, if you want your gas turned on or off at any other time for an irrigation *service site*, we will charge the irrigation disconnection/reconnection fee as shown in the Special Charges Schedule attached to these Rules.
17. The minimum charge still applies for the time your gas is temporarily turned off during the irrigation season. This is because we must continue to operate and maintain *our system* whether you are using gas or not.

## **Part 7 Paying your bills**

***Who you purchase your gas from will determine who bills you***

1. If you are a *default supply* customer, we will directly bill you for *default supply* and *gas distribution service*.
2. If you are a *retail supply* customer, your *retailer* will bill you for *retail supply* and *gas distribution service*.

***We bill you for contributions and alteration costs***

3. We will directly bill you for installing new *lines and equipment* or altering the existing *gas distribution system*.

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***Payment terms depend on who bills you***

4. **The following payment terms in Part 7 of these Rules only apply to you as a *default supply customer*.** Payment terms as a *retail supply* customer will depend on your *retail supply* contract.

***Our budget payment plan allows equal monthly payments***

5. Our *budget payment plan* is available to most *default supply* customers. If you want to be on our plan, you have to tell us. If we accept your request to join our *budget payment plan*, we will estimate your annual *utility service* costs from July until the following June. Our estimate will use our *Commission*-approved *gas distribution service* rates, historic weather information, current and forecast natural gas prices, and historic natural gas consumption at the *service site*, or similar *service site* if yours is new. Your monthly *budget payment plan* payment is calculated by dividing the estimated annual costs by eleven (11). We divide by eleven because the twelfth month of the plan is used to true up your account.
6. Our *budget payment plan* is not available to you if you are served under our Irrigation Pumping Service or Demand/Commodity General Service rate classes.

***We may re-estimate your costs and subsequently adjust your monthly budget payment plan amount***

7. We will review your *budget payment plan* to determine if we need to adjust your monthly payment to avoid a large over or under-paid balance in June. First, we will calculate the difference between your actual cost for *utility service* and the payments you made since the start of the plan year. Second, we will estimate your costs for the remainder of the plan year, using factors such as forecast weather, rates and gas prices. Third, we will combine the difference we calculated in the first step with the re-estimate of costs for the remainder of the current plan year from the second step. Fourth, we will divide the result from the third step by the number of months remaining in the plan year less one. We divide by the number of months remaining in the plan year less one because the final month of the plan is used to true up your account. The result of the fourth step will be your new monthly *budget payment plan* payment amount.

***We true up our budget payment plan accounts once a year***

8. In June, the twelfth and final month of the plan year, we calculate the difference between your actual costs for *utility service* and payments you made. We will either charge or credit your June bill for the difference. Generally, we will refund credit balances only if they are large.

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***Customers can join our budget payment plan at any time***

9. Even though our *budget payment plan* starts in July, customers can join the plan anytime. Your monthly payment will depend on when you join. No matter when you join, you will need to pay any balance owing before starting on the plan. If you want to be on the plan, you must tell us.

***Your participation in our plan will end on certain conditions***

10. Your participation in our budget payment plan will end if you:
- Notify us at least five full working days before you want out of the plan;
  - Stop taking *utility service*;
  - Become a *retail supply* customer; or
  - Do not make your full monthly payments on time.

***We bill regularly***

11. We will send you a bill every month. The due date for current charges is 21 days from the statement date. If the bill has not been fully paid by the due date, you will have to pay a late payment charge on the unpaid amount. You should make sure your method of payment will allow enough time for your payment to reach us before the due date.
12. Your bill may include unpaid charges from a previous bill. Any payment you make to us will first be applied to unpaid balances.

***We will apply a late payment charge to overdue amounts***

13. Your current bill will include a late payment charge if you had any unpaid balance after the due date specified on your previous bill. The late payment charge is calculated as 1.5% of the unpaid balance, including unpaid previous late payment charges.

***We may correct a previous bill***

14. If we determine that we have incorrectly billed you, we will correct the error. We don't have to make corrections for bills more than two years old.

***We may need to have a security deposit from you***

15. We may require you to give us a security deposit or some other form of security we think is acceptable before we turn the gas on at your *service site*. If we turn the gas on after requiring a security deposit from you, and you do not pay a security deposit when we expect you to, we can turn the gas off as long as doing so does not conflict with these Rules.

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16. We may also ask for a security deposit at any time after service has started if you do not have a *good payment history* or if we have had to turn your gas off for not paying your bill on time. What we mean by *good payment history* is explained in the definitions at the end of these Rules.

17. The amount of the security deposit will not be more than our estimate of the total of your three highest consecutive monthly bills in any 12-month billing period. It will be returned to you, with interest, when you have a *good payment history*. If you are in debt to us for any *utility service* we previously provided to you anywhere, we will require you pay that debt no matter how old it is, before we will turn your gas on.

***We can use your security deposit to pay your unpaid bills***

18. If you do not pay a bill on time, we can use the security deposit to pay it. If we do, you must immediately pay us enough to restore the security deposit to its full amount. If you stop *utility service* or become a *retail supply* customer, we will deduct anything you owe us from the security deposit and return any remaining security deposit with interest.

***We pay interest on security deposits***

19. We will pay interest on your security deposit. At a minimum, the interest rate will be the security deposit interest rates set by the provincial government for mobile home site tenants and residential tenants.

***We pay you the interest on your security deposit when certain things happen***

20. We will pay you the interest on your security deposit as soon as one of the following things happens:

- The security deposit is returned;
- The security deposit is applied to your account;
- We send notice to your last known address indicating the security deposit is no longer required;
- You stop taking *utility service*; or
- You become a *retail supply* customer.

***You pay if there are problems with your payments***

21. If you pay us by cheque and the bank does not honour the cheque, we will charge you a dishonoured payment charge. If your cheque needs to be certified, we will charge you a cheque certification charge. If you pay us through the bank using a pre-authorized payment plan and the bank does not honour the withdrawal, we will charge you a dishonoured payment charge. The amounts of these charges are shown in the Special Charges Schedule attached to these Rules.

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*We will not accept unusual forms of payment*

22. We follow the Bank of Canada rules limiting the kinds of currency we accept. Payment by cheque must be on a normal bank cheque form. We will also accept payment by credit card. You can find out what credit cards we accept through our website at [www.altagasutilities.com](http://www.altagasutilities.com) or by telephone through our toll-free General Inquiry number.

## **Part 8 Arranging your gas supply**

*Starting out, you may be a default supply customer or a retail supply customer*

1. If you have not signed a contract with a *retailer* to become a *retail supply* customer, then, when you sign up for *gas distribution service*, your gas supply will initially be *default supply* and you will be a *default supply* customer.
2. If you have a contract with a *retailer* and your *retailer* has already arranged for *gas distribution service* to your *service site*, your gas supply will be *retail supply* and you will be a *retail supply* customer.

*If you are a default supply customer, you must contact us if you are moving*

3. If you plan to move to or from a *service site* on *our system* and you are a *default supply* customer, you must inform us of your moving plans. We need to know in advance if you are planning to move. To contact us, please use the General Inquiry contact information located at the end of these Rules.
4. If you want to end *utility service* at any *service site*, you must do so in accordance with Part 9 of these Rules.

*If you are a retail supply customer you must contact your retailer if you are moving*

5. If you plan to move to or from a *service site* on *our system* and you are a *retail supply* customer, you must inform your *retailer* of your moving plans. Your retailer will then notify us.

*Whether a default supply or retail supply customer, additional time may be required to deliver your gas supply if new lines and equipment are required*

6. If you plan to move to a *service site* where new *lines and equipment* are required, we may need extra time before we are able to deliver your gas supply.

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*If you change gas services providers, we need to know*

7. If you are currently a *default supply* customer and want to become a *retail supply* customer, you must first have a contract with a *retailer*. Your *retailer* will notify us of your change in gas supply arrangements.
8. If you switch from one *retailer* to a different *retailer*, the *retailer* you are switching to will notify us of your change in gas supply providers.
9. If you are currently a *retail supply* customer and want to become a *default supply* customer, you must notify your *retailer*. Your *retailer* will notify us of the change in gas supply providers.

*Disagreements about retailer services are between you and your retailer*

10. Any disagreement about the *retail supply* service you receive is between you and your *retailer*. In most cases, we will not be involved if you have a disagreement with your *retailer*. It is important for you to fully understand the terms and conditions of the contract with your *retailer*.

## **Part 9 Stopping utility services or gas distribution service**

*Stopping gas distribution service for an emergency*

1. If you need to stop *gas distribution service* for an emergency, contact us directly and immediately.

**In an emergency, call us immediately from a safe location using our emergency phone number (toll-free 1-866-222-2068 or direct 1-780-980-6701). Alternatively, call the fire department.**

*If you are a default supply customer, you should notify us to stop taking utility services*

2. If you are a *default supply* customer and want to stop receiving delivery of gas to your *service site*, you will need to tell us to stop providing *utility services* to that *service site*.
3. Unless you have a contract with us containing other termination provisions, you can terminate *utility service* at your *service site* by telling us when you want it stopped. We will terminate *utility service* to that *service site* on the date you specify or within five (5) working days after the date we get the notice, whichever is the latest.



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4. *Utility services* may be stopped for a number of reasons, such as if you plan to move to a different location, ask us to relocate our *lines and equipment*, ask us to turn the gas off for *service site* renovations or ask us to permanently end gas use at the *service site*.
5. To provide notice to us, please use the General Inquiry contact information located at the end of these Rules.
6. Until we receive proper notice, you have all the responsibilities set out in these Rules or in any contract we have with you, whether you are actually taking gas or not. For example, if you move without telling us, you must continue to pay us for *utility service* provided at the *service site*, even if you did not personally receive it.

***If you are a retail supply customer, depending on the circumstances, you should notify either your retailer or us to stop taking gas distribution service***

7. If you are a *retail supply* customer and want to stop receiving delivery of gas to your *service site*, you or your *retailer*, if applicable, will need to tell us to stop providing *gas distribution services* to that *service site*.
8. Whether you or your *retailer* contacts us will depend upon the reason for terminating *gas distribution service*.
  - If you need to stop *gas distribution service* because you require our *lines and equipment* to be relocated, you are undertaking renovations at the *service site*, you plan to permanently end gas use at the *service site* or you have any other reason which may affect our *lines and equipment*, you should contact us directly. To provide notice to us, please use the General Inquiry contact information located at the end of these Rules.
  - If you need to stop *gas distribution service*, but it does not affect our *lines and equipment*, such as if you plan to move to a different location, you should contact your *retailer*. Your *retailer* will then notify us of your plans and provide us with the date for terminating *gas distribution service* according to standard industry rules and transactions.
9. Until we receive proper notice from your *retailer*, your *retailer* has all the responsibilities set out in these Rules or in any contract we have with your *retailer*, whether you are actually taking gas or not. For example, if you move without telling your *retailer*, your *retailer* must continue to pay us for *gas distribution service* provided at the *service site*, even if you did not personally receive it.

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***We continue to bill during a temporary disconnection***

10. We will continue to bill during a temporary disconnection of *utility services* or *gas distribution service*. We will stop billing only if *utility services* or *gas distribution service* has been permanently stopped.

***There will be a charge for terminating service on a non-working day***

11. We will normally terminate *utility service* or *gas distribution service* on a working day. If we agree to terminate service on a day other than a working day, there will be a charge for the actual cost of performing the work.

***You may request a permanent disconnection from our system***

12. Unless you have a contract with us containing other termination provisions, you may ask us to permanently turn your gas off at the *service site*. We will, as long as doing so does not conflict with these Rules and you have provided proper notice. If you are not the owner of the *service site*, we will require permission in writing from the owner before we perform the disconnection. We don't have to remove our *lines and equipment* from the *service land* and *service site*, but we may choose to do so for safety or other reasons.
13. If you want us to restore *utility service* or *gas distribution service* to a *service site* within three (3) years of when it was determined to be permanently disconnected, you will have to pay the costs of the original disconnection, any removal of our *lines and equipment* and the restoration of *utility service* or *gas distribution service*. If you want us to restore *utility service* or *gas distribution service* to a *service site* more than three (3) years after it was determined to be permanently disconnected, we will treat it as a new application for service.

***We can stop gas distribution service in emergencies***

14. If we think it will be hazardous to continue delivering gas to the *service site*, we can immediately, without notice, stop *utility service* or *gas distribution service*. We can also do this if we think it is necessary to protect people or property in a fire, flood, or any other situation we consider an emergency.

***We can stop gas distribution service for a number of other reasons***

15. We can temporarily or permanently stop the service we provide you at any *service site* on forty-eight (48) hours notice for any of the following reasons:
- Gas is not available, either temporarily or permanently;
  - We have to make repairs to *our system*;
  - You have not paid your bills on time;

AltaGas Utilities Inc.

Natural Gas Utility Service Rules

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- You have not paid a security deposit when asked to or have not made a payment necessary to restore the security deposit when some, or all, of it has been applied to your account;
- You are insolvent or have assigned essentially all your assets;
- You have used defective pipe, appliances or gas fittings or have insisted on a form of service we think is unsafe;
- The natural gas lines and equipment you own have not been installed and maintained according to federal, provincial, or municipal laws;
- You are using gas contrary to the terms of these Rules or to any contract we have with you;
- You have misrepresented what you are using gas for or how much you are using;
- You move from the *service site*;
- We cannot get to our meter at the *service site* for four or more consecutive months;
- Service has been terminated according to some other provision of these Rules;
- You stop using gas at the *service site*;
- You threaten or harass any of our employees or agents as they carry out their duties;
- You prevent us from doing anything we are entitled or obligated to do;
- You do not make a proper application for service; or
- It is necessary to protect people or property.

16. To be clear, if there is an emergency or if we think it will be hazardous to continue delivering gas to the *service site*, we can immediately, without notice, stop *utility service* or *gas distribution service*.

***We can also stop service at the request of your retailer***

17. If you are a *retail supply* customer, your *retailer* can ask us to terminate the service we provide you. We will comply with their request unless doing so would violate these Rules or our Retailer Distribution Service Rules.

***When you stop gas distribution service, you may have to read the meter for us***

18. If you are a *default supply* customer and you tell us you no longer want gas distribution service, we can ask you to take a final reading of the meter and report it to us

***Notice of service interruption or termination***

19. When we notify you about stopping *utility service* or *gas distribution service* or terminating your *service agreement*, it can be by mail, by facsimile (fax), by electronic mail (e-mail), in person, by telephone, on your bill or by a notice left at the *service site*.

AltaGas Utilities Inc.

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***Land use rights outlive the service***

20. We can stop providing *utility service* or *gas distribution service* at a *service site* without losing our rights to use the related *service land* – they continue until terminated under these Rules.

***Continuous supply***

21. We will make all reasonable efforts to maintain a continuous supply of gas to you, but we cannot always guarantee it.

## **Part 10 Liability, responsibility and other legal matters**

***Alberta law governs our contract***

1. These Rules are part of every *service agreement* and all our service agreements are governed by the laws of Alberta.

***The gas is only for use at the service site***

2. Unless you have our written consent, you cannot use, or allow anyone else to use, gas supplied to the *service site* in some other place and you may not resell the gas we deliver to you.

***Verbal agreements don't apply***

3. No employee or anyone else claiming to represent us can promise or agree to do anything inconsistent with these Rules and, if they do, the promise or agreement has no effect.

***You need our consent to transfer your agreement***

4. Your *service agreement* is yours alone, including anyone the law says stands in your place, and it cannot be assigned to anyone else without our written consent.

***You are responsible for your property, and we are for ours***

5. You are fully responsible for installing, maintaining and operating your property, as we are for ours. You must pay any costs we incur from a claim or demand for injury, death or damage resulting from the installation, presence, maintenance and operation of your property, so long as it is not caused by our negligence.

AltaGas Utilities Inc.

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*Neither of us has to pay for disruptions beyond our control*

6. You have no claim against us for damages if we cannot distribute or supply gas to you because of an emergency or disruption beyond our control. For example: disruptions in supply caused by weather catastrophes, labour disputes, fires, accidents, pipeline or machinery breakdowns or repairs, shortages of gas supply or orders of a legislative body or other authority. Similarly, in such circumstances, we have no claim against you if you are unable to take gas. However, once the emergency or disruption ends, we will resume delivering gas to you, and you will resume taking it, as provided for in these Rules and our *service agreement*.

## Part 11 List of definitions

In these Rules,

- *budget payment plan* means the plan set out in Part 7;
- *Commission* means the Alberta Utilities Commission;
- *default supply* means *gas services* provided by AltaGas Utilities Inc.;
- *delivery point* means the outlet of the meter at your *service site*;
- *Electricity and Gas Inspection Act* means the *Electricity and Gas Inspection Act (R.S., 1985, c. E-4)*, as amended from time to time;
- *gas distribution service* means the service required to deliver gas to our customers by means of our *gas distribution system* and includes any services AltaGas Utilities Inc. is required to provide by the *Commission* or is required to provide under the Act or regulations made thereunder;
- *gas distribution system* means all those facilities owned or used by AltaGas Utilities Inc. to deliver gas to our customers through a system of pipelines, works, plant and equipment and is primarily a low pressure system (including without limitation *lines and equipment*, valves, meters, regulators and machinery);
- *gas service(s)* as defined in the Act means:
  - i. The gas that is provided and delivered, and
  - ii. The services associated with the provision and delivery of the gas, including:
    - a) arranging for the exchange or purchase of the gas,

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Natural Gas Utility Service Rules

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- b) making financial arrangements to manage the financial risk associated with the price of gas,
  - c) arranging for *gas distribution service*,
  - d) arranging for delivery of gas to the gas distributor's specified receipt points or points,
  - e) storage,
  - f) billing, collections and responding to customer billing inquiries,
  - g) maintaining information systems, and
  - h) any other services specified by the Minister by Order as *gas services*.
- *Gas Utilities Act or Act* means the *Gas Utilities Act (R.S.A. 2000, c. G-5)*, as amended from time to time;
  - *good payment history* means, at a particular time, your account has not been in 60-days arrears more than once, or 30-days arrears more than twice, in the previous 12 months;
  - *lines and equipment* means all the facilities of our *gas distribution system* leading up to the *delivery point* and anything else we own and install to provide you with *gas distribution service* – *lines and equipment* exclude gas appliances or secondary gas lines you own, whether or not we sold them to you or installed them for you;
  - *our system* means our *gas distribution system*;
  - *retail supply* means *gas services* provided by a *retailer*;
  - *retailer* means a person or company other than us that sells *gas services* directly to our customers and is entitled to enrol our customers for that purpose within our service area;
  - *service agreement* means the agreement between us, as the provider of *utility service*, and you, as our customer, whether the agreement is made by signing a contract or simply by providing you with *utility service* on the basis of these Rules;
  - *service land* means the parcel of land where the *service site* is located;
  - *service requirements* means any or all of the hourly or daily volume of gas, the energy content of the gas, and the pressure and temperature at which the gas is delivered, to provide the *utility service*
  - *service site* means the building or thing we deliver gas to, or provide *gas distribution service* at, under the *service agreement*;
  - *utility service* means *gas distribution service*, by itself, or *gas distribution service* and *default supply* together, as defined in the *Gas Utilities Act (R.S.A. 2000, c. G-5)*.

AltaGas Utilities Inc.

Natural Gas Utility Service Rules

**AltaGas Utilities Inc.**  
**Special Charges Schedule**

In a number of places the Natural Gas Utility Service Rules refer to special charges for some services. Following is a list of the charges, as approved by the Alberta Utilities Commission, when initially established. However, for the most current list of our standard non-refundable contributions, please go to [www.altagasutilities.com](http://www.altagasutilities.com) or contact us toll-free using our General Inquiry phone number to find current rates. For a current list of charges, please refer to our website at [www.altagasutilities.com](http://www.altagasutilities.com) or contact us at the numbers provided at the end of these Rules:

<b>Special Charge</b>	<b>Fee</b>
Account Activation Fee .....	\$ 35
Remove and test meter - per meter:	
Residential .....	\$ 75
Other .....	Actual Cost
Special meter readings - each time .....	\$ 35
Reconnection Fee:	
Residential .....	\$ 50
Other (except Irrigation) .....	Actual Cost
Irrigation Disconnection/Reconnection Fee:	
Each time (except normal season start and end) .....	\$ 75
Reinstallation of Meter/Regulator:	
Residential .....	\$ 75
Other .....	Actual Cost
Dishonoured payment charge (NSF cheque, etc.) - each time .....	\$ 25
Cheque certification charge - each time .....	\$ 10
Any other service at Customer's Request .....	Actual Cost
Late Payment Percentage	
Applied to any unpaid balance from previous bills .....	1.5%

Note: "Actual Cost", where referenced, means our direct costs for labour, materials, services and equipment plus applicable overheads.

AltaGas Utilities Inc.

Natural Gas Utility Service Rules

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**AltaGas Utilities Inc.**  
**Special Charges Schedule (continued)**

**AUC Rule 003 – Service Quality and Reliability Performance Monitoring and Reporting  
for Regulated Rate Providers and Default Supply Providers**

**Service Guarantee for Customers Who Purchase Default Supply**

We will credit your account with us for \$75 if:

- You were provided written notice of pending disconnection of service in error;
- You were provided written notice of pending referral to a credit agency in error;
- You were referred to a credit agency in error; or
- You experienced disconnection of service in error.

The \$75 credit will not be applied if the error was not made by us or if:

- Our written notice of pending disconnection or pending referral to a credit agency was not issued in error and our notice and your payment crossed in the mail;
- Our written notice of pending disconnection or pending referral to a credit agency was not issued in error and our notice was in mail transit at the time you made or attempted to make payment by visiting the premises of an authorized payment acceptance establishment, such as a bank, trust company or credit union;
- Our written notice of pending disconnection or pending referral to a credit agency was not issued in error and our notice was properly mailed, but you did not pick up the mail from locations, such as a post office, super mail box or home mail box;
- Our written notice of pending disconnection or pending referral to a credit agency was not issued in error and our notice was undelivered by the mail delivery service; or
- You attempted to make payment to one of our employees or someone hired by us to disconnect your *service site* and the disconnection was not in error, but that person was not authorized to accept payment.



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Natural Gas Utility Service Rules

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## AltaGas Utilities Inc. Special Charges Schedule (continued)

### Non-Refundable Contributions

Applications for service will require a non-refundable contribution. In most cases, a standard contribution is all that is required. Services uneconomic with a standard contribution will require an additional non-refundable contribution.

### Standard Non-Refundable Contributions

Standard contributions are filed for acknowledgment with the Commission when they are initially established and, thereafter, whenever they are changed. For a current list of our standard non-refundable contributions, please go to [www.altagasutilities.com](http://www.altagasutilities.com) or contact us toll-free using our General Inquiry phone number to find current rates.

### Non-Standard Non-Refundable Contributions

Winter Construction – Should the service be requested for installation under winter construction conditions, the customer is responsible for the incremental frost charges.

Other – If it is not economic to consider an application for service under a standard contribution, it will be evaluated individually to determine a specific, non-refundable contribution.

### Calculation of Specific Non-Refundable Contributions

The calculation of a specific non-refundable contribution will be based on a net present value analysis applying the following criteria:

- a) An estimate of the total capital costs of providing service;
- b) An estimate of the total annual operating costs of providing service;
- c) The *Commission*-approved return on common equity, interest rate, depreciation rates, income taxes and capital structure;
- d) An estimate of the expected net revenue that will accrue from the addition of the service.

The additional contribution will be the amount required to make the net present value of the revenue stream equal the revenue requirement stream.

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Natural Gas Utility Service Rules

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**AltaGas Utilities Inc.**  
**Special Charges Schedule (continued)**

**Additional Criteria:**

- Rate 1/11 – Town – A *service site* located within an incorporated municipality, such as a village, town or city;
- Rate 1/11 – Rural Subdivision – A *service site* not defined as ‘Town’, but located in an AltaGas Utilities Inc. designated subdivision;
- Rate 1/11 – Rural Other – A *service site* which is neither defined as ‘Town’ nor ‘Rural Subdivision’
- Other – A *service site* which is served under any rate other than Rate 1/11.

AltaGas Utilities Inc.

Natural Gas Utility Service Rules

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## AltaGas Utilities Inc. Contact Information

The following information was current at the time these Rules were prepared. Please refer to our website, your local telephone listings or other trustworthy source for updates to this information.

### AltaGas Utilities Inc.

General Inquiry (toll-free).....1-866-222-2067  
Credit & Collections (toll-free).....1-866-222-2069  
Meter Reads (toll-free).....1-866-222-2070

### 24-HOUR EMERGENCY

Toll-Free .....1-866-222-2068  
Direct.....1-780-980-6701

Website ..... [www.altagasutilities.com](http://www.altagasutilities.com)

### Call Before You Dig!

Alberta One-Call

Toll-Free .....1-800-242-3447  
Website ..... [www.alberta1call.com](http://www.alberta1call.com)

### Retail Market Inquiries

Utilities Consumer Advocate

Toll-Free In Alberta ..... 310-4822  
Outside of Alberta..... 780-644-5130  
Website ..... [www.ucahelps.gov.ab.ca](http://www.ucahelps.gov.ab.ca)

**AltaGas Utilities Inc.**  
**RETAILER DISTRIBUTION**  
**SERVICE RULES**

Effective: October 7, 2010

**AltaGas Utilities Inc.**  
**Retailer Distribution Service Rules**

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## ARTICLE 1 – Context

### 1.1. Application

These Retailer Distribution Service Rules are part of every Service Contract of AltaGas Utilities Inc.

### 1.2. Relationships

These Retailer Distribution Service Rules govern the relationship between AUI and the Retailer or any Agent acting on behalf of the Retailer. These Retailer Distribution Service Rules also govern the relationship between AUI and the Customer. These Retailer Distribution Service Rules complement AUI's Commission-approved Natural Gas Utility Service Rules, are part of AUI's Gas Distribution Tariff and must be approved by the Commission. They apply to every Retailer unless varied by an Order of, or agreement approved by, the Commission.

### 1.3. Customers and Agents

Where the Customer has appointed the Retailer to act on the Customer's behalf, the Retailer will act in place of the Customer. Notwithstanding the foregoing, where the Retailer requires AUI to bill for Gas Distribution Service separately, AUI reserves the right to bill the Customer directly and receive payments for Gas Distribution Service directly from the Customer. Under this arrangement, AUI's Natural Gas Utility Service Rules apply with respect to payment terms for the Customer.

### 1.4. Applicable Rate

When accepting a Service Contract, AUI will designate the rate to be applied to the service in accordance with the Natural Gas Utility Service Rules.

### 1.5. Definitions

The following words or terms, when used in these Retailer Distribution Service Rules, the Rate Schedule or in a Service Contract will, unless the context otherwise requires, have the following meanings:

“Act” means the *Gas Utilities Act – R.S.A. 2000 c.G-5*, as amended from time to time, and any legislative enactment in substitution or replacement thereof;

“Agent” means a person who performs functions on behalf of a Retailer, including, but not limited to, retailer transactions with AUI;

“AltaGas Utilities Inc.” or “AUI” means AltaGas Utilities Inc. or its successor;



“ATCO” means ATCO Gas and Pipelines Ltd., or its successors;

“AUC” means the Alberta Utilities Commission;

“AUI Emergency Phone Number” means AltaGas Utilities Inc.’s Emergency Phone Number as provided on AUI’s website at [www.altagasutilities.com](http://www.altagasutilities.com). At the time these Retailer Distribution Service Rules were prepared, the AUI Emergency Phone Number was 1-866-222-2068.

“AUI General Inquiry Phone Number” means AltaGas Utilities Inc.’s General Inquiry Phone Number as provided on AUI’s website at [www.altagasutilities.com](http://www.altagasutilities.com). At the time these Retailer Distribution Service Rules were prepared, the AUI General Inquiry Phone Number was 1-866-222-2067.

“Billing Commencement Date” means the commencement date for assessing the tariffs and charges set forth in these Retailer Distribution Service Rules or the Date of Initial Delivery, whichever date first occurs. However, the Billing Commencement Date may be adjusted by AUI if AUI is unable to commence Gas Distribution Service under the Service Contract on such date;

“Business Day” is any day other than Saturday, Sunday, or a holiday as defined in the *Interpretation Act, R.S.A. 2000, c 1-8*, as amended from time to time and any legislative enactment in substitution or replacement thereof;

“Code of Conduct Regulation” means the *Code of Conduct Regulation, A.R. 183/2003*, as amended from time to time and any legislative enactment in substitution or replacement thereof;

“Commission” means the Alberta Utilities Commission or AUC;

“Consumer” means a person who enters into a marketing contract to purchase less than 2500 gigajoules of gas per year as defined in the *Energy Marketing and Residential Heat Sub-Metering Regulation, A.R. 246/2005*, as amended from time to time, and any legislative enactment in substitution or replacement thereof;

“Contract Demand” means the maximum quantity of Gas in any consecutive twenty-four (24) hour period AUI is obligated to deliver to the Point of Delivery, as agreed between the parties to the Service Contract;

“Customer” means a person, firm, partnership, corporation or organization, served under Rates 11, 12, 13, or 14 pursuant to the Rate Schedule, consuming Gas in end-use at its location and is connected to the Gas Distribution System;

“Customer Billing Information” means the information required to be included in the Customer’s bill issued by the Retailer as required by the *Natural Gas Billing Regulation, A.R. 185/2003* and provided by AUI;

“Customer Information” means a Customer’s name, telephone number(s), mailing address, Site-specific contact information and other information required by AUI to provide a Customer with safe, reliable Gas Distribution Service;

“Customer Usage Information” means information regarding the historical consumption of a Customer as it applies to Article 4.2;

“Date of Initial Delivery” means the date AUI commenced Gas Distribution Service under the Service Contract;

“Day” means a period of twenty-four (24) consecutive hours, beginning and ending at eight hours (08:00), Mountain Standard Time;

“Defaulting Party” will have the meaning set out in Article 14;

“Gas” means all natural gas, both before and after it has been subjected to any treatment or process by absorption, purification, scrubbing or otherwise, and includes all fluid hydrocarbons;

“Gas Distribution Service” means the service required to deliver Gas to a Customer by means of the Gas Distribution System and includes any services AUI is required to provide by the Commission or under the Act or regulations made thereunder;

“Gas Distribution System” means all facilities owned or used by AUI to deliver Gas to a Customer through a system of pipelines, works, plant and equipment that is primarily a low pressure system, including, without limitation, valves, meters, regulators and machinery;

“Gas Distribution Tariff” means AUI’s distribution tariff, including its rates, tolls, charges and terms and conditions of service fixed by the Commission, as defined in the Act, and amended from time to time;

“Gas Services” as defined in the Act means:

- i. The Gas provided and delivered, and
- ii. The services associated with the provision and delivery of the Gas, including
  - a) Arranging for the exchange or purchase of the Gas;
  - b) Making financial arrangements to manage the financial risk associated with the price of gas;

**AltaGas Utilities Inc.**  
**Retailer Distribution Service Rules**

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- c) Arranging for Gas Distribution Service;
- d) Arranging for delivery of Gas to specified Point(s) of Receipt on the Gas Distribution System;
- e) Storage;
- f) Billing, collection and responding to customer billing inquiries;
- g) Maintaining information systems; and
- h) Any other services specified by the Minister by Order as Gas Services;

“GJ” means gigajoules or one billion (1,000,000,000) joules;

“Imbalance Account” has the meaning set out in Article 7.2;

“Imbalance Quantity” means the difference between the total number of GJ contained in the Gas received by AUI at the Point of Receipt, less Unaccounted-For-Gas, and the total number of GJ contained in the Gas AUI delivered to the Customer at the Point of Delivery;

“J” means joule;

“Month” means a period beginning at eight hours (08:00), Mountain Standard Time, on the first Day of a calendar month and ending at eight hours (08:00), Mountain Standard Time, on the first Day of the next succeeding calendar month;

“Monthly Imbalance Quantity” means the Imbalance Quantity for a Month;

A positive Monthly Imbalance Quantity or excess refers to a situation where the total number of GJs contained in the Gas received by AUI at the Point of Receipt in such Month is greater than the total number of GJ contained in the Gas AUI delivered to the Customer, plus Unaccounted-For-Gas, at the Point of Delivery in such Month.

A negative Monthly Imbalance Quantity or deficiency refers to a situation where the total number of GJs contained in the Gas received by AUI at the Point of Receipt in such Month is less than the total number of GJ contained in the Gas AUI delivered to the Customer, plus Unaccounted-For-Gas, at the Point of Delivery in such Month.

“Natural Gas Utility Service Rules” means the AUI Natural Gas Utility Service Rules, as amended by AUI and approved by the Commission, from time to time;

“Nomination” means a written or electronic request for Gas to flow at a Point of Receipt or a Point of Delivery at a specified rate of flow, commencing at a specified time; or, a specified quantity on a specified date;

“Nomination Quantity” has the meaning set out in Article 7.1;

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“Non-Defaulting Party” has the meaning set out in Article 14;

“Notice of Non-Renewal” has the meaning set out in Article 11.2;

“Point of Delivery” means the point or points on AUI’s system where AUI delivers from the Gas Distribution System to the Customer the Gas delivered under the Service Contract;

“Point of Receipt” means the point on AUI’s system where the Gas to be delivered under the Service Contract first enters the Gas Distribution System;

“R3 Regulation” means the *Roles, Relationships and Responsibilities Regulation, A.R. 186/2003*, as amended from time to time and any legislative enactment in substitution or replacement thereof;

“Rate Schedule” means the Gas Distribution Tariff rate schedule, including the general conditions of service, any applicable gas distribution service rates and any applicable rate riders and/or such other rate schedule(s) as may be approved for AUI by the Commission, from time to time;

“Retailer” means a person or company other than AUI selling Gas and Gas Services directly to Customers and that is entitled to enrol Customers for that purpose within AUI’s service area. The term “Retailer” includes Self-Retailers and Agents acting on behalf of Retailers;

“Retailer Distribution Service Rules” means the AUI Retailer Distribution Service Rules;

“Retailer of Record” means the Retailer listed in AUI’s records through the procedures outlined in these Retailer Distribution Service Rules and recognized by AUI pursuant to these Retailer Distribution Service Rules as a particular Customer’s Retailer for a Site at a particular time;

“Retailer ID” means the unique identifier for each Retailer operating within Alberta, as referenced in Rule 004, Rule 010 and Rule 021;

“Rule 004” means AUC Rule 004 - Alberta Tariff Billing Code Rules, as set by the Commission and amended from time to time;

“Rule 010” means AUC Rule 010 - Rules on Standards for Requesting and Exchanging Site-Specific Historic Usage Information for Retail Electricity and Natural Gas Markets, as set by the Commission and amended from time to time;

“Rule 021” means AUC Rule 021 - Settlement System Code Rules, as set by the Commission and amended from time to time;

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“Self-Retailer” means a Customer carrying out Retailer functions to obtain Gas solely for its own use;

“Service Contract” means the Retailer Distribution Service Contract between AUI and the Retailer, or between AUI and a Self-Retailer, including all schedules attached to the Contract and these Retailer Distribution Service Rules;

“Site” means a unique end-use Point of Delivery, being the finest level where settlement recognizes Retailer assignments and receives consumption data;

“Site ID” means a unique identification number assigned by AUI for each Site;

“Special Charges Schedule” means the Special Charges Schedule found in the AUI Natural Gas Utility Service Rules;

“Specific Facilities” means those facilities installed by AUI for the benefit of the Customer and required to deliver Gas;

“TCPL” means TransCanada Pipeline Ltd., including NOVA Gas Transmission Ltd. and their successor(s);

“Unaccounted-For Gas” means a Customer’s share of AUI’s line loss, unaccounted-for gas and compressor fuel at the Customer rates specified in the Rate Schedule;

“Year” means a period commencing on the Billing Commencement Date or anniversary of same and ending on the next succeeding anniversary of the Billing Commencement Date.

#### **1.6. Conflict**

If there is any conflict between a provision expressly set out in an Order of the AUC and these Retailer Distribution Service Rules, the Order of the AUC will govern.

#### **1.7. Interpretation**

- (1) In the interpretation of the Service Contract, words in the singular will be read and construed in the plural or words in the plural will be read and construed in the singular where the context so requires.
- (2) The headings used throughout the Service Contract are inserted for reference only and are not to be considered or taken into account in construing the terms or provisions of any article, clause or schedule nor are they to be deemed in any way to qualify, modify or explain the effect of any such provisions or terms.

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- (3) The definitions of all units of measurement and their prefixes used throughout the Service Contract will be in accordance with the International System of Units.

## ARTICLE 2 – General Provisions

### 2.1. Distribution Only

The Service Contract is solely for Gas Distribution Service and the Retailer and the Customer do not acquire any title or interest in the Gas Distribution System of AUI, nor does AUI acquire any title or interest in the Gas being delivered under the Service Contract.

### 2.2. New Gas Distribution System or Additional Services

AUI reserves the right to communicate directly with the Customer in respect of any requests made by the Customer or a party acting on the Customer's behalf for the construction of new Gas Distribution System facilities or additional services, as provided for in the *Natural Gas Billing Regulation, A.R. 185/2003*, as amended from time to time.

### 2.3. Gas Under AltaGas Utilities Inc. Control

Gas delivered to AUI by the Retailer for Gas Distribution Service will be under the exclusive control of AUI from the time such Gas is accepted at the Point of Receipt until delivered to the Point of Delivery.

### 2.4. AltaGas Utilities Inc. Determines Routing

AUI does not dedicate the Gas Distribution System or any segment of the Gas Distribution System for Gas Distribution Service for the Retailer or the Customer and, accordingly, the routing and facilities used for Gas Distribution Service for the Retailer will be at AUI's discretion and may change from time to time.

## ARTICLE 3 – General Obligations of the Retailers

### 3.1. Timeliness and Due Diligence

- (1) The Retailer is required to exercise due diligence and use reasonable efforts in meeting its obligations under these Retailer Distribution Service Rules and perform its obligations in a timely manner.
- (2) The Retailer must adhere to all credit, deposit and security requirements specified in these Retailer Distribution Service Rules.

- (3) The Retailer is required to make every reasonable effort to ensure the Customer is aware of the provisions of these Retailer Distribution Service Rules and the Natural Gas Utility Service Rules.

### **3.2. Arrangements with the Customer**

Unless otherwise stated in these Retailer Distribution Service Rules, the Retailer will be solely responsible for having appropriate contractual or other arrangements with the Customer necessary to provide service to the Customer. AUI is not responsible for monitoring, reviewing or enforcing such contracts or arrangements and is not liable for any loss, damages, cost, injury, expense or other liability, whether direct, indirect, consequential or special in nature, howsoever caused, as a result of the Retailer's failure to perform obligations to the Customer.

### **3.3. Responsibility for Gas Services**

The Retailer will be solely responsible for the provision of Gas Services, including, without limitation, the purchase of Gas supply, delivery of such Gas to the Point of Receipt and arranging for Gas Distribution Service of such Gas to the Point of Delivery for the Customer, subject to these Retailer Distribution Service Rules.

### **3.4. Customer Authorization**

The Retailer is responsible for obtaining the Customer's authorization to enrol the Customer for receipt of Gas Distribution Service. For the purpose of Gas Services, the Retailer is responsible for obtaining any consent(s) required under the Code of Conduct Regulation and the *Personal Information Protection Act SA 2003 c. P-6.5*, as amended, or any similar or replacement legislation.

### **3.5. Retailer ID**

Any information exchange or communications between the Retailer and AUI under these Retailer Distribution Service Rules must include the Retailer's Retailer ID.

### **3.6. Single Retailer for Customers**

AUI is not required to recognize and deal with more than one Retailer per Customer in respect of a Point of Delivery at any given time. Nothing in these Retailer Distribution Service Rules prohibits a Customer from entering into arrangements with multiple Retailers for a Point of Delivery provided a single Retailer is designated to be the Customer's Retailer for purposes of these Retailer Distribution Service Rules.

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#### **ARTICLE 4 – Customer Inquiries and Customer Information**

##### **4.1. Customer Inquiries Related to Emergency, Outage, Safety and Environmental Situations**

The Retailer must ensure Customers contacting the Retailer regarding distribution emergency conditions, outages, safety or environmental situations related to the Gas Distribution System are immediately transferred to AUI using the AUI Emergency Phone Number. If the Retailer is unable to transfer a call to AUI, the Retailer will provide the AUI Emergency Phone Number to the Customer. At the time these Retailer Distribution Service Rules were prepared, the AUI Emergency Phone Number was 1-866-222-2068.

For continued quality customer care and for safety purposes, AUI may test or audit the time required by the Retailer to respond to such situations and communicate to the Retailer results considered by AUI to require corrective action by the Retailer.

##### **4.2. Standard Requests for Customer Usage Information Pursuant to Rule 010**

- (1) Requests for Customer Usage Information pursuant to Rule 010 will be processed accordingly, provided AUI has received a representation and warrant document signed by the Retailer in a form acceptable to AUI.

##### **4.3. Non-Standard Requests for Customer Usage Information**

- (1) Requests for Customer Usage Information not intended to conform to Rule 010 are considered non-standard.
- (2) Before AUI will process a non-standard Customer Usage Information request, AUI must receive a properly completed “Consent for Collection, Use, and Release of Customer Information” form (See Schedule A) signed by the Customer. Thereafter, AUI will process the request in accordance with the Code of Conduct Regulation.
- (3) The Customer Usage Information referenced in section 4.3 will be provided by AUI once per year, per Site, at no cost. AUI reserves the right to assess a charge at actual cost for requests for Customer Usage Information beyond the requirements of the Code of Conduct Regulation or additional requests within one year for the same Customer at the same Site.

##### **4.4. Provision of Customer Information to AltaGas Utilities Inc.**

- (1) The Retailer must notify AUI of any amendments to Customer Information, as AUI relies on this information to reasonably perform its service obligations to the Customer.



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- (2) Such information must be provided pursuant to Rule 021, as soon as reasonably practical in the circumstance and in any event within five (5) Business Days of the Retailer becoming aware of the change.
- (3) For continued quality customer care and for safety purposes, at a minimum, the Customer Information transaction to be provided by the Retailer will include:
  - Customer name (first and last)
  - on Site contact name (if different than above, first and last)
  - contact phone number (land line and/or cell)
  - Site ID
  - critical to have gas (yes or no)
  - critical to have gas reason
- (4) AUI will not accept a Customer Information transaction failing to contain the minimum data requirements specified in section 4.4(3). Upon receipt of an unacceptable Customer Information transaction, AUI will notify the Retailer of the error pursuant to Rule 021. The Retailer will re-submit a corrected Customer Information transaction as soon as reasonably practical in the circumstance and in any event within five (5) Business Days of the Retailer being notified of the rejected transaction.
- (5) AUI is not liable for any loss, damages, cost, injury, expense or other liability, whether direct, indirect, consequential or special in nature, howsoever caused, as a result of the Retailer's failure to provide up-to-date and accurate Customer Information to AUI.
- (6) For continued quality customer care and for safety purposes, AUI may audit the Customer Information provided by the Retailer and communicate to the Retailer results considered by AUI to require corrective action by the Retailer.
- (7) AUI reserves the right to assess a charge for additional processing work undertaken by AUI as a result of inaccurate Customer Information provided by the Retailer.

**ARTICLE 5 – Provision of Service**

**5.1. Request for Service**

When the Retailer requests Gas Distribution Service from AUI, AUI must inform the Retailer of the conditions to be satisfied before a Service Contract can be accepted and service commenced. The Retailer must provide any information AUI reasonably requires to assess the request. AUI may reject the request if the Retailer wants non-standard conditions or if facilities are not available to provide safe and adequate service.

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## 5.2. Qualification for Service

The Retailer must fulfill the following requirements to the satisfaction of AUI before AUI will provide Gas Distribution Service to the Retailer:

- (1) Submit to AUI a fully completed, executed Service Contract and credit application;
- (2) Satisfy the credit requirements of AUI as set forth in these Retailer Distribution Service Rules and the *Natural Gas Billing Regulation, A.R. 185/2003*, as amended from time to time;
- (3) For the Retailers providing Gas Services to Consumers, as defined in the *Energy Marketing Regulation, A.R. 246/2005*, furnish a certified copy of the license issued to it;
- (4) For all the Retailers providing Gas Services to Consumers, warrant in writing to AUI it will comply with the provisions of the *Fair Trading Act, R.S.A 2000 c. F-2*, and any regulations or policies made thereunder;
- (5) Meet any other requirements AUI, acting reasonably, may impose to provide Gas Distribution Service hereunder. If AUI determines additional requirements must be satisfied to qualify for Gas Distribution Service, the following process will apply:
  - a) Where AUI is confronted with a situation it, in its sole discretion, considers would materially alter the risk to AUI, or where AUI must impose additional requirements to comply with applicable legislation, AUI may implement the additional requirement and then apply to the Commission for approval of same; or,
  - b) Where AUI is not confronted with the circumstances outlined in (a) above, AUI will apply to the Commission for approval of the proposed additional requirement prior to implementing same.

## 5.3. Provision of Gas Distribution Service

Upon satisfaction of the requirements in Article 5.2, AUI will provide Gas Distribution Service to the Retailer, on behalf of the Customer, subject to these Retailer Distribution Service Rules and the Natural Gas Utility Service Rules. Subject to complying with all applicable laws, and the directions or requirements of any of those mentioned above, AUI reserves the right, upon giving the Retailer three (3) Business Days notice, acting reasonably, to discontinue Gas Distribution Service to the Retailer, if at any time the Retailer no longer fulfills the above requirements.

#### 5.4. Specific Facilities

The Retailer may be required to pay a contribution towards AUI's cost of installing any Specific Facilities required to provide Gas Distribution Service.

#### 5.5. Application for Enrolment

- (1) To initiate the provision of Gas Distribution Service, the Retailer must complete and provide a Service Contract to AUI. Where practicable, a single Service Contract between AUI and the Retailer will be used to serve all Customers under Rates 11, 12, 13, and 14.
- (2) Subject to the Retailer meeting the provisions of these Retailer Distribution Service Rules, AUI will accept an enrolment by the Retailer for provision of Gas Distribution Service.
- (3) Upon receipt of a valid enrolment from the Retailer, AUI may accept the enrolment of the Retailer and, if accepted, will recognize the Retailer as the Retailer of Record for that particular Site.
- (4) Enrolments will be processed by AUI in the order they are received.
- (5) Enrolments will be processed by AUI in accordance with Rule 004 and Rule 021.
- (6) AUI will normally estimate the meter reading for each Customer enrolled. If the Retailer requests a special off-cycle meter reading, AUI will make one attempt to read the meter and will assess a Special Meter Reading charge to the Retailer, as set forth in the Special Charges Schedule. If AUI cannot access the meter for a reading, AUI will estimate the meter reading. AUI will obtain or estimate the meter reading in accordance with the Natural Gas Utility Service Rules.
- (7) If more than one enrolment is received for a Site in one Day, AUI will accept only the first valid enrolment received that Day.
- (8) If a Retailer finds it has enrolled a Site in error, the Retailer must notify AUI as soon as reasonably possible of the error. Upon receiving notice from the Retailer, AUI will notify the previous Retailer of Record to re-enrol the Site.
- (9) If AUI determines the Customer who is enrolled with the Retailer is indebted to AUI, AUI reserves the right to disconnect Gas Distribution Service to the Customer, as set forth in these Retailer Distribution Service Rules and in accordance with the Natural Gas Utility Service Rules.

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- (10) The Retailer will not be liable to AUI for any outstanding indebtedness of the Customer to AUI accruing prior to the receipt by the Retailer of Gas Distribution Service.

#### **ARTICLE 6 – Measurement**

##### **6.1. Provision and Ownership**

The meters used by AUI to assess the level of Gas Distribution Service charges to the Retailer will be the same meters used to provide the Customer Billing Information to the Retailer. AUI will provide and install all meters for each Point of Delivery in accordance with the Natural Gas Utility Service Rules. Each meter will remain the property of AUI.

##### **6.2. Meter Reading**

Billing will be based on actual or estimated usage, in accordance with the Natural Gas Utility Service Rules. AUI reserves the right to assess a Special Meter Reading charge for non-routine reads, as set out in the Natural Gas Utility Service Rules.

##### **6.3. Statutory Standards Apply**

All measurements, calculations and procedures used in determining the quantities of Gas delivered at the Point of Receipt or at the Point of Delivery must be in accordance with the *Electricity and Gas Inspection Act R.S. 1985 c.E-4*, as amended, and all applicable regulations issued pursuant thereto.

##### **6.4. Measuring Equipment**

All measuring equipment, devices and materials required to measure the Gas at the Point of Receipt or at the Point of Delivery must be installed, maintained and operated by AUI, its agents or third parties acceptable to AUI and must be of standard manufacture and type approved by Industry Canada. The Customer may install and operate check measuring equipment provided it does not interfere with the operation of AUI's equipment or system.

##### **6.5. Testing Measuring Equipment**

The accuracy of the measuring equipment must be verified by standard tests and methods acceptable to AUI or upon the reasonable request of the Retailer or the Customer. Tests of such measuring equipment will be made at AUI's expense, except the Retailer or the Customer will bear the expense of tests made at their request if the inaccuracy is found to be within the limits of error allowed in the *Electricity and Gas Inspection Act R.S. 1985 c.E-4*.

#### **6.6. Facilities Interference**

In the event the Customer's or the Retailer's facilities interfere with AUI's ability to provide accurate measurement at the Point of Receipt or the Point of Delivery, AUI may, immediately and without prior notice, cease to receive further deliveries of Gas at the Point of Receipt pending the remedying by the Customer or the Retailer of the cause of such interference to the satisfaction of AUI.

#### **6.7. Use of TCPL/ATCO Measurements**

Notwithstanding anything contained elsewhere in the Service Contract, AUI and the Retailer agree, at a Point of Delivery or at a Point of Receipt, being either a TCPL/AUI or ATCO/AUI system interconnection, where TCPL's or ATCO's measuring equipment is used or relied upon by AUI for measuring Gas delivered under the Service Contract (rather than AUI measuring equipment), TCPL's or ATCO's measurement and testing of Gas procedures will apply.

#### **6.8. Forecast Quantities**

The Retailer agrees to provide to AUI, for planning purposes, such forecasts of future quantities to be delivered under the Service Contract as AUI may request from time to time.

### **ARTICLE 7 – Gas Supply**

#### **7.1. Nominations**

Subject to the other provisions of this Article, AUI agrees to receive from the Retailer the quantity of Gas the Retailer tenders for Gas Distribution Service, including the Retailer's share of AUI's Unaccounted-For Gas. This quantity of Gas will be aggregated with the Gas of all the Customers served by the same Retailer and will form the Nomination Quantity.

#### **7.2. Imbalance Account**

- (1) AUI will maintain an Imbalance Account for each Retailer.
- (2) AUI will determine the aggregated Monthly Imbalance Quantity for the Retailer, containing either the excess or deficiency, in gigajoules and record the same in the Imbalance Account.

- (3) The maintenance of the Imbalance Account by AUI will not relieve the Retailer of the Retailer's obligation to balance supply delivered at the Point of Receipt with takes at the Point of Delivery.
- (4) The Retailer is responsible for being informed of the Imbalance Account as recorded by AUI.

### 7.3. Settlement and Valuation of Imbalances

The Monthly Imbalance Quantity contained in the Imbalance Account will be settled by AUI purchasing from, or selling to, the Retailer the excess or deficiency at the prices and payment terms specified below.

- (1) The Monthly Imbalance Quantity is determined within a reasonable time after all deliveries for the Month have been billed by AUI.
- (2) The value of the Monthly Imbalance Quantity will be based on the corresponding Month's *Canadian Gas Price Reporter Rate 5A*.
- (3) The value of the Monthly Imbalance Quantity excess or deficiency, plus applicable taxes, will be paid by AUI or invoiced to the Retailer by the last Business Day of the second month following the said month of the Monthly Imbalance Quantity.
- (4) Corrections to imbalance quantities due to measurement errors or billing adjustments may be made in subsequent months.

### 7.4. Overriding Rights and Obligations

Notwithstanding anything contained elsewhere in this Article:

- (1) AUI reserves the right to restrict the flow of Gas at the Point of Delivery or the Point of Receipt to achieve a balance and/or correct any Imbalance Quantity, including, without limitation, situations where the Retailer repeatedly exceeds the Contract Demand without AUI's authorization; and
- (2) The provisions for settlement of the Monthly Imbalance Quantity do not relieve the Retailer of the Retailer's obligation to balance receipts and deliveries of the Customer's Gas into and out of AUI's Gas Distribution System. If the Retailer persistently fails to meet its obligation to balance, AUI may assess a charge to settle such imbalance(s).

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### 7.5. Impaired Deliveries

- (1) If, by reason of the causes set out in Article 7.5(3), AUI is unable, in whole or in part, to deliver the quantities of Gas provided for in the Service Contract, then AUI will be relieved of liability for not delivering such quantities and AUI may curtail or discontinue deliveries of Gas under the Service Contract during the discontinuance and to the extent of the inability. However, AUI will endeavour to give reasonable notice of any curtailment or discontinuance of deliveries arising by virtue of such causes and will promptly endeavour to remedy the cause of any curtailment or discontinuance of deliveries as soon as reasonably possible.
- (2) Such notice will specify AUI's estimate of the duration of any such curtailment or discontinuance of deliveries under the Service Contract.
- (3) The causes referred to above are the necessity, in AUI's sole opinion, of making repairs, modifications or improvements to the Gas Distribution System. However, AUI will, when practicable, endeavour to effect such modifications or improvements, not emergency in nature, at a time and in a manner that does not unduly interfere with or interrupt deliveries of Gas.

## ARTICLE 8 – Financial Matters

### 8.1. Retailer Pays Tariffs

- (1) Commencing on the Billing Commencement Date, the Retailer will pay AUI for those tariffs and charges set forth in the Service Contract as payable by the Retailer.
- (2) The Retailer will not be relieved by Force Majeure from the obligation to pay the charges set forth pursuant to this Article unless Force Majeure has been invoked by AUI.

### 8.2. Billing

- (1) AUI will render, on a cycle-by-cycle basis, a statement to the Retailer for the total charges payable for Gas Distribution Service and as required in accordance with Article 7 – Gas Supply, and a statement to the Retailer for imbalance settlement in accordance with Article 7.
- (2) AUI may include, in any statement, any adjustments to billings for prior Months. Neither AUI, nor the Customer, nor the Retailer will be entitled to interest on any adjustment.

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- (3) AUI reserves the right to bill the Customer directly for any amounts required to be provided by the Customer for Specific Facilities.
  - (4) The Retailer is required to provide the Customer with notification of an AUI Gas Distribution Tariff rate change in the billing envelope or through electronic billing at the time of the first charge to the Customer at the new rate. Notwithstanding the foregoing, AUI reserves the right to directly provide the Customer with information about its Gas Distribution Tariff. AUI also reserves the right to contact the Customer directly for comments and receive feedback about AUI's Gas Distribution Service and Gas Distribution Tariff.
  - (5) Notwithstanding provisions contained in Article 7.3 – Settlement and Valuation of Imbalances, AUI reserves the right to correct for errors in a previous statement.
  - (6) The Retailer will process the Customer payments and handle collection responsibilities. AUI will not assume any billing or collection obligations or responsibilities for, or on behalf of, the Retailer, unless agreed to by written contract between AUI and the Retailer. AUI may, at its sole discretion and in addition to any other remedies available to it, restrict enrolment or terminate Gas Transportation Service provided to the Retailer if the Retailer does not pay all outstanding amounts owed to AUI.

### **8.3. Payment**

- (1) On or before the twenty-first (21st) Day following the rendering of a statement by AUI to the Retailer, the Retailer agrees to pay AUI the total amount payable. The Retailer will pay all amounts owed to AUI for any of the Gas Distribution Services provided by AUI regardless of whether the Customer has paid the Retailer.
- (2) Failure to receive a bill does not release the Retailer from the obligation to pay the amount owing for any of the Gas Distribution Services provided by AUI.
- (3) Each payment must be made in Canadian funds by cheque drawn in AUI's favour and delivered to AUI at the address stated in the Service Contract or by an agreed upon electronic funds transfer.

### **8.4. Unpaid Bills**

- (1) If the Retailer defaults or is late in paying charges, AUI will provide the Retailer notice as required below in Article 8.4(3)(a). AUI will be entitled to draw on the credit facility of the Retailer if the Retailer's arrears are not paid within three (3) Business Days after the date of the notice. The Retailer must provide an additional deposit to replace the funds drawn down because of the default or late payment.



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- (2) AUI will assess the Retailer a late payment charge for any overdue amount, including previous late payment charges. The late payment percentage is set out in the Natural Gas Utility Service Rules. Any payments will first be applied to unpaid balances.
- (3) If the Retailer defaults in its payments:
  - a) AUI must provide the Retailer with a notice in writing stating the Retailer is in default in its payments to AUI under AUI's terms and conditions of service and advising the Retailer that AUI may make a claim against the Retailer's security if the arrears are not paid within three (3) Business Days after the date of the notice;
  - b) If, after the expiry of the period set out in Article 8.4(3)(a), the Retailer's arrears remain unpaid, AUI may make a claim against the Retailer's security to cover the arrears;
  - c) If the Retailer has provided security in the form of a financial deposit, AUI may deduct from that deposit the amount of the unpaid arrears; and
  - d) If, in the opinion of AUI, the giving of notice in accordance with Article 8.4(3)(a) would impair AUI's ability to make a claim against the Retailer's security or to deduct the unpaid arrears from the Retailer's financial deposit, AUI may make the claim or deduct the unpaid arrears without notice.

**8.5. Unauthorized Use**

Where AUI determines there has been unauthorized use of Gas Distribution Service or the Gas Distribution System, including, but not limited to, meter or equipment tampering, unauthorized connection or reconnection, theft or fraud whereby AUI is denied full compensation for Gas Distribution Services provided, AUI will bill the Retailer for AUI's estimated Gas Distribution Service charges for such unauthorized use. AUI reserves the right to bill the Retailer for repairs of damage or reconstruction of AUI's Gas Distribution System. Nothing in this Article will limit any other rights or remedies AUI may have in connection with such unauthorized use.

**8.6. Disputes**

- (1) In the event the Retailer disputes any part of any statement, the Retailer will nevertheless pay to AUI the full amount of the statement when payment is due. Following resolution of any such dispute pursuant to Article 13 – Dispute Resolution, AUI will return any amount found owing to the Retailer.

- (2) The right or ability of the Retailer to dispute a charge for service provided under the Contract or these Retailer Distribution Service Rules will only apply to requests in writing and are limited to charges rendered up to two (2) years prior to the date of written notice of the dispute. AUI reserves the right to assess a charge to the Retailer for administration of a billing dispute raised by the Retailer in circumstances where AUI is not responsible for any error.

#### **8.7. Failure to Pay**

In the event the Retailer fails to pay the full amount of any statement within sixty (60) Days after payment is due, AUI, in addition to any other remedy it may have, may suspend Gas Distribution Service provided to the Retailer (upon 48 hours written notice) until full payment is made and such suspension will not terminate or otherwise affect the Retailer's obligations to AUI.

### **ARTICLE 9 – Discontinuance of Gas Distribution Service**

This Article, as amended from time to time, specifies the processes for the transactions between AUI and the Retailer in relation to de-enrolment of a Site, including, without limitation, the circumstances when the Retailer chooses to discontinue Gas Distribution Service for the Customer, as set forth in Article 9.1 of these Retailer Distribution Service Rules, or when AUI discontinues Gas Distribution Service to the Retailer, as set forth in Article 9.2, or when the Retailer fails to provide supply or balance its Imbalance Account, as set forth in Article 9.3.

#### **9.1. Discontinuance by the Retailer**

- (1) To discontinue Gas Distribution Service, the Retailer must provide to AUI a notice of de-enrolment of service in accordance with Rule 021.
- (2) AUI will obtain or estimate the meter reading for each de-enrolment in accordance with the Natural Gas Utility Service Rules.
- (3) Notwithstanding the Retailer's responsibilities to provide updated Customer Information pursuant to Article 4 – Customer Inquiries and Customer Information, the Retailer must update Customer Information upon notice of de-enrolment.
- (4) The Retailer will provide AUI with updated Customer Information pursuant to sections 4.4(3) through 4.4(7), inclusive.
- (5) The Retailer is responsible to ensure the Customer is provided notice of the de-enrolment and the consequences of such de-enrolment, including the fact AUI will not be held liable for any disputes as between the Customer and the Retailer.

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- (6) Upon receipt of a valid notice of de-enrolment, AUI will process the de-enrolment pursuant to Rule 021.
- (7) The Retailer will remain responsible for Gas Services to the Site until a replacement Retailer is enrolled and in place for the Site, default supply Gas Service is in place for the Site or the Site is permanently disconnected, whichever is earlier.

**9.2. Discontinuance by AltaGas Utilities Inc.**

- (1) AUI may discontinue or restrict Gas Distribution Service to the Retailer if any of the following occur:
  - a. The Retailer fails to meet its obligations under these Retailer Distribution Service Rules or the Service Contract with AUI,
  - b. The Retailer fails to meet its prudential requirements pursuant to Article 11, or
  - c. The Retailer's license is revoked by Alberta Government Services or another responsible authority.
- (2) Notification of discontinuance will be made electronically to the Retailer. AUI will provide the Retailer three (3) Business Days notice before AUI discontinues Gas Distribution Service to the Retailer. Upon discontinuance of Gas Distribution Service to the Retailer pursuant to this Article, AUI will assume provision of the affected service(s) it is reasonably capable of providing.

**9.3. Failure of the Retailer to Provide Supply or Settle Account Imbalance**

- (1) AUI may discontinue Gas Distribution Service to the Retailer if AUI, in its sole discretion, determines the Retailer has failed to manage its Imbalance Account in accordance with Article 7 – Gas Supply.
- (2) AUI, in its sole discretion, may discontinue or restrict Gas Distribution Service to the Retailer if the Retailer's nomination for Gas supply was refused in whole or in part by the entity the Retailer has nominated Gas supply from and the Retailer has failed to restore or replace this supply on the same Day the Retailer receives verbal notice from AUI to restore or replace this supply.
- (3) Notification of discontinuance will be made electronically to the Retailer. AUI will provide the Retailer one (1) Business Day notice before AUI discontinues Gas Distribution Service to the Retailer. Upon discontinuation of Gas Distribution Service pursuant to this Article, AUI will assume provision of the affected service(s) it is reasonably capable of providing.

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## ARTICLE 10 – Service Disconnects and Reconnect

This Article, as amended from time to time, specifies the processes for the transactions between AUI and the Retailer in relation to the physical disconnect of a Site.

### 10.1. Disconnection of Service

- (1) Disconnection by AUI
  - a) AUI reserves the right to temporarily or permanently disconnect the Customer from the Gas Distribution System in a number of circumstances, including, but not limited to, non-payment of AUI bills or any past due charges, evidence of safety violations, energy theft or fraud by the Customer, threats or harassment made against employees or agents of AUI, failure to provide access to the Service Site for meter readings or other necessary work or any other failure by the Customer to meet its obligations under the Natural Gas Utility Service Rules.
  - b) If the disconnect is a result of a safety violation, AUI will reconnect the service only after the safety problem is resolved and the Customer has provided or paid AUI's costs of providing such devices or equipment as may be necessary to resolve such safety problem and to prevent such damage, interference or disturbance. AUI may assess a Reconnect Fee as set forth in the Special Charges Schedule.
- (2) Disconnection at Request of the Retailer
  - a) In accordance with the R3 Regulation, the Retailer will have the right to request AUI disconnect Gas Distribution Service to a Site where the Retailer is the Retailer of Record. AUI will process such requests in accordance with Rule 021.
  - b) The Retailer of Record will remain responsible for all Gas Services to a Site until one of the following occurs:
    - the de-enrolment effective date in the de-enrolment file is reached;
    - the Site is de-energized;
    - default supply Gas Service is in place for the Site;
    - the Site is enrolled by another Retailer; or
    - the Site is permanently disconnected.
  - c) AUI reserves the right to assess charges to the Retailer to disconnect Gas Distribution Service or attempt to disconnect service to the Customer at

actual cost, including, but not limited to, direct labour, materials, services and equipment, plus applicable overheads.

- d) AUI will notify the Retailer if a disconnect request was not successfully completed and include the reason why it was not successfully completed. If the Retailer still requires the Customer to be disconnected, the Retailer must re-issue a disconnect request.
  - e) AUI will not be liable to any person for any damages, cost, expense, injury, loss or other liability of any kind, whatsoever or however caused, resulting directly or indirectly from its good faith performance of its responsibilities under the provisions of this Article.
- (3) Disconnects Affecting Pipelines and Equipment
- a) If the purpose for a disconnect can be reasonably expected to affect the Gas Distribution System, the Retailer will instruct the Customer to notify AUI of the Customer's plans and provide the Customer with the AUI General Inquiry Phone Number. Such purposes include, but are not limited to, relocation of pipelines and equipment, service site renovations, service site demolition and permanent stoppage in the use of natural gas.
  - b) At the time these Retailer Distribution Service Rules were prepared, the AUI General Inquiry Phone Number was 1-866-222-2067.

## 10.2. Reconnect Service

Before reconnecting or restoring service to a Site:

- a) The Retailer must provide AUI with sufficient notice pursuant to Rule 021 , to reconnect Gas Distribution Service.
- b) AUI reserves the right to assess, in accordance with these Retailer Distribution Service Rules and the Natural Gas Utility Service Rules, a Reconnection Fee and any other applicable charges set forth in the Rate Schedules.

## ARTICLE 11 – Prudential Requirements

### 11.1. Setting of Prudential Requirements

The Retailer must fulfill the requirements set forth in this Article to the satisfaction of AUI before AUI will provide Gas Distribution Service to the Retailer.

- (1) Subject to review and reassessment of the prudential requirements of the Retailer by AUI, from time to time, the Retailer is required to meet and maintain such financial and other prudential requirements as set out in the *Natural Gas Billing Regulation, A.R. 185/2003*, to ensure the Retailer is, and remains, of sufficient financial standing to meet its ongoing financial obligations.
- (2) AUI, subject to review and reassessment, will establish the Retailer's security reduction in relation to its credit rating for each Retailer, affiliate or person who guarantees the financial obligations of the Retailer, subject to sections 6 and 7 of the *Natural Gas Billing Regulation, A.R. 185/2003*, and will notify the Retailer of its security requirement within 20 business days of the Retailer completing and delivering to AUI its application for service.
- (3) For purposes of calculating the amount of the Retailer's security deposit pursuant to section 5(2) of the *Natural Gas Billing Regulation, A.R. 185/2003*, the Retailer must project its payments under AUI's Rate Schedule over a period equal to the lesser of (A) 75 days, or (B) the total of (i) 20 days, plus (ii) the number of days between consecutive bills issued by AUI to the Retailer, plus (iii) the number of days from the issuance of a bill by AUI until payment is due from the Retailer.
- (4) Subject to section 6 of the *Natural Gas Billing Regulation, A.R., 185/2003*, the Retailer must provide security, in the form of a financial deposit, a bond, an irrevocable letter of credit or an irrevocable guarantee from a person, other than the Retailer, with a credit rating.
- (5) AUI will confirm the credit rating of the Retailer, affiliate or person guaranteeing the financial obligation of the Retailer. The credit rating will mean the bond rating according to Standard and Poor's Bond Rating Service or an equivalent bond rating from Dominion Bond Rating Service or Moody's Investors Service.

If the Retailer has obtained more than one credit rating, the lowest credit rating will be used in the assessment.

#### **11.2. Maintaining Prudential Requirements**

- (1) If the Retailer's actual outstanding charges under AUI's Rate Schedule are materially greater than the value projected by the Retailer under Article 11.1 of these Retailer Distribution Service Rules, AUI will update the projection and, if additional security is required based on the updated projection, require the Retailer to provide additional security within five (5) Business Days of AUI's request.
- (2) AUI requires Retailers to report any downgrading of their corporate bond rating to AUI within two (2) Business Days of said rating revisions, and must provide any

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additional security required as a result of the downgrading within five (5) Business Days of the downgrading.

- (3) Subject to Article 8 of these Retailer Distribution Service Rules, if the Retailer fails to pay any amount billed AUI will apply all or any portion of the Retailer's security deposit to the unpaid amount. The Retailer will then be required to replenish the security deposit within five (5) Business Days.
- (4) Subject to Articles 8 and 9 of these Retailer Distribution Service Rules, if the Retailer fails to pay any amount billed or fails to present additional security as outlined herein, AUI reserves the right to suspend the provision of additional Gas Distribution Service to the Retailer or discontinue Gas Distribution Service entirely to the Retailer. AUI will provide the Retailer notice of discontinuance three (3) Business Days before AUI discontinues Gas Distribution Service to the Retailer.

Upon discontinuance of Gas Distribution Service to the Retailer pursuant to this Article, AUI will assume the provision of the affected service(s) AUI is reasonably capable of providing.

- (5) A Retailer required to provide security in accordance with the *Natural Gas Billing Regulation, A.R. 185/2003* and these Retailer Distribution Service Rules must maintain that amount of security until all obligations of the Retailer under AUI's Gas Distribution Tariff are satisfied. A Retailer providing security, other than by means of a financial deposit held by AUI, must either ensure its security has no expiry date and cannot be terminated or must, at all times, ensure its security is automatically extended from year to year for successive periods of a minimum of one year from any expiration date thereof, unless AUI is notified in writing by prepaid registered mail not less than thirty (30) Days prior to any expiration date, the security will not be renewed for any such additional period (Notice of Non-Renewal).
- (6) Upon receipt of a Notice of Non-Renewal, AUI will provide notice of same in writing to the Retailer advising the Retailer's failure to provide AUI with alternate security meeting the requirements set out in the *Natural Gas Billing Regulation, A.R. 185/2003* within three (3) Business Days after the date of the notice will constitute a breach of the Retailer's obligation to maintain its security in accordance with section 8 of the *Natural Gas Billing Regulation, A.R. 185/2003* and an event of default under Article 14.1 of these Retailer Distribution Service Rules. If, after three (3) Business Days, AUI is not in receipt of such alternate security, the full amount of the Retailer's security determined in accordance with Article 11 of these Retailer Distribution Service Rules will become due and payable to AUI and AUI will be entitled to make demand or claim against the Retailer's security in accordance with Article 8.4.

- (7) In the event of a default by the Retailer, AUI is entitled to recover, as part of the Gas Distribution Tariff, any costs not covered by a claim against the Retailer's security under section 9 of the *Natural Gas Billing Regulation A.R. 185/2003*, as amended from time to time.

### 11.3. Confidentiality

All information provided by the Retailer in relation to its financial standing and designated by the Retailer as confidential will be treated as such.

### 11.4. Costs

All costs associated with obtaining financial security and meeting prudential requirements under this Article are the responsibility of the Retailer.

### 11.5. Interest on Security Deposits

Interest on each Retailer's cash security deposit held by AUI will be calculated at the rate specified, from time to time, in the *Residential Tenancies Act, R.S.A. 2000, c.R-17*. Interest will be credited to the Retailer annually.

## ARTICLE 12 – Force Majeure

### 12.1. Effect of Force Majeure on Breach

Subject to the other provisions of this Article, if either party to the Service Contract fails to observe or perform any of the covenants or obligations herein imposed upon it and such failure is occasioned by, or in connection with, or in consequence of Force Majeure, as hereinafter defined, such failure will be deemed not to be in a breach of such covenants or obligations.

### 12.2. Meaning of Force Majeure

For the purposes of the Service Contract, "Force Majeure" means any cause, other than financial, beyond the control of the party claiming suspension and the cause could not have been prevented or overcome by due diligence, including, but not limited to:

- a) acts of God, such as lightning, earthquakes, storms, floods, fires, landslides and washouts;
- b) strikes, lockouts or other industrial disturbances;
- c) acts of the Queen's enemy, sabotage, wars, blockades, insurrections, riots, epidemics, civil disturbances, arrests and restraints;



- d) explosions, breakages of or accidents to machinery or lines of pipe;
- e) hydrate obstructions of lines of pipe and equipment;
- f) temporary failures of Gas supply;
- g) freezing of wells or delivery facilities, well blowouts, and craterings; and
- h) the Orders of any court or governmental authority.

### 12.3. Exceptions to Force Majeure

- (1) Notwithstanding Section 12.2, a Decision, Direction, or Order made by the Commission in the normal course of it exercising its authority to establish the appropriate revenue requirement or rates of the parties to this agreement will not be considered an event of Force Majeure.
- (2) Neither party is entitled to the benefit of the provisions of Article 12.1 under any of the following circumstances:
  - a) to the extent the failure was caused by the sole negligence of the party claiming suspension;
  - b) to the extent the failure was caused by the party claiming suspension having failed to remedy the condition where it is within that party's ability, alone, to do so and to resume the performance of such covenants or obligations with reasonable dispatch;
  - c) if the failure was caused by lack of funds or with respect to the payment of any amount or amounts then due under the Service Contract; or
  - d) unless, as soon as possible after the happening of the occurrence relied upon or as soon as possible after determining the occurrence was in the nature of Force Majeure and would affect the claiming party's ability to observe or perform any of its covenants or obligations under the Service Contract, the party claiming suspension necessarily gives to the other party notice, either in writing or by electronic mail, advising that such party is unable, by reason of Force Majeure (the nature of which to be specified in the notice, to perform the particular covenants or obligations.

### 12.4. Notice of remedy

Likewise, the party claiming suspension must give notice, as soon as possible after the Force Majeure condition is remedied, that the condition is remedied and such party has

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resumed, or is then in a position to resume, the performance of such covenants or obligations.

#### **12.5. Labour Disputes**

Notwithstanding anything to the contrary in this Article, expressed or implied, the parties agree the settlement of strikes, lockouts and other industrial disturbances will be entirely within the discretion of the particular party involved in the labour dispute and such party may make settlement of the labour dispute at such time and on such terms and conditions as it may deem advisable. No delay in making such settlement will deprive such party of the benefit of Article 12.1.

### **ARTICLE 13 – Dispute Resolution**

#### **13.1. Resolution by AUI and the Retailer**

If any dispute between AUI and a Retailer arises at any time in connection with these Retailer Distribution Service Rules, AUI and the Retailer, acting reasonably and in good faith, will use all reasonable efforts to resolve the dispute as soon as possible in an amicable manner.

#### **13.2. Resolution by Arbitration**

If any dispute has not been resolved pursuant to Article 13.1 within thirty (30) Days after notice from AUI or the Retailer to the other of its desire to have the dispute resolved, then the dispute will be resolved pursuant to Articles 13.3 to 13.11 of these Retailer Distribution Service Rules. AUI and the Retailer will abide by the terms of any award rendered by the arbitrator(s) appointed pursuant to these Retailer Distribution Service Rules without delay.

#### **13.3. Arbitrators**

All disputes or differences between AUI and the Retailer in connection with these Retailer Distribution Service Rules will be referred (unless AUI and the Retailer concur in the appointment of a single arbitrator) to a board of arbitrators consisting of one (1) arbitrator to be appointed by each of AUI and the Retailer who will, in writing, appoint a third arbitrator immediately after they are, themselves, appointed. Notwithstanding the foregoing, any disputed matters between AUI and the Retailer relating to an Order or Direction made or approved by the Commission or falling within the exclusive jurisdiction of the Commission, will be referred to the Commission for resolution.

**13.4. Failure to Concur**

AUI and the Retailer will be deemed to have failed to concur in the appointment of a single arbitrator if such an arbitrator is not appointed within fifteen (15) Days after the serving by either AUI or the Retailer on the other of notice requesting it to concur in the appointment of such an arbitrator.

**13.5. Refusal to Appoint an Arbitrator**

If either AUI or the Retailer neglect or refuse to appoint an arbitrator within fifteen (15) Days after the other party (provided such other party has appointed its arbitrator) has served AUI or the Retailer, as the case may be, with notice to make the appointment, the party who has appointed its arbitrator will be entitled to apply, upon notice to the other party, to a Justice of the Court of Queen's Bench of Alberta to appoint an arbitrator for the party in default.

**13.6. Failure to Appoint a Third Arbitrator**

If the arbitrators appointed by AUI and the Retailer have not, within fifteen (15) Days after their appointment or the appointment of the arbitrator last appointed, as the case may be, appointed a third arbitrator, either AUI or the Retailer will be entitled to apply upon notice to the other party to a Justice of the Court of Queen's Bench of Alberta to appoint such an arbitrator.

**13.7. Technical Competence**

Any arbitrator appointed under the provisions of this Article, whether by concurrence of AUI and the Retailer, by either party, by the arbitrators or by a Justice of the Court of Queen's Bench of Alberta, will, in the opinion of the persons making such appointment, be possessed of such technical or other qualifications as may be reasonably necessary to enable that arbitrator to properly adjudicate upon the dispute or difference.

**13.8. Compensations of Arbitrators**

Each party will be responsible for the costs of the arbitrator appointed by it pursuant to these Retailer Distribution Service Rules. The costs of the third arbitrator will be divided evenly between AUI and the Retailer.

**13.9. Application of the Arbitration Act (Alberta)**

Except as herein modified, the provisions of the *Arbitration Act, R.S.A., 2000, c.A-43*, as amended from time to time, will apply to any arbitration proceeding.

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### 13.10. Decisions Binding

A decision of the single arbitrator or the majority of the three arbitrators named or appointed will be final and binding upon each of the parties to the dispute or difference.

### 13.11. Continuity of Service

All performance and payments requirements under these Retailer Distribution Service Rules by AUI and the Retailer will continue during the dispute resolution proceedings contemplated by this Article provided, in the case of any such proceedings pertaining to amounts payable under these Retailer Distribution Service Rules, any payments or reimbursements required as a result of the proceedings will be effective as of a date to be determined in such proceedings and interest will be paid on those amounts by the party required to make the payment or reimbursement on the amount at the rate specified from time to time in the *Residential Tenancies Act, R.S.A. 2000, c.R.-17*, but not less than 2.5% from the date so determined until paid.

## ARTICLE 14 – Termination on Default

### 14.1. Events of Default

An event of default under these Retailer Distribution Service Rules and the Service Contract will occur if either AUI or the Retailer (for purposes of this provision, the Defaulting Party):

- a) is the subject of a bankruptcy, insolvency or similar proceeding;
- b) makes an assignment for the benefit of its creditors;
- c) applies for, seeks, consents to, or acquiesces in the appointment of a receiver, custodian, trustee, liquidator or similar official to manage all or a substantial portion of its assets;
- d) fails to pay the other party (Non-Defaulting Party) when payment is due, or to satisfy any other material obligation under these Retailer Distribution Service Rules or the Service Contract including, without limiting the generality of the foregoing, fulfilling the prudential requirements as set forth in Article 11 in accordance with these Retailer Distribution Service Rules and fails to remedy the failure or satisfy the obligation, as the case may be, within three (3) Business Days after the receipt of written notice of the default or breach from the Non-Defaulting Party.

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#### 14.2. Rights Upon Default

In an event of default, the Non-Defaulting Party will, subject to these Retailer Distribution Service Rules and any applicable regulatory requirements, be entitled to pursue any and all available legal and equitable remedies and terminate the Service Contract. Where the Defaulting Party is AUI or the Retailer and the Non-Defaulting Party elects to terminate, the Service Contract is terminated without any liability or responsibility whatsoever, except for obligations arising prior to the date of termination. The Non-Defaulting Party will provide written notice to the Defaulting Party advising as to the nature of any default and of its intention to terminate service under the Service Contract and these Retailer Distribution Service Rules.

#### 14.3. Recourse to Security Upon the Retailer Default

In addition to any other rights and remedies set out in these Retailer Distribution Service Rules, in an event of default by the Retailer, other than a default in payment addressed under section 9 of *Natural Gas Billing Regulation, A.R. 185/2003*, the full amount of the Retailer's security determined in accordance with Article 11 of these Retailer Distribution Service Rules will become due and payable to AUI and AUI will be entitled to make demand or claim against the Retailer's security for the full amount secured. All funds received by AUI in respect of such claim will be retained by AUI and applied against the Retailer's obligations until such time as all of the Retailer's obligations have been determined and satisfied. Any balance remaining after satisfaction of the Retailer's obligations will be returned to the issuing party of the security for the benefit of the Retailer.

### ARTICLE 15 – Notice

#### 15.1. Notice in Writing

Unless otherwise stated herein, every notice, request, statement or bill provided for or by the Service Contract or any notice either AUI or the Retailer may desire to give to the other must be in writing directed to the party to whom it is given and made or delivered at such party's address as stated in the Service Contract.

#### 15.2. Delivery of Notice

- (1) Any notice may be given by mailing the same, postage prepaid, in an envelope properly addressed to the person to whom the notice is given and will be deemed to be received four (4) Business Days after the mailing of the notice.
- (2) Any notice may also be given by prepaid facsimile or other means of electronic transmission addressed to the person to whom such notice is given, at such

person's address for notice and any such notice so served will be deemed to have been given one (1) Business Day after transmission.

- (3) Any notice may also be delivered by hand to the person, or his representative, to whom such notice is given at such person's address for notice and such notice will be deemed to have been given when received by such person or his representative.
- (4) Any notice may also be given by telephone followed immediately by letter, facsimile or other means of electronic transmission. Any notice so given will be deemed to have been given of the date and time of the telephone notice.

### **15.3. Disruption of Mail**

In the event of disruption of regular mail, every payment will be delivered and every notice, demand, statement or bill will be given by one of the alternative means set out in this Article.

## **ARTICLE 16 – Miscellaneous Matters**

### **16.1. Indemnity**

- (1) The Retailer agrees to indemnify and save AUI harmless from and against any and all claims, demands, suits, actions, debts, accounts, damages, costs, losses, liabilities and expenses of whatever nature or kind however and by whosoever made or incurred arising out of or in any way connected, either directly or indirectly, with any act, omission or default on the part of the Retailer under the Service Contract.
- (2) AUI agrees to indemnify and save the Retailer harmless from and against all claims, demands, suits, actions, debts, accounts, damages, costs, losses, liabilities and expenses of whatever nature or kind however and by whosoever made or incurred arising out of the gross negligence or wilful misconduct of AUI under the Service Contract.
- (3) Notwithstanding Article 16.1(2), in no event, whether as a result of alleged negligence on the part of AUI or otherwise, will AUI be liable to the Customer or the Retailer for loss of profits or revenues, cost of capital, loss for failure to deliver Gas, cost of purchased or replacement Gas, claims of Customer(s)'s for failure to deliver Gas, cancellation of permits, termination of contracts or other similar special or consequential damages or claims.

**16.2. Retailer Distribution Service Rules Prevail**

No representation or commitment inconsistent with these Retailer Distribution Service Rules has any effect unless approved by the Commission.

**16.3. General Laws Apply**

The Retailer Distribution Service Rules and the Service Contract are subject to all applicable present and future laws, rules, regulations and orders of any legislative body or duly instituted authority now or hereafter having jurisdiction.

**16.4. No Waiver**

No waiver by AUI or the Retailer of any default by the other under the Retailer Distribution Service Rules or Service Contract will operate as a waiver of a future default whether of a like or different character.

**16.5. No Assignment**

Neither AUI nor the Retailer may assign any of its rights or obligations under these Retailer Distribution Service Rules or the Service Contract without obtaining (a) any necessary regulatory approval(s); and (b) the prior written consent of the non-assigning party, which consent may not be unreasonably withheld. No assignment will relieve the assigning party of any of its obligations under these Retailer Distribution Service Rules or the Service Contract until such obligations have been assumed by the assignee. Any assignment in violation of this Article will be void. However, AUI may assign any or all of its rights and obligations under these Retailer Distribution Service Rules and the Service Contract, without the Retailer's consent, to any entity succeeding to all, or substantially all, of the assets of AUI, if the assignee agrees, in writing, to be bound by the terms of the Retailer Distribution Service Rules and Service Contract and if any necessary regulatory approvals are obtained.

**16.6. Applicable Laws**

The Service Contract and Retailer Distribution Service Rules will be construed in accordance with the laws of the Province of Alberta and the laws of Canada, as applicable.

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Retailer Distribution Service Rules

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**Schedule A**  
**Consent for Collection, Use, and Release of Customer Information**



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Retailer Distribution Service Rules

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AltaGas Utilities Inc.  
5505 45 Street main 780.986.5215  
Leduc AB T8E 6T6 fax 780.986.5220

**Consent for Collection, Use and Release of Customer Information**

"Customer Information" means personal information like your name, address, contact information, identifying numbers, and payment and usage information.

This form is needed in order for AltaGas Utilities to collect and use your Customer Information for the purposes of natural gas service and billing, and to allow AltaGas Utilities to release your Customer Information to persons you allow like a retailer or other person.

**Section 1 - AltaGas Utilities Inc. Customer Account Information**  
(As per Customer's AltaGas Utilities bill)

Site ID/Premise: 0 0 0 7 0 \_\_\_\_\_  
Customer Name: \_\_\_\_\_  
\*Operating as (if different from above): \_\_\_\_\_  
Service Address: \_\_\_\_\_  
\*Only required for business/commercial accounts  
Additional Information:  
Telephone: ( ) \_\_\_\_\_ Fax: ( ) \_\_\_\_\_  
E-mail: \_\_\_\_\_

**Section 2 - Content of Customer Information To Be Released**

AltaGas Utilities Inc. is authorized to disclose Customer Information in regards to the account shown in Section 1 of this document, as well as the following Customer Information:

Consumption History (12 months):	Yes / No	(please circle your response)
Payment History (12 months):	Yes / No	(please circle your response)
Billing Information (\$) (12 months):	Yes / No	(please circle your response)
Other (please specify):	_____	

**Section 3 - Authorized Recipient of Customer Information**

AltaGas Utilities Inc. may disclose and release the Customer Information, listed in Sections 1 and 2 to the following parties:

Retailer (please specify): \_\_\_\_\_  
Energy Management Company (please specify): \_\_\_\_\_  
Other (please specify): \_\_\_\_\_

**Section 4 - Customer Information Release Date to Specified Persons**

AltaGas Utilities Inc. may release my Customer Information to the persons specified in section 3 from \_\_\_\_\_ (yyyy-mm-dd) up to and including \_\_\_\_\_ (yyyy-mm-dd)

(Please note that Section 4 is for the time period that this Consent form is valid NOT the consumption history period.)

**Section 5 - Customer Authorization**

The Customer agrees and consents to the collection, and use by AltaGas Utilities Inc. of Customer Information, and to the disclosure and release of the Customer Information to the listed parties, for the time period, and under the conditions set out above.

Name (please print): \_\_\_\_\_ Signature: \_\_\_\_\_  
Title (if business account) \_\_\_\_\_ Date: \_\_\_\_\_ (yyyy-mm-dd)

**PLEASE PRINT CLEARLY**

Please fax completed form to the attention of Regulatory Affairs at (780) 986-5220

Version 1.2

**ALTAGAS UTILITIES INC.**  
**RETAILER DISTRIBUTION**  
**SERVICE CONTRACT**

Contract No. \_\_\_\_\_

**RETAILER DISTRIBUTION SERVICE CONTRACT**

THIS RETAILER DISTRIBUTION SERVICE CONTRACT  
(Contract)

made as of \_\_\_\_\_, \_\_\_\_\_, \_\_\_\_\_  
Month Day Year

BETWEEN:

**[RETAILER]**, a body corporate, carrying on business  
in the Province of Alberta (hereinafter called the Retailer),

OF THE FIRST PART,

- and -

**ALTAGAS UTILITIES INC.**  
a body corporate, carrying on business  
in the Province of Alberta,  
(hereinafter referred to as AUI),

OF THE SECOND PART,

WHEREAS:

- a) AUI owns and operates a Gas Distribution System within the Province of Alberta;  
and
- b) The Retailer, on behalf of itself and each Customer, has requested AUI to provide Gas Distribution Service for the purpose of serving each Customer,

in consideration of the rights and obligations of AUI and the Retailer (the Parties) set forth in this Contract, the Parties covenant and agree:

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**ARTICLE 1  
RATE SCHEDULE AND  
RETAILER DISTRIBUTION SERVICE RULES**

- 1.1 The Retailer acknowledges receipt of a current copy of AUI's Rate Schedule, attached as Schedule A to this Contract, and agrees the Rate Schedule, as amended from time to time and approved by the Alberta Utilities Commission (the Commission), forms an integral part of this Contract.
- 1.2 The Retailer acknowledges receipt of a current copy of AUI's Retailer Distribution Service Rules, attached as Schedule B to this contract, and agrees the Retailer Distribution Service Rules, as amended from time to time and approved by the Commission, forms an integral part of this Contract

**ARTICLE 2  
DEFINITIONS**

- 2.1 The words, terms, and phrases used in this Contract will, unless the context otherwise requires, have the meanings given to them in the *Gas Utilities Act R.S.A. 2000 c. G-5* and the Retailer Distribution Service Rules.

**ARTICLE 3  
RETAILER REPRESENTATIONS**

- 3.1 The Retailer represents, covenants and warrants, to and with AUI, at all relevant times during the term of this Contract:
  - 3.1.1 The Retailer is, and has been, complying with each of the conditions set forth in Article 4 of this Contract;
  - 3.1.2 Except where a Customer is a signatory to this Contract (a Self-Retailer), each Customer has appointed the Retailer as its retailer under an agency agreement in accordance with the *Gas Utilities Act* and, as such, the Retailer has full power and authority to take responsibility for all matters relating to the Customer's Gas Services arrangements and, without limiting the generality thereof, to negotiate, establish, document, implement, operate, perform, terminate and amend all matters relating to the Customer's Gas Services arrangements on behalf of the Customer;
  - 3.1.3 The Retailer has entered into all contracts, agreements and arrangements necessary to secure the Gas Services necessary to satisfy the Retailer's obligations under this Contract;

- 3.1.4 In the event of a disruption of any Gas supply, the Retailer will immediately cause an alternative supply to be available;
- 3.1.5 A failure by the Retailer to supply Gas in accordance with the Retailer Distribution Service Rules is subject to the terms and conditions of the Retailer Distribution Service Rules.

#### **ARTICLE 4 CONDITIONS**

- 4.1 AUI has no obligation to provide Gas Distribution Service if, and to the extent, the Retailer fails to comply with all the conditions prescribed by the *Gas Utilities Act*, the Retailer Distribution Service Rules and each of the following conditions:
  - 4.1.1 The Retailer is responsible for providing accurate and timely Customer Information to AUI in an electronic format pursuant to Rule 021.
  - 4.1.2 Should the Retailer become aware of any change in Customer Information during the term of this Contract, the Retailer is responsible for informing AUI of the change, pursuant to Rule 021, as soon as reasonably practical in the circumstance and in any event within five (5) Business Days of the Retailer becoming aware of the change.
  - 4.1.3 The Retailer understands and agrees Gas Distribution Service provided under this Contract is provided solely for the Retailer's use and for the Customers identified to AUI in accordance with this Article 4.1. The Retailer may not use the Gas Distribution Service provided by AUI for any other purpose;
  - 4.1.4 If the Retailer becomes aware, at any time, of any Customer using Gas Services provided by the Retailer or Gas Distribution Service provided by AUI in a manner inconsistent with the Retailer Distribution Service Rules, and/or potentially creating safety, health or environmental concerns or damage to the Gas Distribution System, the Retailer must immediately notify AUI of such circumstances;
  - 4.1.5 In providing service to any Customer, the Retailer may not damage or interfere with, or otherwise disturb, alter or tamper with the Gas Distribution System. The Retailer must notify AUI immediately of any problem or defect relating to the Gas Distribution System the Retailer discovers or has brought to its attention;
  - 4.1.6 The Retailer understands and agrees AUI will not perform billing or collections activities on its behalf, unless specified by separate contract. The Retailer agrees to pay all amounts due and owing to AUI in accordance with the Retailer

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Distribution Service Rules, regardless of any billing or collection disputes the Retailer may have with any Customer;

- 4.1.7 The Retailer agrees to comply with all prudential requirements pursuant to the Retailer Distribution Service Rules and the *Natural Gas Billing Regulation A.R. 185/2003*, as amended;
- 4.1.8 The Retailer agrees to comply with all billing requirements, including displaying AUI's emergency contact phone number on Customer bills, pursuant to the *Natural Gas Billing Regulation A.R. 185/2003*, as amended; and
- 4.1.9 The Retailer will continue to satisfy all conditions prescribed by the *Gas Utilities Act* and this Article 4.1 for Gas Services arrangements.

#### **ARTICLE 5 RECEIPT POINTS**

- 5.1 The Point of Receipt for Gas delivered by the Retailer to AUI pursuant to this Contract must be (check only one):
- \_\_\_ via a TCPL (NOVA) Inventory Transfer (NIT); or  
\_\_\_ via an ATCO Pipelines Account Transfer.
- 5.2 AUI will determine receipt locations by consultation with the Retailer if anything other than a NIT or an ATCO Pipelines Account Transfer is utilized.

#### **ARTICLE 6 GAS SUPPLY**

- 6.1 The Retailer will, at all times, have the obligation to comply with Gas balancing requirements specified in the Retailer Distribution Service Rules.

#### **ARTICLE 7 PRICE**

- 7.1 AUI will invoice the Retailer or Self-Retailer, who is a signatory to this Contract, for all applicable rates, tolls, charges and federal and provincial taxes as specified in AUI's Rate Schedule, as amended from time to time and approved by the Commission, and the Retailer agrees to pay such invoices in accordance with the Retailer Distribution Service Rules.
- 7.2 Payment terms will be as specified in the Retailer Distribution Service Rules.

AltaGas Utilities Inc.  
Retailer Distribution Service Contract

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**ARTICLE 8**  
**TERM**

- 8.1 AUI may terminate this Contract:
- 8.1.1 If any one or more of the conditions in Articles 3 or 4 of this Contract has not been, or is not being, complied with; or
- 8.1.2 In accordance with the terms and conditions specified in the Retailer Distribution Service Rules.
- 8.2 This Contract will terminate on any terms and conditions as may be prescribed by the Commission pursuant to the *Gas Utilities Act*.
- 8.3 If AUI terminates a Service Agreement with respect to a Customer, this Contract will terminate insofar, and only insofar, as it applies to that Customer, unless the Customer is a Self-Retailer, in which case this Contract will fully terminate.
- 8.4 This Contract is subject to all applicable legislation, including the *Gas Utilities Act* and the regulations made thereunder, and all applicable orders, rulings, regulations and decisions of the Commission or any other regulatory authority having jurisdiction over AUI.

**ARTICLE 9**  
**ADDRESS FOR NOTICES**

- 9.1 Until notified otherwise in writing, payments by, or on behalf of, the Retailer to AUI must be made or delivered to the following address:

ALTAGAS UTILITIES INC.  
5509 - 45 Street  
Leduc, Alberta  
T9E 6T6

Attention: Accounts Receivable

- 9.2 All other notices must be made or delivered to one of the following addresses:

AUI: ALTAGAS UTILITIES INC.  
5509 - 45 Street  
Leduc, Alberta  
T9E 6T6

Attention: Vice President, Regulatory & Legal Affairs

AltaGas Utilities Inc.  
Retailer Distribution Service Contract

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The Retailer: [the Retailer or Self-Retailer]  
Address  
City, Province  
Postal Code  
  
Attention:  
The Retailer ID No.:  
Telephone: ( )  
Fax: ( )

9.3 Either party may change its address by giving written notice to the other.

#### **ARTICLE 10 GENERAL**

- 10.1 Neither party may disclose any Confidential Information obtained pursuant to this Contract to any person, without the express prior written consent of the other party. As used in this Article, the term "Confidential Information" will include all business, financial and commercial information pertaining to the Parties, Customers of either Party, suppliers of either Party, personnel of either Party and any trade secrets and other information of a similar nature.
- 10.2 Notwithstanding the preceding paragraph, a receiving party may disclose Confidential Information to any governmental, judicial or regulatory authority requiring such Confidential Information pursuant to any applicable law, regulation, ruling or order, provided:
- (a) such Confidential Information is submitted under the applicable provision, if available and permitted, for confidential treatment by such governmental, judicial or regulatory authority; and
  - (b) prior to such disclosure, the other party is given prompt notice of the disclosure requirement and an opportunity to make representations, to the extent permissible, to the relevant governmental, judicial or regulatory authority concerning the confidential nature of the information and/or the requirement for such information to remain confidential.
- 10.3 This Contract will bind and enure to the Parties' respective successors and assigns. However, any assignment will not release either Party from such Party's obligations under this Contract without the written consent of the other Party to such release. Consent to such release may not be unreasonably withheld.



**AltaGas Utilities Inc.**  
**Retailer Distribution Service Contract**

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**Page 7**

- 10.4 If any provision of this Contract, or the application thereof, is, to any extent, held invalid or unenforceable, the remainder of this Contract and the application thereof, other than those provisions held invalid or unenforceable, will remain unaffected and will continue in full force and effect and will be enforceable to the fullest extent permitted by law or in equity.

AltaGas Utilities Inc.  
Retailer Distribution Service Contract

Page 8

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IN WITNESS WHEREOF this Contract has been properly executed by the Retailer (or Self-Retailer) and AUI as of the date first written above.

ALTAGAS UTILITIES INC.

Per: Signature \_\_\_\_\_ Name \_\_\_\_\_  
*(Please Print)*

Title \_\_\_\_\_ Date \_\_\_\_\_  
*(Please Print)* *Year/Month/Day*

Per: Signature \_\_\_\_\_ Name \_\_\_\_\_  
*(Please Print)*

Title \_\_\_\_\_ Date \_\_\_\_\_  
*(Please Print)* *Year/Month/Day*

[RETAILER or SELF-RETAILER]

Per: Signature \_\_\_\_\_ Name \_\_\_\_\_  
*(Please Print)*

Title \_\_\_\_\_ Date \_\_\_\_\_  
*(Please Print)* *Year/Month/Day*

Per: Signature \_\_\_\_\_ Name \_\_\_\_\_  
*(Please Print)*

Title \_\_\_\_\_ Date \_\_\_\_\_  
*(Please Print)* *Year/Month/Day*

AltaGas Utilities Inc.  
Retailer Distribution Service Contract

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**SCHEDULE A**  
**ALTAGAS UTILITIES INC.**  
**RATE SCHEDULE**

AltaGas Utilities Inc.  
Retailer Distribution Service Contract

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**SCHEDULE B**  
**ALTAGAS UTILITIES INC.**  
**RETAILER DISTRIBUTION SERVICE RULES**

**ALTAGAS UTILITIES INC.**  
**DEMAND GENERAL SERVICE CONTRACT**  
**for**  
**Customer Served by Optional Rates 3 or 13**

Contract Number

---

**DEMAND GENERAL SERVICE CONTRACT**  
FOR CUSTOMERS SERVED BY OPTIONAL RATES 3 OR 13

**THIS GAS DISTRIBUTION SERVICE CONTRACT**  
FOR CUSTOMERS SERVED BY OPTIONAL RATES 3 OR 13 (the Contract)

made as of \_\_\_\_\_, \_\_\_\_\_, \_\_\_\_\_  
Month Day Year

BETWEEN:

**[CUSTOMER]**

a body corporate, carrying on business  
in the Province of Alberta  
(the Customer),

OF THE FIRST PART,

- and -

**ALTAGAS UTILITIES INC.**

a body corporate, carrying on business  
in the Province of Alberta  
(AUI),

OF THE SECOND PART

**WHEREAS:**

- a) AUI owns and operates a Gas Distribution System within the Province of Alberta; and
- b) The Customer and/or Customer's Retailer (the Retailer) has requested AUI provide Gas Distribution Service under Optional Rates 3 or 13 for the purpose of providing Gas Distribution Service to the Customer;

AUI and the Customer acknowledge and agree, in consideration of the following rights and obligations:

**ARTICLE 1**  
**DEFINITIONS**

- 1.1 The words, terms, and phrases used in this Contract will, unless otherwise defined in the Contract or unless the context otherwise requires, have the meanings given to them in the *Gas Utilities Act, R.S.A. 2000, c. G-5* (the Act), the AUI Natural Gas Utility Service Rules (the Natural Gas Utility Service Rules) and the AUI Retailer Distribution Service Rules (the Retailer Distribution Service Rules).

AltaGas Utilities Inc.  
Demand General Service Contract

Page 2

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**ARTICLE 2**  
**RATE SCHEDULE AND TERMS AND CONDITIONS**

- 2.1 The Customer acknowledges receipt of a current copy of AUI's Rate Schedule (the Rate Schedule), attached to the Contract and marked as Schedule A, and agrees the Rate Schedule, as amended by AUI and approved by the Commission from time to time, is fully incorporated as an integral part of this Contract.
- 2.2 The Customer acknowledges receipt of a current copy of the Natural Gas Utility Service Rules and the Retailer Distribution Service Rules, attached to the Contract and marked as Schedule B, and agrees the Natural Gas Utility Service Rules and the Retailer Distribution Service Rules, as amended by AUI and approved by the Commission from time to time, are fully incorporated as an integral part of this Contract.

**ARTICLE 3**  
**TERM**

- 3.1 AUI may terminate this Contract at any time:
- a) if any one or more of the conditions in Article 4 of this Contract has not been met or is not being complied with by the Customer; or
  - b) in accordance with the terms and conditions specified in the Natural Gas Utility Service Rules or Retailer Distribution Service Rules.
- 3.2 This Contract will terminate in accordance with, and on the terms and conditions prescribed by, any Order of the Commission pursuant to the Act.
- 3.3 Notwithstanding any other provision in this Contract, the obligations of the Customer and AUI set out in Articles 2, 3, 4, 5, 6 and 7 will be in effect at all times.

**ARTICLE 4**  
**CONDITIONS TO PROVISION OF GAS DISTRIBUTION SERVICE**

- 4.1 The obligation of AUI to provide Gas Distribution Service to the Customer will be subject to the Customer satisfying all of the conditions prescribed by the Act, the Rate Schedule, the Natural Gas Utility Service Rules and the Retailer Distribution Service Rules.

AltaGas Utilities Inc.  
Demand General Service Contract

Page 3

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**ARTICLE 5**  
**DELIVERY POINTS**

5.1 Point of Delivery (complete as applicable):

Legal address: \_\_\_\_\_

Municipal address: \_\_\_\_\_

Street: \_\_\_\_\_

Municipality: \_\_\_\_\_

Province: \_\_\_\_\_

5.2 Customer Information:

Customer Name: \_\_\_\_\_

Account No.: \_\_\_\_\_

Site ID/Premise No.: \_\_\_\_\_

Contact Information:

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Phone No.: \_\_\_\_\_

E-mail: \_\_\_\_\_

Contact Mailing Information:

Street: \_\_\_\_\_

Municipality: \_\_\_\_\_

Province: \_\_\_\_\_

Postal Code: \_\_\_\_\_



AltaGas Utilities Inc.  
Demand General Service Contract

Page 4

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**ARTICLE 6**  
**SERVICE REQUIREMENTS**

6.1 The service requirements for the Contract are as follows:

Contract Demand: \_\_\_\_\_ gigajoules

Date of Initial Delivery: \_\_\_\_\_  
*(Year/Month/Day)*

6.2 The Contract Demand may be amended, subject to written agreement by Customer and AUI.

**ARTICLE 7**  
**RATE, BILLING & PAYMENT**

7.1 The rate for Gas Distribution Service provided by AUI to the Customer under this Contract will be either:

Rate 3 – Demand General Service (Optional); or  
Rate 13 – Demand General Service (Optional) for Retailer.

7.2 Billing and payment terms will be as specified in the Natural Gas Utility Service Rules and Retailer Distribution Service Rules.

**ARTICLE 8**  
**ADDRESSES FOR NOTIFICATION**

8.1 Unless otherwise required by the Rate Schedule, the Natural Gas Utility Service Rules or the Retailer Distribution Service Rules, notices will be made or delivered to one of the following addresses:

AUI:                     **ALTAGAS UTILITIES INC.**  
                              5509 - 45 Street  
                              Leduc, Alberta  
                              T9E 6T6  
                              Attention: Director, Customer Relations  
                              Fax No.: (780) 986-5220

AltaGas Utilities Inc.  
Demand General Service Contract

Page 5

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Customer:

Address: \_\_\_\_\_

City, Province: \_\_\_\_\_

Postal Code: \_\_\_\_\_

Attention: \_\_\_\_\_

Fax No.: \_\_\_\_\_

- 8.2 Any party may change the address for notification by giving written notice to the other.

**ARTICLE 9**  
**GENERAL**

- 9.1 Neither party may disclose any Confidential Information obtained pursuant to this Contract to any person without the express prior written consent of the other party. As used in this Article, the term "Confidential Information" will include all business, financial and commercial information pertaining to parties, the customers of either party, suppliers of either party, personnel of either party, any trade secrets and/or information of a similar nature.
- 9.2 Notwithstanding the preceding paragraph, a receiving party may disclose Confidential Information to any governmental, judicial or regulatory authority requiring such Confidential Information pursuant to any applicable law, regulation, ruling or order, provided:
- a) such Confidential Information is submitted under the applicable provision, if possible, for confidential treatment by such governmental, judicial, or regulatory authority;
  - b) prior to such disclosure, the other party is given prompt notice of the disclosure requirement; and
  - c) prior to such disclosure, the other party is provided a reasonable opportunity to make submissions to the applicable governmental, judicial or regulatory authority concerning the appropriateness of having the confidential information disclosed, or the need to maintain the relevant information as confidential and/or such other submissions as the other party may consider reasonable and necessary in regards to the confidential information.
- 9.3 **This Contract will be binding upon and enure to the benefit of AUI and the Customer and their respective successors and permitted assigns.** The rights of the Customer under this Contract may not be assigned without the prior written consent of AUI. The rights of AUI under the Contract may be assigned at any time.

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- 9.4 If any provision of this Contract is determined to be invalid, illegal or unenforceable in any respect, then, to the extent of such invalidity, illegality or unenforceability, such provision will be severed from this Contract and the Contract will be interpreted and construed without reference to the severed provision(s) and the validity, legality or enforceability of the remaining provisions contained in this Contract will not, in any way, be affected or impaired.
- 9.5 Except as provided in Articles 2.1, 2.2, and 9.7 of this Contract, no modification of, or amendment to, this Contract will be valid or binding unless in writing and duly executed by AUI and the Customer. A waiver of any default, breach or non-compliance under this Contract is not effective unless in writing and signed by the party to be bound by the waiver. No waiver will be inferred from, or implied by, any act or delay in acting by a party in respect of any default, breach or non-observance or by anything done or omitted to be done by the other party. The waiver by a party of any default, breach or non-compliance under this Contract will not operate as a waiver of that Party's rights under this Contract in respect of any continuing or subsequent default, breach or non-observance (whether of the same or any other nature).
- 9.6 This Contract will be governed by the laws of the Province of Alberta and the federal laws of Canada, as applicable, and is subject to all applicable legislation, including the *Gas Utilities Act* and the regulations made thereunder, and all applicable orders, rulings, regulations and decisions of the Commission or any other regulatory authority having jurisdiction over AUI.
- 9.7 This Contract may be signed in counterparts and each counterpart will constitute an original document and each counterpart, taken together, will constitute one and the same instrument. Counterparts may be executed either in original or facsimile form and the parties adopt any signatures received by a receiving fax machine or email transmission as original signatures of the parties.

AltaGas Utilities Inc.  
Demand General Service Contract

Page 7

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**IN WITNESS WHEREOF** this Contract has been properly executed by the Customer and AUI effective as and from the date first written above.

**ALTAGAS UTILITIES INC.**

Per: Signature \_\_\_\_\_ Name \_\_\_\_\_  
*(Please Print)*

Date \_\_\_\_\_  
*Year/Month/Day*

Per: Signature \_\_\_\_\_ Name \_\_\_\_\_  
*(Please Print)*

Date \_\_\_\_\_  
*Year/Month/Day*

**CUSTOMER**

Per: Signature \_\_\_\_\_ Name \_\_\_\_\_  
*(Please Print)*

Date \_\_\_\_\_  
*Year/Month/Day*

Per: Signature \_\_\_\_\_ Name \_\_\_\_\_  
*(Please Print)*

Date \_\_\_\_\_  
*Year/Month/Day*

AltaGas Utilities Inc.  
Demand General Service Contract

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**SCHEDULE A**  
**RATE SCHEDULE**  
(see attached)

AltaGas Utilities Inc.  
Demand General Service Contract

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**SCHEDULE B**  
**TERMS AND CONDITIONS OF SERVICE**  
(see attached)

**ALTAGAS UTILITIES INC.**  
**DEMAND GENERAL SERVICE CONTRACT**  
**for**  
**Customer Served by Optional Rates 3 or 13**

Contract Number

---

**DEMAND GENERAL SERVICE CONTRACT**  
FOR CUSTOMERS SERVED BY OPTIONAL RATES 3 OR 13

**THIS GAS DISTRIBUTION SERVICE CONTRACT**  
FOR CUSTOMERS SERVED BY OPTIONAL RATES 3 OR 13 (the Contract)

made as of \_\_\_\_\_, \_\_\_\_\_, \_\_\_\_\_  
Month Day Year

BETWEEN:

**[CUSTOMER]**

a body corporate, carrying on business  
in the Province of Alberta  
(the Customer),

OF THE FIRST PART,

- and -

**ALTAGAS UTILITIES INC.**

a body corporate, carrying on business  
in the Province of Alberta  
(AUI),

OF THE SECOND PART

**WHEREAS:**

- a) AUI owns and operates a Gas Distribution System within the Province of Alberta; and
- b) The Customer and/or Customer's Retailer (the Retailer) has requested AUI provide Gas Distribution Service under Optional Rates 3 or 13 for the purpose of providing Gas Distribution Service to the Customer;

AUI and the Customer acknowledge and agree, in consideration of the following rights and obligations:

**ARTICLE 1**  
**DEFINITIONS**

- 1.1 The words, terms, and phrases used in this Contract will, unless otherwise defined in the Contract or unless the context otherwise requires, have the meanings given to them in the *Gas Utilities Act, R.S.A. 2000, c. G-5* (the Act), the AUI Natural Gas Utility Service Rules (the Natural Gas Utility Service Rules) and the AUI Retailer Distribution Service Rules (the Retailer Distribution Service Rules).



AltaGas Utilities Inc.  
Demand General Service Contract

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**ARTICLE 2**  
**RATE SCHEDULE AND TERMS AND CONDITIONS**

- 2.1 The Customer acknowledges receipt of a current copy of AUI's Rate Schedule (the Rate Schedule), attached to the Contract and marked as Schedule A, and agrees the Rate Schedule, as amended by AUI and approved by the Commission from time to time, is fully incorporated as an integral part of this Contract.
- 2.2 The Customer acknowledges receipt of a current copy of the Natural Gas Utility Service Rules and the Retailer Distribution Service Rules, attached to the Contract and marked as Schedule B, and agrees the Natural Gas Utility Service Rules and the Retailer Distribution Service Rules, as amended by AUI and approved by the Commission from time to time, are fully incorporated as an integral part of this Contract.

**ARTICLE 3**  
**TERM**

- 3.1 AUI may terminate this Contract at any time:
- a) if any one or more of the conditions in Article 4 of this Contract has not been met or is not being complied with by the Customer; or
  - b) in accordance with the terms and conditions specified in the Natural Gas Utility Service Rules or Retailer Distribution Service Rules.
- 3.2 This Contract will terminate in accordance with, and on the terms and conditions prescribed by, any Order of the Commission pursuant to the Act.
- 3.3 Notwithstanding any other provision in this Contract, the obligations of the Customer and AUI set out in Articles 2, 3, 4, 5, 6 and 7 will be in effect at all times.

**ARTICLE 4**  
**CONDITIONS TO PROVISION OF GAS DISTRIBUTION SERVICE**

- 4.1 The obligation of AUI to provide Gas Distribution Service to the Customer will be subject to the Customer satisfying all of the conditions prescribed by the Act, the Rate Schedule, the Natural Gas Utility Service Rules and the Retailer Distribution Service Rules.

AltaGas Utilities Inc.  
Demand General Service Contract

Page 3

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**ARTICLE 5**  
**DELIVERY POINTS**

5.1 Point of Delivery (complete as applicable):

Legal address: \_\_\_\_\_

Municipal address: \_\_\_\_\_

Street: \_\_\_\_\_

Municipality: \_\_\_\_\_

Province: \_\_\_\_\_

5.2 Customer Information:

Customer Name: \_\_\_\_\_

Account No.: \_\_\_\_\_

Site ID/Premise No.: \_\_\_\_\_

Contact Information:

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Phone No.: \_\_\_\_\_

E-mail: \_\_\_\_\_

Contact Mailing Information:

Street: \_\_\_\_\_

Municipality: \_\_\_\_\_

Province: \_\_\_\_\_

Postal Code: \_\_\_\_\_

AltaGas Utilities Inc.  
Demand General Service Contract

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**ARTICLE 6**  
**SERVICE REQUIREMENTS**

6.1 The service requirements for the Contract are as follows:

Contract Demand: \_\_\_\_\_ gigajoules

Date of Initial Delivery: \_\_\_\_\_  
(Year/Month/Day)

6.2 The Contract Demand may be amended, subject to written agreement by Customer and AUI.

**ARTICLE 7**  
**RATE, BILLING & PAYMENT**

7.1 The rate for Gas Distribution Service provided by AUI to the Customer under this Contract will be either:

Rate 3 – Demand General Service (Optional); or  
Rate 13 – Demand General Service (Optional) for Retailer.

7.2 Billing and payment terms will be as specified in the Natural Gas Utility Service Rules and Retailer Distribution Service Rules.

**ARTICLE 8**  
**ADDRESSES FOR NOTIFICATION**

8.1 Unless otherwise required by the Rate Schedule, the Natural Gas Utility Service Rules or the Retailer Distribution Service Rules, notices will be made or delivered to one of the following addresses:

AUI:                         **ALTAGAS UTILITIES INC.**  
5509 - 45 Street  
Leduc, Alberta  
T9E 6T6  
Attention: Director, Customer Relations  
Fax No.: (780) 986-5220

AltaGas Utilities Inc.  
Demand General Service Contract

Page 5

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Customer:

Address: \_\_\_\_\_

City, Province: \_\_\_\_\_

Postal Code: \_\_\_\_\_

Attention: \_\_\_\_\_

Fax No.: \_\_\_\_\_

- 8.2 Any party may change the address for notification by giving written notice to the other.

**ARTICLE 9**  
**GENERAL**

- 9.1 Neither party may disclose any Confidential Information obtained pursuant to this Contract to any person without the express prior written consent of the other party. As used in this Article, the term "Confidential Information" will include all business, financial and commercial information pertaining to parties, the customers of either party, suppliers of either party, personnel of either party, any trade secrets and/or information of a similar nature.
- 9.2 Notwithstanding the preceding paragraph, a receiving party may disclose Confidential Information to any governmental, judicial or regulatory authority requiring such Confidential Information pursuant to any applicable law, regulation, ruling or order, provided:
- a) such Confidential Information is submitted under the applicable provision, if possible, for confidential treatment by such governmental, judicial, or regulatory authority;
  - b) prior to such disclosure, the other party is given prompt notice of the disclosure requirement; and
  - c) prior to such disclosure, the other party is provided a reasonable opportunity to make submissions to the applicable governmental, judicial or regulatory authority concerning the appropriateness of having the confidential information disclosed, or the need to maintain the relevant information as confidential and/or such other submissions as the other party may consider reasonable and necessary in regards to the confidential information.
- 9.3 **This Contract will be binding upon and enure to the benefit of AUI and the Customer and their respective successors and permitted assigns.** The rights of the Customer under this Contract may not be assigned without the prior written consent of AUI. The rights of AUI under the Contract may be assigned at any time.

- 
- 9.4 If any provision of this Contract is determined to be invalid, illegal or unenforceable in any respect, then, to the extent of such invalidity, illegality or unenforceability, such provision will be severed from this Contract and the Contract will be interpreted and construed without reference to the severed provision(s) and the validity, legality or enforceability of the remaining provisions contained in this Contract will not, in any way, be affected or impaired.
- 9.5 Except as provided in Articles 2.1, 2.2, and 9.7 of this Contract, no modification of, or amendment to, this Contract will be valid or binding unless in writing and duly executed by AUI and the Customer. A waiver of any default, breach or non-compliance under this Contract is not effective unless in writing and signed by the party to be bound by the waiver. No waiver will be inferred from, or implied by, any act or delay in acting by a party in respect of any default, breach or non-observance or by anything done or omitted to be done by the other party. The waiver by a party of any default, breach or non-compliance under this Contract will not operate as a waiver of that Party's rights under this Contract in respect of any continuing or subsequent default, breach or non-observance (whether of the same or any other nature).
- 9.6 This Contract will be governed by the laws of the Province of Alberta and the federal laws of Canada, as applicable, and is subject to all applicable legislation, including the *Gas Utilities Act* and the regulations made thereunder, and all applicable orders, rulings, regulations and decisions of the Commission or any other regulatory authority having jurisdiction over AUI.
- 9.7 This Contract may be signed in counterparts and each counterpart will constitute an original document and each counterpart, taken together, will constitute one and the same instrument. Counterparts may be executed either in original or facsimile form and the parties adopt any signatures received by a receiving fax machine or email transmission as original signatures of the parties.

AltaGas Utilities Inc.  
Demand General Service Contract

Page 7

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**IN WITNESS WHEREOF** this Contract has been properly executed by the Customer and AUI effective as and from the date first written above.

**ALTAGAS UTILITIES INC.**

Per: Signature \_\_\_\_\_ Name \_\_\_\_\_  
*(Please Print)*

Date \_\_\_\_\_  
*Year/Month/Day*

Per: Signature \_\_\_\_\_ Name \_\_\_\_\_  
*(Please Print)*

Date \_\_\_\_\_  
*Year/Month/Day*

**CUSTOMER**

Per: Signature \_\_\_\_\_ Name \_\_\_\_\_  
*(Please Print)*

Date \_\_\_\_\_  
*Year/Month/Day*

Per: Signature \_\_\_\_\_ Name \_\_\_\_\_  
*(Please Print)*

Date \_\_\_\_\_  
*Year/Month/Day*

AltaGas Utilities Inc.  
Demand General Service Contract

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**SCHEDULE A**  
**RATE SCHEDULE**  
(see attached)

AltaGas Utilities Inc.  
Demand General Service Contract

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**SCHEDULE B**  
**TERMS AND CONDITIONS OF SERVICE**  
(see attached)



**ALTAGAS UTILITIES INC.**  
**DEMAND GENERAL SERVICE CONTRACT**  
**for**  
**Customer Served by Optional Rates 3 or 13**

Contract Number

---

**DEMAND GENERAL SERVICE CONTRACT**  
FOR CUSTOMERS SERVED BY OPTIONAL RATES 3 OR 13

**THIS GAS DISTRIBUTION SERVICE CONTRACT**  
FOR CUSTOMERS SERVED BY OPTIONAL RATES 3 OR 13 (the Contract)

made as of \_\_\_\_\_, \_\_\_\_\_, \_\_\_\_\_  
Month Day Year

BETWEEN:

**[CUSTOMER]**

a body corporate, carrying on business  
in the Province of Alberta  
(the Customer),

OF THE FIRST PART,

- and -

**ALTAGAS UTILITIES INC.**

a body corporate, carrying on business  
in the Province of Alberta  
(AUI),

OF THE SECOND PART

**WHEREAS:**

- a) AUI owns and operates a Gas Distribution System within the Province of Alberta; and
- b) The Customer and/or Customer's Retailer (the Retailer) has requested AUI provide Gas Distribution Service under Optional Rates 3 or 13 for the purpose of providing Gas Distribution Service to the Customer;

AUI and the Customer acknowledge and agree, in consideration of the following rights and obligations:

**ARTICLE 1**  
**DEFINITIONS**

- 1.1 The words, terms, and phrases used in this Contract will, unless otherwise defined in the Contract or unless the context otherwise requires, have the meanings given to them in the *Gas Utilities Act, R.S.A. 2000, c. G-5* (the Act), the AUI Natural Gas Utility Service Rules (the Natural Gas Utility Service Rules) and the AUI Retailer Distribution Service Rules (the Retailer Distribution Service Rules).

AltaGas Utilities Inc.  
Demand General Service Contract

Page 2

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**ARTICLE 2**  
**RATE SCHEDULE AND TERMS AND CONDITIONS**

- 2.1 The Customer acknowledges receipt of a current copy of AUI's Rate Schedule (the Rate Schedule), attached to the Contract and marked as Schedule A, and agrees the Rate Schedule, as amended by AUI and approved by the Commission from time to time, is fully incorporated as an integral part of this Contract.
- 2.2 The Customer acknowledges receipt of a current copy of the Natural Gas Utility Service Rules and the Retailer Distribution Service Rules, attached to the Contract and marked as Schedule B, and agrees the Natural Gas Utility Service Rules and the Retailer Distribution Service Rules, as amended by AUI and approved by the Commission from time to time, are fully incorporated as an integral part of this Contract.

**ARTICLE 3**  
**TERM**

- 3.1 AUI may terminate this Contract at any time:
- a) if any one or more of the conditions in Article 4 of this Contract has not been met or is not being complied with by the Customer; or
  - b) in accordance with the terms and conditions specified in the Natural Gas Utility Service Rules or Retailer Distribution Service Rules.
- 3.2 This Contract will terminate in accordance with, and on the terms and conditions prescribed by, any Order of the Commission pursuant to the Act.
- 3.3 Notwithstanding any other provision in this Contract, the obligations of the Customer and AUI set out in Articles 2, 3, 4, 5, 6 and 7 will be in effect at all times.

**ARTICLE 4**  
**CONDITIONS TO PROVISION OF GAS DISTRIBUTION SERVICE**

- 4.1 The obligation of AUI to provide Gas Distribution Service to the Customer will be subject to the Customer satisfying all of the conditions prescribed by the Act, the Rate Schedule, the Natural Gas Utility Service Rules and the Retailer Distribution Service Rules.

AltaGas Utilities Inc.  
Demand General Service Contract

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**ARTICLE 5**  
**DELIVERY POINTS**

5.1 Point of Delivery (complete as applicable):

Legal address: \_\_\_\_\_

Municipal address: \_\_\_\_\_

Street: \_\_\_\_\_

Municipality: \_\_\_\_\_

Province: \_\_\_\_\_

5.2 Customer Information:

Customer Name: \_\_\_\_\_

Account No.: \_\_\_\_\_

Site ID/Premise No.: \_\_\_\_\_

Contact Information:

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Phone No.: \_\_\_\_\_

E-mail: \_\_\_\_\_

Contact Mailing Information:

Street: \_\_\_\_\_

Municipality: \_\_\_\_\_

Province: \_\_\_\_\_

Postal Code: \_\_\_\_\_

AltaGas Utilities Inc.  
Demand General Service Contract

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**ARTICLE 6**  
**SERVICE REQUIREMENTS**

6.1 The service requirements for the Contract are as follows:

Contract Demand: \_\_\_\_\_ gigajoules

Date of Initial Delivery: \_\_\_\_\_  
(Year/Month/Day)

6.2 The Contract Demand may be amended, subject to written agreement by Customer and AUI.

**ARTICLE 7**  
**RATE, BILLING & PAYMENT**

7.1 The rate for Gas Distribution Service provided by AUI to the Customer under this Contract will be either:

Rate 3 – Demand General Service (Optional); or  
Rate 13 – Demand General Service (Optional) for Retailer.

7.2 Billing and payment terms will be as specified in the Natural Gas Utility Service Rules and Retailer Distribution Service Rules.

**ARTICLE 8**  
**ADDRESSES FOR NOTIFICATION**

8.1 Unless otherwise required by the Rate Schedule, the Natural Gas Utility Service Rules or the Retailer Distribution Service Rules, notices will be made or delivered to one of the following addresses:

AUI:                   **ALTAGAS UTILITIES INC.**  
5509 - 45 Street  
Leduc, Alberta  
T9E 6T6  
Attention: Director, Customer Relations  
Fax No.: (780) 986-5220

AltaGas Utilities Inc.  
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Customer:

Address: \_\_\_\_\_

City, Province: \_\_\_\_\_

Postal Code: \_\_\_\_\_

Attention: \_\_\_\_\_

Fax No.: \_\_\_\_\_

- 8.2 Any party may change the address for notification by giving written notice to the other.

**ARTICLE 9**  
**GENERAL**

- 9.1 Neither party may disclose any Confidential Information obtained pursuant to this Contract to any person without the express prior written consent of the other party. As used in this Article, the term "Confidential Information" will include all business, financial and commercial information pertaining to parties, the customers of either party, suppliers of either party, personnel of either party, any trade secrets and/or information of a similar nature.
- 9.2 Notwithstanding the preceding paragraph, a receiving party may disclose Confidential Information to any governmental, judicial or regulatory authority requiring such Confidential Information pursuant to any applicable law, regulation, ruling or order, provided:
- a) such Confidential Information is submitted under the applicable provision, if possible, for confidential treatment by such governmental, judicial, or regulatory authority;
  - b) prior to such disclosure, the other party is given prompt notice of the disclosure requirement; and
  - c) prior to such disclosure, the other party is provided a reasonable opportunity to make submissions to the applicable governmental, judicial or regulatory authority concerning the appropriateness of having the confidential information disclosed, or the need to maintain the relevant information as confidential and/or such other submissions as the other party may consider reasonable and necessary in regards to the confidential information.
- 9.3 **This Contract will be binding upon and enure to the benefit of AUI and the Customer and their respective successors and permitted assigns.** The rights of the Customer under this Contract may not be assigned without the prior written consent of AUI. The rights of AUI under the Contract may be assigned at any time.

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- 9.4 If any provision of this Contract is determined to be invalid, illegal or unenforceable in any respect, then, to the extent of such invalidity, illegality or unenforceability, such provision will be severed from this Contract and the Contract will be interpreted and construed without reference to the severed provision(s) and the validity, legality or enforceability of the remaining provisions contained in this Contract will not, in any way, be affected or impaired.
- 9.5 Except as provided in Articles 2.1, 2.2, and 9.7 of this Contract, no modification of, or amendment to, this Contract will be valid or binding unless in writing and duly executed by AUI and the Customer. A waiver of any default, breach or non-compliance under this Contract is not effective unless in writing and signed by the party to be bound by the waiver. No waiver will be inferred from, or implied by, any act or delay in acting by a party in respect of any default, breach or non-observance or by anything done or omitted to be done by the other party. The waiver by a party of any default, breach or non-compliance under this Contract will not operate as a waiver of that Party's rights under this Contract in respect of any continuing or subsequent default, breach or non-observance (whether of the same or any other nature).
- 9.6 This Contract will be governed by the laws of the Province of Alberta and the federal laws of Canada, as applicable, and is subject to all applicable legislation, including the *Gas Utilities Act* and the regulations made thereunder, and all applicable orders, rulings, regulations and decisions of the Commission or any other regulatory authority having jurisdiction over AUI.
- 9.7 This Contract may be signed in counterparts and each counterpart will constitute an original document and each counterpart, taken together, will constitute one and the same instrument. Counterparts may be executed either in original or facsimile form and the parties adopt any signatures received by a receiving fax machine or email transmission as original signatures of the parties.

AltaGas Utilities Inc.  
Demand General Service Contract

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**IN WITNESS WHEREOF** this Contract has been properly executed by the Customer and AUI effective as and from the date first written above.

**ALTAGAS UTILITIES INC.**

Per: Signature \_\_\_\_\_ Name \_\_\_\_\_  
*(Please Print)*

Date \_\_\_\_\_  
*Year/Month/Day*

Per: Signature \_\_\_\_\_ Name \_\_\_\_\_  
*(Please Print)*

Date \_\_\_\_\_  
*Year/Month/Day*

**CUSTOMER**

Per: Signature \_\_\_\_\_ Name \_\_\_\_\_  
*(Please Print)*

Date \_\_\_\_\_  
*Year/Month/Day*

Per: Signature \_\_\_\_\_ Name \_\_\_\_\_  
*(Please Print)*

Date \_\_\_\_\_  
*Year/Month/Day*



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Demand General Service Contract

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**SCHEDULE A**  
**RATE SCHEDULE**  
(see attached)

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Demand General Service Contract

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**SCHEDULE B**  
**TERMS AND CONDITIONS OF SERVICE**  
(see attached)

<b>GENERAL CONDITIONS OF SERVICE</b>
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1. AltaGas Utilities Inc.'s default rate tariff and distribution tariff are subject to change and approval by the Alberta Utilities Commission. Information about AUI's approved default rate and distribution tariffs is available on the AltaGas Utilities Inc. website at [www.altagasutilities.com](http://www.altagasutilities.com).
2. Service sites are subject to all applicable rate riders as approved by the Alberta Utilities Commission.
3. Service provided under a special contract is subject to the terms and conditions of that contract, unless the Alberta Utilities Commission orders a variance to those terms and conditions.
4. AUI requires at least one (1) month prior written notice for a customer-initiated request to transfer an account from one rate class to another (i.e. between Small General Service, Large General Service, or Demand General Service). AUI may not make the transfer if associated changes in service requirements make it unreasonable to do so. There may be charges for additions or modifications to lines and equipment to accommodate a change in service requirements.
5. A service site using natural gas as a fuel for pumping irrigation water is restricted to the Irrigation Pumping Service rate class.
6. An account will retain the same rate class in the event of a change in gas supply unless a rate class change is being performed pursuant to Part 6 of the Natural Gas Utility Service Rules.

EFFECTIVE DATE: March 8, 2011	REPLACING RATE EFFECTIVE: October 7, 2010 Decision 2010-484	Page 1 of 1 GCS
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AltaGas Utilities Inc.

**AltaGas Utilities Inc.**

**NATURAL GAS UTILITY  
SERVICE RULES**

Effective: March 8, 2011

## A Guide to These Rules

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## AltaGas Utilities Inc. NATURAL GAS UTILITY SERVICE RULES

### Part 1 What these Rules are about

#### *We run the system that brings natural gas to you*

1. We are AltaGas Utilities Inc. (AUI), a gas utility committed to providing our customers with safe, reliable, and economical natural gas *utility service*. Our *utility service* can be *gas distribution service*, by itself, or *gas distribution service* and *default supply* combined.

#### *You need to know what type of services you can receive*

2. It is important for you to know what type of services you can receive to understand these Rules. To start, you need to know who supplies your natural gas.
  - a) If you buy your natural gas from us, you are a *default supply* customer.
  - b) If you have a contract (written, verbal or electronic) to buy your natural gas from a retailer, you are a *retail supply* customer.
3. Regardless of who you purchase your natural gas from, the delivery of the gas (your *gas distribution service*) is done by us.
4. You are free to choose between *default supply* and *retail supply*. Receiving *gas distribution service* does not depend on who supplies your natural gas. For more information about natural gas suppliers and making energy supply choices, you should contact the Government of Alberta's Utilities Consumer Advocate. Their contact information is provided at the end of these Rules.
5. Unless specifically identified, these Rules apply to both *default supply* and *retail supply* customers.

#### *Everyone on our system helps pay for it, so we need rules*

6. All our customers help pay the costs of building, operating and maintaining *our system* – the things we install to provide *gas distribution service* to our customers, including you. The lower the costs are, the lower our rates can be. Keeping costs down, while maintaining safety and reliability, takes cooperation and rules.

***These Rules govern the relationship between us***

7. These are the rules for *our system*. They govern how we serve you and how you take service from us. They are part of every *service agreement* – the agreement between us, as the provider of *utility service*, and you, as our customer. We have a *service agreement* with you whether you sign a contract or we simply begin providing you with *utility service* on the basis of these Rules.
8. No agreement can waive or alter any part of these Rules unless it has been approved by the *Commission*.

***These Rules are approved by the Alberta Utilities Commission***

9. These Rules are approved by the Alberta Utilities *Commission* and cannot be changed without its approval. Once the *Commission* approves the Rules, they are legally binding on you and us.
10. If there is any conflict between these Rules and a specific direction in an Order of the *Commission*, the Order takes priority.

***Italicized terms are defined at the end of these Rules***

11. In these Rules some words are in italics and have special meanings. These terms are defined in a List of Definitions in Part 11 of these Rules.

***Access to these Rules***

12. These Rules are available on our website at [www.altagasutilities.com](http://www.altagasutilities.com) or may be requested by using our General Inquiry contact information located at the end of these Rules.

## **Part 2 Signing up for gas distribution service**

***To get gas distribution service, you or your retailer has to sign up***

1. If you are a *default supply* customer and want us to start providing you with *gas distribution service*, you have to tell us. We may not be able to provide service until you sign an application or give us written confirmation you accept responsibility for an account with us.
2. If you are a *retail supply* customer, whether you or your *retailer* contacts us will depend on your *service requirements*:

- If you require new *lines and equipment* or changes to the existing *gas distribution system* to meet your *service requirements*, you should contact us directly to discuss your requirements. Please use the General Inquiry contact information located at the end of these Rules.
  - If no changes are required to meet your *service requirements*, your *retailer* can sign up on your behalf as long as your *retailer* can provide the necessary information we require to properly serve you. We will use the information we receive to set up an account for you on *our system*.
3. Our ability to provide service will also depend on your *service requirements* and whether our *lines and equipment* are set up to serve you.

***To provide proper service, we need to know you and your requirements***

4. For us to provide the right service and charge the right rates, we will need some information about you when you, or your *retailer*, sign up for *gas distribution service*. For example, we will need to know the amount of gas you expect to use and how it will be used. We will also need emergency contact information and may need other information such as credit information.
5. Our ability to provide proper service relies on being aware of any changes to the information we have about you. If any of your information needs to be updated, it is your responsibility to provide the most current information as soon as reasonably possible.
- a) If you are a *default supply* customer, you need to contact us. To contact us, please use the General Inquiry contact information located at the end of these Rules.
  - b) If you are a *retail supply* customer and have a contract with a *retailer*, you must provide your *retailer* with your updated information. Your *retailer* is responsible for sending us your updated information.

***Our agreement starts when we start providing gas distribution service***

6. A *service agreement* is in place as soon as we are told to provide the service and one of the following occurs:
- We begin providing the *gas distribution service* to you; or
  - We start doing the things necessary to provide the *gas distribution service*.
7. If you are a *default supply* customer we do not have a *service agreement* or an obligation to serve you simply because you have given us an application form for installation of a new service or a cash deposit.



8. If you are a *retail supply* customer we do not have a *service agreement* or an obligation to serve you simply because you have signed an agreement with a *retailer*.

***There is a fee to assume service***

9. You may be able to receive *gas distribution service* from *our system* without us needing to install any new *lines and equipment*.
- a) If you are a *default supply* customer and assume *gas distribution service* at a *service site*, you must pay the Account Activation Fee to cover the cost of activating your account.
  - b) An account is required for all customers, both *default supply* and *retail supply* customers. Depending on the work required to activate a *retail supply* customer account, we may also charge the Account Activation Fee to a *retail supply* customer.
  - c) The Account Activation Fee does not apply if we are installing new *lines and equipment* to provide you with *gas distribution service*.
10. The amounts of the Account Activation Fee and other Special Charges are set out in the Special Charges Schedule located at the end of these Rules.

***Special agreements may be required***

11. Demand General Service customers are required to enter into a Demand General Service Contract with us.
12. Customers with special *service requirements* may be required to enter into a special agreement with us. The special agreement can identify additional responsibilities not included in these Rules and other information we may need to properly serve you.

***These Rules always apply***

13. In any case, however a *service agreement* is made, it includes these Rules as if they were in a paper contract we signed with you.

***You let us use your land to serve you***

14. To serve you, we need some rights to use the *service land* – the parcel of land where the *service site* is located. The *service site* is the building or thing we provide *gas distribution service* to under the *service agreement*. For example, for typical *gas distribution service* to a home, the *service site* would be the house and the *service land* would be the parcel of land where the house is built. If the *service agreement* is not clear, we are permitted to name anything as the *service site* fitting the general intent of the *service agreement*.

***You may not charge us for using your land to serve you***

15. When you make a *service agreement* with us, you are granting us, at no charge, all reasonable land-related rights we need to provide *gas distribution service* to your *service site* and to install and maintain all our *lines and equipment*. Those rights may include easements and utility rights-of-way on any of your land for *lines and equipment* required to serve your *service site*, even if it is not the *service land*. It also includes the right to enter the land and dig it up to install, repair, replace, maintain and inspect the *lines and equipment*. We will try our best to minimize the inconvenience to you and the damage to your property when we do this work and we will reasonably restore your land when we are finished. If someone other than you has to give us the right to use the land, we may ask for your help in getting the land rights needed to serve you. If we cannot acquire these land rights, we may not be able to serve you.

## **Part 3 Installing or changing your gas distribution service**

### **3.1 Connecting you to our system**

***If someone else turned the gas off, we normally will not charge a reconnection fee***

1. If your *service site* was temporarily disconnected from *our system* (the gas was turned off), you are not expected to pay a reconnection fee to have the gas turned back on – unless you are the customer who originally caused the disconnection. Please refer below to Part 6 – Service charges about temporarily disconnecting from *our system*.

***We do all work on our system***

2. When it comes to *our system*, we have a basic rule – only our employees or our agents can work on it. This includes installing, maintaining, or removing a service line, as well as doing extensions, replacements, changes, connections to, or disconnections from, *our system*. No one else can do any of this kind of work unless we have given them specific permission in writing. This rule is necessary because we are very concerned about safety.

***You are responsible for getting permits and/or inspections***

3. Municipal bylaws or provincial laws may require you to get permits and/or inspections before we can provide you with *gas distribution service* at a new *delivery point* or continue *gas distribution service* at a *delivery point* where there have been changes to your piping or appliances. Getting those permits and/or inspections is your responsibility and we may not be able to start work or provide *gas distribution service* until you have

them completed. We may also stop *gas distribution service* if you do not have a legally required permit.

***Your application for installing your gas distribution service may be rejected***

4. We may reject your application for *gas distribution service* for any of the following reasons:
  - a) You do not have *good payment history* with us;
  - b) You do not make a proper application for service;
  - c) You refuse to sign any special agreement required for the type of service you need; or
  - d) Your *service requirements* would prevent us from providing safe, reliable and economical service to you or to others.

***We will schedule installation after all requirements have been met***

5. We will schedule the installation of our *lines and equipment* after you have complied with our application and contribution requirements, have acquired all necessary permits, inspections and approvals, and we have accepted your application for *gas distribution service*.

***We may not be able to provide gas distribution service right away***

6. We will try to install our *lines and equipment* as soon as we can after you apply, but the installation may not be right away. For example, it may not make sense to try to bury pipe in frozen ground. In short, we will not start an installation until we think it makes sense.

***You pay to install and remove temporary gas distribution service***

7. If you want us to install *lines and equipment* we determine are unlikely to be permanent, you will have to provide payment in advance to cover installation and removal costs. In addition, if the service is expected to be for less than six months, you may be required to prepay an amount equal to our estimated cost of service.

***We do not have to provide service if the costs are greater than the benefits***

8. Because all our customers share the cost of building and operating *our system*, we will not provide service unless we think the benefit to *our system* of doing so justifies the cost. If we decide it does not make sense to serve you without an additional non-standard non-refundable contribution and you disagree, you can ask the *Commission* to order us to provide the *gas distribution service* to you.

### **3.2 Placing the lines and equipment**

#### ***We decide where to place the lines and equipment***

1. We are very concerned about safety and efficiency. Before we provide *gas distribution service*, we have to decide what *lines and equipment* will be installed, where they will be placed and how much clear space must be left around them.
2. If you cannot provide a suitable location for the *lines and equipment*, we cannot provide the *gas distribution service*.

#### ***We may allow a different location***

3. You may want the *lines and equipment* put somewhere other than the location we have selected. We can only do that if we consider your proposed location safe and serviceable. The same applies for moving any part of the *lines and equipment* after they are installed.

#### ***We will pick the best place for the meter***

4. We decide where to put the meter. Except in very unusual circumstances, the meter will be located on the outside of the *service site*. If you want the meter located inside, we will put it as close as possible to the point where the service line enters the building. You may be charged the extra cost of running the connecting pipe from where the service line enters the *service site* to the meter.

#### ***To get gas distribution service at more than one point takes a special agreement***

5. Unless you make a special agreement with us, there is only one *delivery point* for your *service site* and that is the outlet of the meter installed at the *service site*. If you want more than one *delivery point* at the *service site*, we can put them in provided you pay the extra cost.

### **3.3 Charges for installing or changing the lines and equipment**

#### ***You may have to pay a non-refundable contribution to get gas distribution service***

1. To be fair to the other customers sharing the costs of *our system*, we may require you to pay a non-refundable contribution towards the cost of the *lines and equipment* we need to install to provide you with *gas distribution service*.

***Non-refundable contributions can be standard or non-standard***

2. A standard non-refundable contribution is the minimum contribution we require and the amount depends on the location of your *service site*. If the cost of providing *gas distribution service* to you exceeds the criteria for a standard non-refundable contribution, you must pay an additional non-standard non-refundable contribution amount.

***The Commission approves the way we calculate non-refundable contributions***

3. We submit our standard non-refundable contributions to the Commission when we set them and whenever we change them. You can get a current list of our standard non-refundable contributions through our website at [www.altagasutilities.com](http://www.altagasutilities.com) or by telephone through our General Inquiry phone number.
4. We will calculate any required non-standard non-refundable contribution using the methods approved by the *Commission*. Our current method is described in the Special Charges Schedule attached to these Rules.

***You have to pay according to what is in effect when you get gas distribution service***

5. Our non-refundable contributions may change between the time you apply for *gas distribution service* and the time we install the *lines and equipment* to serve you. If they do, we will charge you the non-refundable contribution that is in effect **at the time of installation, not what was in effect at the time you applied** for *gas distribution service*.

***We will notify you of the contribution required to install the service you request***

6. We will advise you of the standard non-refundable contribution when you apply for *gas distribution service*. If you need to pay a non-standard non-refundable contribution to get *gas distribution service*, we will tell you in writing.

***You will have to pay an additional contribution if we need to build or expand a gas main***

7. If we have to build or expand a gas main to give you *gas distribution service*, you may be required to pay a contribution towards the cost of the main.

***A portion of your contribution towards the cost of a gas main may be refundable***

8. We will estimate the long-term costs of the new gas main and service lines expected to connect to the gas main. We will also estimate the long-term financial benefit we expect to get from the new mains and services. If the long-term benefit is greater than the costs, we may refund a portion of your contribution over time. If the costs are more than the benefits, your contribution will be non-refundable. We will ask you to sign an agreement that tells you how much you need to pay in advance and how much is eligible for a refund.

***Should costs change, you will be advised***

9. If we determine that we require an additional non-refundable or refundable contribution due to a change in our estimate of the cost of installing the *lines and equipment*, we will let you know in writing before we proceed. If we do this, you have the option of deferring, cancelling or proceeding with your *gas distribution service* request.

***You must give us prior notice if there are changes to your service requirements***

10. To serve you properly, we need to know your *service requirements*, for example how much gas you expect to use and how it will be used. You must not change your *service requirements* without giving us advance notice.
11. If you are currently a *default supply* customer, you can provide notice by using our General Inquiry contact information located at the end of these Rules.
12. If you are currently a *retail supply* customer, your *retailer*, or any other person properly authorized to act as your agent, may give us notice on your behalf.
13. We are not obliged to meet your *service requirements* if they are different than the ones in our *service agreement*. We will accept a change to your *service requirements* only if *our system* can safely, reliably and economically accommodate it. If the change requires you to pay additional costs, we will inform you before we do the work needed to accommodate the change. You must not change your *service requirements* until after we have given you our permission to do so and you are responsible for any damage to *our system* as a result of changing your *service requirements* without our permission.

***We may contact you about changes in service requirements***

14. If we notice a change in how much gas you use or need more information about your *service requirements*, we may contact you directly to learn more about the amount of gas you are using, how it is being used and any plans you may have regarding future usage that might affect *our system*. Doing so will help us properly operate and maintain *our system* and will also help us bill correctly.

***If you want a different location, you pay the extra costs***

15. If we agree to your request to install the *lines and equipment* in a location different than the one we have selected, you may have to pay extra installation costs.
16. After the *lines and equipment* are installed, if you need any part moved (like a meter) and we agree, you will have to pay the cost of moving it.

---

## Part 4 Rights and responsibilities once gas distribution service begins

### *You are responsible for reporting problems and preventing waste*

1. Once *gas distribution service* begins, you have a responsibility to make sure the natural gas is used properly and to help prevent waste. You must notify us immediately if you notice a natural gas leak on any of our *lines and equipment* or if you have other problems with the *gas distribution service*.

### *We will maintain our lines and equipment but you must help protect them*

2. We will maintain the *lines and equipment* we put in, but you must take reasonable steps to protect them. In particular:
  - You must contact Alberta One-Call at least two full working days before you or anyone working for you does any excavation work on the *service land*. Contact information for Alberta One-Call is provided at the end of these Rules. Even if their contact information changes, you must still contact Alberta One-Call and tell them your plans.
  - You cannot start digging until we have had a chance to mark the approximate location of our *lines and equipment* in the area to be excavated. We will make reasonable efforts to have the lines marked within the time you have requested, provided you have met the minimum notification period. You must not dig until we have marked the lines, even if we have not marked the lines within the requested time.
  - You must let us know immediately if you or someone doing work for you damage the *lines or equipment*.

**If one of our *lines or equipment* is damaged, call us immediately from a safe location using our emergency phone number (toll-free 1-866-222-2068 or direct 1-780-980-6701). Alternatively, call the fire department. Do not return to the location of the gas leak or allow any non-emergency personnel to do so.**

### *You are not permitted to make changes to your land or site that interferes with our lines and equipment.*

3. As long as the *lines and equipment* are in place, you need our written consent to do anything to the *service land* or *service site* that might make it difficult for us to maintain our *lines and equipment*. That includes, for example, placing a building, planting a tree, or digging a dugout, over or near the *lines and equipment*. If you put anything in the way, and we damage it trying to work on our *lines and equipment*, we are not responsible for

the damage. If you make changes to the *service land* or *service site* resulting in increases to the costs of operating, maintaining or repairing the *lines and equipment*, you may have to pay those extra costs.

***We can enter when necessary and use force in an emergency***

4. We can enter the *service land* or the *service site* at any reasonable time to do anything necessary to maintain, repair and operate *our system*. That includes reading meters, turning gas on or off, examining and repairing the *lines and equipment*, and checking to see how you are using the gas. We can also dig and do any other work necessary to fix *our system*.
5. At any time we think there is an emergency, we can use reasonable force, as required, to enter the *service land* or the *service site*.

***We will try to provide you advance notice***

6. When we can, we will provide advance notice we will be performing work on the *service land* or *service site*. Depending on the type of work we will be performing, we may contact you directly, in writing or we may inform you by other means such as newspaper ads or messages with your bill. We may not provide advance notice in an emergency or for routine activities, such as meter reading.

***You pay for any damage that's not our fault***

7. As long as the *lines and equipment* are in place, you must pay for any damage done to them through your negligence or your actions, or the actions of anyone working for you. That applies even if the work is being done off the *service land*. You are not responsible for normal wear and tear or for any damage caused by our actions or our negligence.

***We own the lines and equipment***

8. We own all the *lines and equipment* and our ownership continues until we give it up. We can remove any part at any time. When our *service agreement* with you ends, we do not need to remove the *lines and equipment*, provided we leave them in a safe condition.
9. Making a contribution or other payment to us for *gas distribution service* does not entitle you to ownership of any part of the *lines and equipment*.



## Part 5 Measuring use and charges

### *We can use actual or estimated usage when determining our charges*

1. Your bill will be based on an actual or estimated meter reading. If we estimate a meter reading, it will be based on any or all of the following:
  - The length of time covered by the estimate;
  - The amount of gas used previously in a similar period at the *service site*;
  - Weather during the period being estimated;
  - The type and energy-use rating of your gas-burning equipment; or
  - Other relevant information that may be available.

### *We will read the meter when necessary*

2. We will read your meter as often as we think is necessary.

### *You pay for special meter readings*

3. If we cannot access your meter when it is time for a meter reading, we will ask you to provide us with access when we are reading other meters in your area.
4. If we receive a request from you or your *retailer* to read the meter at any time other than when the meter is normally scheduled to be read, a special meter reading charge will apply.

### *You can provide us with a meter reading when we plan to estimate*

5. If you don't want us to estimate your meter reading for a billing period, you may provide us with the actual meter reading by phone. If you want to do this, you need to tell us in advance and follow the schedule we set.

### *If the meter is not working properly, we will estimate the amount used and adjust your charges*

6. If the meter stops working properly we will do our best to determine when that happened and then estimate the amount of gas you used while the meter was not working properly. The estimate will only be for the time we think the meter was not working properly. We may have to correct previous billings. If you are a *retail supply* customer your *retailer* may also adjust their charges to you, accordingly. If we cannot reasonably determine when the meter stopped working properly, we will determine your current billing or correct previous billings in compliance with applicable laws and *Commission* direction.

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***Disputes over our meter measurements can be taken to the federal government, but you or your retailer, may have to pay the cost***

7. You or your *retailer* has the right, under the *Electricity and Gas Inspection Act* (R.S., 1985, c. E-4), to dispute our meter measurements. We have the same right. If you or your *retailer* registers a dispute with the federal government and our meter measurements are found to be within the limits of error allowed in the Act, you or your *retailer* will have to pay us the cost of removing the meter for testing. The amount is shown in the Special Charges Schedule. Payment for that cost is not required if it turns out our meter measurements are not within the limits of error in the Act. Neither you nor your *retailer* has to pay if we register the dispute with the federal government. No matter who questions it, if it turns out the meter measurements are not within the limits of error in the Act, your billing charge will be adjusted to comply with the Act.

## **Part 6 Service charges**

***The Commission decides all our rates and charges***

1. All our rates and charges, including those in the Special Charges Schedule, are approved by the *Commission*. If you think any charge is unfair, you should advise us and we will try to resolve your concern. If you are not satisfied with our response, you can complain to the *Commission*.
2. If you purchase *retail supply*, the price for the natural gas is determined by a contract between you and your *retailer* and not by us or the *Commission*.

***To change your gas distribution service rate class, talk to us***

3. If we think you are not in the *gas distribution service* rate class best for you, we will let you know. We will only change the *gas distribution service* rate class you are in if you agree to it. If you ask us for help deciding on the best *gas distribution service* rate class for you, we will provide *gas distribution service* information to help you decide.
4. We will make one rate class change at your request in any consecutive twelve month period.

***Using natural gas for irrigation pumping requires a special rate class***

5. A *service site* using natural gas as a fuel for pumping irrigation water is restricted to the Irrigation Pumping Service rate class.

***Demand General Service billing demands can change***

6. You may or may not have a billing demand. The billing demand for the Demand General Service rate class can change. Our rate schedule describes how the billing demand is determined.

***You begin paying within three months after lines and equipment are installed***

7. You must begin paying the minimum charge no more than three months after we have installed the *lines and equipment* to serve you, whether you have started using gas or not.
8. If you are a *default supply* customer, you will be billed directly by us for these charges.
9. If you are a *retail supply* customer, you will be billed by your *retailer*.

***If you want, we can turn your gas off temporarily, but charges will apply***

10. If you want us to disconnect you from *our system* by turning your gas off temporarily, you need to give us notice according to Part 9 of these Rules. We don't have to turn your gas off if doing so would be in conflict with anything in these Rules. If we temporarily disconnect you from *our system* at your request or for any of the reasons set out in these Rules, the minimum charge still applies while the gas is turned off, to a maximum of twelve (12) months. This is because we must continue to operate and maintain *our system* whether you are using gas or not.

***A temporary disconnection can become a permanent disconnection***

11. A temporary disconnection becomes a permanent disconnection after twelve (12) months. At that point, we will stop applying the minimum charge.
12. If you want us to restore *gas distribution service* to a *service site* within three (3) years of when it was determined to be permanently disconnected, you will have to sign up for *gas distribution service* as described in Part 2 of these Rules. In addition, you will have to pay the costs of the original disconnection, any removal of our *lines and equipment* and the restoration of *gas distribution service*.
13. If you want us to restore *gas distribution service* to a *service site* more than three (3) years after it was determined to be permanently disconnected, we will treat it as a new application for service.

***A temporary disconnection can extend for more than one year***

14. There may be reasons why you do not want a temporary disconnection to become a permanent disconnection. If you want the disconnection to remain temporary for a period

greater than twelve (12) months, you need to tell us in advance. The minimum charge will apply for as long as you require the temporary disconnection.

***There is a charge for turning your gas on if it has been temporarily turned off***

15. If we temporarily turned your gas off because you or your *retailer* asked us to, or because you have not followed these Rules, you will have to pay a reconnection fee every time gas to the *service site* is turned on. You are also required to pay for other costs, such as costs to reinstall the meter and any other *lines and equipment* necessary to restore *gas distribution service*. Our fees are shown in the Special Charges Schedule. Until these charges and any other debts you owe us are paid, we may refuse to turn on the gas or provide other services.

***Irrigation customers are charged a different fee for turning gas on and off***

16. We do not charge a fee the first time we turn gas on at an irrigation *service site* at the start of each irrigation season. Also, we do not charge to turn gas off at an irrigation *service site* when each irrigation season ends. However, if you want your gas turned on or off at any other time for an irrigation *service site*, we will charge the irrigation disconnection/reconnection fee as shown in the Special Charges Schedule attached to these Rules.
17. The minimum charge still applies for the time your gas is temporarily turned off during the irrigation season. This is because we must continue to operate and maintain *our system* whether you are using gas or not.

## **Part 7 Paying your bills**

***Who you purchase your gas from will determine who bills you***

1. If you are a *default supply* customer, we will directly bill you for *default supply* and *gas distribution service*.
2. If you are a *retail supply* customer, your *retailer* will bill you for *retail supply* and *gas distribution service*.

***We bill you for contributions and alteration costs***

3. We will directly bill you for installing new *lines and equipment* or altering the existing *gas distribution system*.

***Payment terms depend on who bills you***

4. **The following payment terms in Part 7 of these Rules only apply to you as a *default supply customer*.** Payment terms as a *retail supply* customer will depend on your *retail supply* contract.

***Our budget payment plan allows equal monthly payments***

5. Our *budget payment plan* is available to most *default supply* customers. If you want to be on our plan, you have to tell us. If we accept your request to join our *budget payment plan*, we will estimate your annual *utility service* costs from July until the following June. Our estimate will use our *Commission*-approved *gas distribution service* rates, historic weather information, current and forecast natural gas prices, and historic natural gas consumption at the *service site*, or similar *service site* if yours is new. Your monthly *budget payment plan* payment is calculated by dividing the estimated annual costs by eleven (11). We divide by eleven because the twelfth month of the plan is used to true up your account.
6. Our *budget payment plan* is not available to you if you are served under our Irrigation Pumping Service or Demand General Service rate classes.

***We may re-estimate your costs and subsequently adjust your monthly budget payment plan amount***

7. We will review your *budget payment plan* to determine if we need to adjust your monthly payment to avoid a large over or under-paid balance in June. First, we will calculate the difference between your actual cost for *utility service* and the payments you made since the start of the plan year. Second, we will estimate your costs for the remainder of the plan year, using factors such as forecast weather, rates and gas prices. Third, we will combine the difference we calculated in the first step with the re-estimate of costs for the remainder of the current plan year from the second step. Fourth, we will divide the result from the third step by the number of months remaining in the plan year less one. We divide by the number of months remaining in the plan year less one because the final month of the plan is used to true up your account. The result of the fourth step will be your new monthly *budget payment plan* payment amount.

***We true up our budget payment plan accounts once a year***

8. In June, the twelfth and final month of the plan year, we calculate the difference between your actual costs for *utility service* and payments you made. We will either charge or credit your June bill for the difference. Generally, we will refund credit balances only if they are large.

***Customers can join our budget payment plan at any time***

9. Even though our *budget payment plan* starts in July, customers can join the plan anytime. Your monthly payment will depend on when you join. No matter when you join, you will need to pay any balance owing before starting on the plan. If you want to be on the plan, you must tell us.

***Your participation in our plan will end on certain conditions***

10. Your participation in our budget payment plan will end if you:
- Notify us at least five full working days before you want out of the plan;
  - Stop taking *utility service*;
  - Become a *retail supply* customer; or
  - Do not make your full monthly payments on time.

***We bill regularly***

11. We will send you a bill every month. The due date for current charges is 21 days from the statement date. If the bill has not been fully paid by the due date, you will have to pay a late payment charge on the unpaid amount. You should make sure your method of payment will allow enough time for your payment to reach us before the due date.
12. Your bill may include unpaid charges from a previous bill. Any payment you make to us will first be applied to unpaid balances.

***We will apply a late payment charge to overdue amounts***

13. Your current bill will include a late payment charge if you had any unpaid balance after the due date specified on your previous bill. The late payment charge is calculated as 1.5% of the unpaid balance, including unpaid previous late payment charges.

***We may correct a previous bill***

14. If we determine that we have incorrectly billed you, we will correct the error. We don't have to make corrections for bills more than two years old.

***We may need to have a security deposit from you***

15. We may require you to give us a security deposit or some other form of security we think is acceptable before we turn the gas on at your *service site*. If we turn the gas on after requiring a security deposit from you, and you do not pay a security deposit when we expect you to, we can turn the gas off as long as doing so does not conflict with these Rules.

16. We may also ask for a security deposit at any time after service has started if you do not have a *good payment history* or if we have had to turn your gas off for not paying your bill on time. What we mean by *good payment history* is explained in the definitions at the end of these Rules.
17. The amount of the security deposit will not be more than our estimate of the total of your three highest consecutive monthly bills in any 12-month billing period. It will be returned to you, with interest, when you have a *good payment history*. If you are in debt to us for any *utility service* we previously provided to you anywhere, we will require you pay that debt no matter how old it is, before we will turn your gas on.

***We can use your security deposit to pay your unpaid bills***

18. If you do not pay a bill on time, we can use the security deposit to pay it. If we do, you must immediately pay us enough to restore the security deposit to its full amount. If you stop *utility service* or become a *retail supply* customer, we will deduct anything you owe us from the security deposit and return any remaining security deposit with interest.

***We pay interest on security deposits***

19. We will pay interest on your security deposit. At a minimum, the interest rate will be the security deposit interest rates set by the provincial government for mobile home site tenants and residential tenants.

***We pay you the interest on your security deposit when certain things happen***

20. We will pay you the interest on your security deposit as soon as one of the following things happens:
- The security deposit is returned;
  - The security deposit is applied to your account;
  - We send notice to your last known address indicating the security deposit is no longer required;
  - You stop taking *utility service*; or
  - You become a *retail supply* customer.

***You pay if there are problems with your payments***

21. If you pay us by cheque and the bank does not honour the cheque, we will charge you a dishonoured payment charge. If your cheque needs to be certified, we will charge you a cheque certification charge. If you pay us through the bank using a pre-authorized payment plan and the bank does not honour the withdrawal, we will charge you a dishonoured payment charge. The amounts of these charges are shown in the Special Charges Schedule attached to these Rules.

***We will not accept unusual forms of payment***

22. We follow the Bank of Canada rules limiting the kinds of currency we accept. Payment by cheque must be on a normal bank cheque form. We will also accept payment by credit card. You can find out what credit cards we accept through our website at [www.altagasutilities.com](http://www.altagasutilities.com) or by telephone through our toll-free General Inquiry number.

## **Part 8 Arranging your gas supply**

***Starting out, you may be a default supply customer or a retail supply customer***

1. If you have not signed a contract with a *retailer* to become a *retail supply* customer, then, when you sign up for *gas distribution service*, your gas supply will initially be *default supply* and you will be a *default supply* customer.
2. If you have a contract with a *retailer* and your *retailer* has already arranged for *gas distribution service* to your *service site*, your gas supply will be *retail supply* and you will be a *retail supply* customer.

***If you are a default supply customer, you must contact us if you are moving***

3. If you plan to move to or from a *service site* on *our system* and you are a *default supply* customer, you must inform us of your moving plans. We need to know in advance if you are planning to move. To contact us, please use the General Inquiry contact information located at the end of these Rules.
4. If you want to end *utility service* at any *service site*, you must do so in accordance with Part 9 of these Rules.

***If you are a retail supply customer you must contact your retailer if you are moving***

5. If you plan to move to or from a *service site* on *our system* and you are a *retail supply* customer, you must inform your *retailer* of your moving plans. Your retailer will then *notify* us.

***Whether a default supply or retail supply customer, additional time may be required to deliver your gas supply if new lines and equipment are required***

6. If you plan to move to a *service site* where new *lines and equipment* are required, we may need extra time before we are able to deliver your gas supply.



***If you change gas services providers, we need to know***

7. If you are currently a *default supply* customer and want to become a *retail supply* customer, you must first have a contract with a *retailer*. Your *retailer* will notify us of your change in gas supply arrangements.
8. If you switch from one *retailer* to a different *retailer*, the *retailer* you are switching to will notify us of your change in gas supply providers.
9. If you are currently a *retail supply* customer and want to become a *default supply* customer, you must notify your *retailer*. Your *retailer* will notify us of the change in gas supply providers.

***Disagreements about retailer services are between you and your retailer***

10. Any disagreement about the *retail supply* service you receive is between you and your *retailer*. In most cases, we will not be involved if you have a disagreement with your *retailer*. It is important for you to fully understand the terms and conditions of the contract with your *retailer*.

## **Part 9 Stopping utility services or gas distribution service**

***Stopping gas distribution service for an emergency***

1. If you need to stop *gas distribution service* for an emergency, contact us directly and immediately.

**In an emergency, call us immediately from a safe location using our emergency phone number (toll-free 1-866-222-2068 or direct 1-780-980-6701). Alternatively, call the fire department.**

***If you are a default supply customer, you should notify us to stop taking utility services***

2. If you are a *default supply* customer and want to stop receiving delivery of gas to your *service site*, you will need to tell us to stop providing *utility services* to that *service site*.
3. Unless you have a contract with us containing other termination provisions, you can terminate *utility service* at your *service site* by telling us when you want it stopped. We will terminate *utility service* to that *service site* on the date you specify or within five (5) working days after the date we get the notice, whichever is the latest.

4. *Utility services* may be stopped for a number of reasons, such as if you plan to move to a different location, ask us to relocate our *lines and equipment*, ask us to turn the gas off for *service site* renovations or ask us to permanently end gas use at the *service site*.
5. To provide notice to us, please use the General Inquiry contact information located at the end of these Rules.
6. Until we receive proper notice, you have all the responsibilities set out in these Rules or in any contract we have with you, whether you are actually taking gas or not. For example, if you move without telling us, you must continue to pay us for *utility service* provided at the *service site*, even if you did not personally receive it.

***If you are a retail supply customer, depending on the circumstances, you should notify either your retailer or us to stop taking gas distribution service***

7. If you are a *retail supply* customer and want to stop receiving delivery of gas to your *service site*, you or your *retailer*, if applicable, will need to tell us to stop providing *gas distribution services* to that *service site*.
8. Whether you or your *retailer* contacts us will depend upon the reason for terminating *gas distribution service*.
  - If you need to stop *gas distribution service* because you require our *lines and equipment* to be relocated, you are undertaking renovations at the *service site*, you plan to permanently end gas use at the *service site* or you have any other reason which may affect our *lines and equipment*, you should contact us directly. To provide notice to us, please use the General Inquiry contact information located at the end of these Rules.
  - If you need to stop *gas distribution service*, but it does not affect our *lines and equipment*, such as if you plan to move to a different location, you should contact your *retailer*. Your *retailer* will then notify us of your plans and provide us with the date for terminating *gas distribution service* according to standard industry rules and transactions.
9. Until we receive proper notice from your *retailer*, your *retailer* has all the responsibilities set out in these Rules or in any contract we have with your *retailer*, whether you are actually taking gas or not. For example, if you move without telling your *retailer*, your *retailer* must continue to pay us for *gas distribution service* provided at the *service site*, even if you did not personally receive it.

***We continue to bill during a temporary disconnection***

10. We will continue to bill during a temporary disconnection of *utility services* or *gas distribution service*. We will stop billing only if *utility services* or *gas distribution service* has been permanently stopped.

***There will be a charge for terminating service on a non-working day***

11. We will normally terminate *utility service* or *gas distribution service* on a working day. If we agree to terminate service on a day other than a working day, there will be a charge for the actual cost of performing the work.

***You may request a permanent disconnection from our system***

12. Unless you have a contract with us containing other termination provisions, you may ask us to permanently turn your gas off at the *service site*. We will, as long as doing so does not conflict with these Rules and you have provided proper notice. If you are not the owner of the *service site*, we will require permission in writing from the owner before we perform the disconnection. We don't have to remove our *lines and equipment* from the *service land* and *service site*, but we may choose to do so for safety or other reasons.
13. If you want us to restore *utility service* or *gas distribution service* to a *service site* within three (3) years of when it was determined to be permanently disconnected, you will have to pay the costs of the original disconnection, any removal of our *lines and equipment* and the restoration of *utility service* or *gas distribution service*. If you want us to restore *utility service* or *gas distribution service* to a *service site* more than three (3) years after it was determined to be permanently disconnected, we will treat it as a new application for service.

***We can stop gas distribution service in emergencies***

14. If we think it will be hazardous to continue delivering gas to the *service site*, we can immediately, without notice, stop *utility service* or *gas distribution service*. We can also do this if we think it is necessary to protect people or property in a fire, flood, or any other situation we consider an emergency.

***We can stop gas distribution service for a number of other reasons***

15. We can temporarily or permanently stop the service we provide you at any *service site* on forty-eight (48) hours notice for any of the following reasons:
  - Gas is not available, either temporarily or permanently;
  - We have to make repairs to *our system*;
  - You have not paid your bills on time;

- You have not paid a security deposit when asked to or have not made a payment necessary to restore the security deposit when some, or all, of it has been applied to your account;
- You are insolvent or have assigned essentially all your assets;
- You have used defective pipe, appliances or gas fittings or have insisted on a form of service we think is unsafe;
- The natural gas lines and equipment you own have not been installed and maintained according to federal, provincial, or municipal laws;
- You are using gas contrary to the terms of these Rules or to any contract we have with you;
- You have misrepresented what you are using gas for or how much you are using;
- You move from the *service site*;
- We cannot get to our meter at the *service site* for four or more consecutive months;
- Service has been terminated according to some other provision of these Rules;
- You stop using gas at the *service site*;
- You threaten or harass any of our employees or agents as they carry out their duties;
- You prevent us from doing anything we are entitled or obligated to do;
- You do not make a proper application for service; or
- It is necessary to protect people or property.

16. To be clear, if there is an emergency or if we think it will be hazardous to continue delivering gas to the *service site*, we can immediately, without notice, stop *utility service* or *gas distribution service*.

***We can also stop service at the request of your retailer***

17. If you are a *retail supply* customer, your *retailer* can ask us to terminate the service we provide you. We will comply with their request unless doing so would violate these Rules or our Retailer Distribution Service Rules.

***When you stop gas distribution service, you may have to read the meter for us***

18. If you are a *default supply* customer and you tell us you no longer want gas distribution service, we can ask you to take a final reading of the meter and report it to us

***Notice of service interruption or termination***

19. When we notify you about stopping *utility service* or *gas distribution service* or terminating your *service agreement*, it can be by mail, by facsimile (fax), by electronic mail (e-mail), in person, by telephone, on your bill or by a notice left at the *service site*.

### ***Land use rights outlive the service***

20. We can stop providing *utility service* or *gas distribution service* at a *service site* without losing our rights to use the related *service land* – they continue until terminated under these Rules.

### ***Continuous supply***

21. We will make all reasonable efforts to maintain a continuous supply of gas to you, but we cannot always guarantee it.

## **Part 10 Liability, responsibility and other legal matters**

### ***Alberta law governs our contract***

1. These Rules are part of every *service agreement* and all our service agreements are governed by the laws of Alberta.

### ***The gas is only for use at the service site***

2. Unless you have our written consent, you cannot use, or allow anyone else to use, gas supplied to the *service site* in some other place and you may not resell the gas we deliver to you.

### ***Verbal agreements don't apply***

3. No employee or anyone else claiming to represent us can promise or agree to do anything inconsistent with these Rules and, if they do, the promise or agreement has no effect.

### ***You need our consent to transfer your agreement***

4. Your *service agreement* is yours alone, including anyone the law says stands in your place, and it cannot be assigned to anyone else without our written consent.

### ***You are responsible for your property, and we are for ours***

5. You are fully responsible for installing, maintaining and operating your property, as we are for ours. You must pay any costs we incur from a claim or demand for injury, death or damage resulting from the installation, presence, maintenance and operation of your property, so long as it is not caused by our negligence.

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*Neither of us has to pay for disruptions beyond our control*

6. You have no claim against us for damages if we cannot distribute or supply gas to you because of an emergency or disruption beyond our control. For example: disruptions in supply caused by weather catastrophes, labour disputes, fires, accidents, pipeline or machinery breakdowns or repairs, shortages of gas supply or orders of a legislative body or other authority. Similarly, in such circumstances, we have no claim against you if you are unable to take gas. However, once the emergency or disruption ends, we will resume delivering gas to you, and you will resume taking it, as provided for in these Rules and our *service agreement*.

## Part 11 List of definitions

In these Rules,

- *budget payment plan* means the plan set out in Part 7;
- *Commission* means the Alberta Utilities Commission;
- *default supply* means *gas services* provided by AltaGas Utilities Inc.;
- *delivery point* means the outlet of the meter at your *service site*;
- *Electricity and Gas Inspection Act* means the *Electricity and Gas Inspection Act (R.S., 1985, c. E-4)*, as amended from time to time;
- *gas distribution service* means the service required to deliver gas to our customers by means of our *gas distribution system* and includes any services AltaGas Utilities Inc. is required to provide by the *Commission* or is required to provide under the Act or regulations made thereunder;
- *gas distribution system* means all those facilities owned or used by AltaGas Utilities Inc. to deliver gas to our customers through a system of pipelines, works, plant and equipment and is primarily a low pressure system (including without limitation *lines and equipment*, valves, meters, regulators and machinery);
- *gas service(s)* as defined in the Act means:
  - i. The gas that is provided and delivered, and
  - ii. The services associated with the provision and delivery of the gas, including:
    - a) arranging for the exchange or purchase of the gas,

- b) making financial arrangements to manage the financial risk associated with the price of gas,
  - c) arranging for *gas distribution service*,
  - d) arranging for delivery of gas to the gas distributor's specified receipt points or points,
  - e) storage,
  - f) billing, collections and responding to customer billing inquiries,
  - g) maintaining information systems, and
  - h) any other services specified by the Minister by Order as *gas services*.
- *Gas Utilities Act* or *Act* means the *Gas Utilities Act (R.S.A. 2000, c. G-5)*, as amended from time to time;
  - *good payment history* means, at a particular time, your account has not been in 60-days arrears more than once, or 30-days arrears more than twice, in the previous 12 months;
  - *lines and equipment* means all the facilities of our *gas distribution system* leading up to the *delivery point* and anything else we own and install to provide you with *gas distribution service* – *lines and equipment* exclude gas appliances or secondary gas lines you own, whether or not we sold them to you or installed them for you;
  - *our system* means our *gas distribution system*;
  - *retail supply* means *gas services* provided by a *retailer*;
  - *retailer* means a person or company other than us that sells *gas services* directly to our customers and is entitled to enrol our customers for that purpose within our service area;
  - *service agreement* means the agreement between us, as the provider of *utility service*, and you, as our customer, whether the agreement is made by signing a contract or simply by providing you with *utility service* on the basis of these Rules;
  - *service land* means the parcel of land where the *service site* is located;
  - *service requirements* means any or all of the hourly or daily volume of gas, the energy content of the gas, and the pressure and temperature at which the gas is delivered, to provide the *utility service*
  - *service site* means the building or thing we deliver gas to, or provide *gas distribution service* at, under the *service agreement*;
  - *utility service* means *gas distribution service*, by itself, or *gas distribution service* and *default supply* together, as defined in the *Gas Utilities Act (R.S.A. 2000, c. G-5)*.

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## AltaGas Utilities Inc. Special Charges Schedule

In a number of places the Natural Gas Utility Service Rules refer to special charges for some services. Following is a list of the charges, as approved by the Alberta Utilities Commission, when initially established. However, for the most current list of our standard non-refundable contributions, please go to [www.altagasutilities.com](http://www.altagasutilities.com) or contact us toll-free using our General Inquiry phone number to find current rates. For a current list of charges, please refer to our website at [www.altagasutilities.com](http://www.altagasutilities.com) or contact us at the numbers provided at the end of these Rules:

<b>Special Charge</b>	<b>Fee</b>
Account Activation Fee.....	\$ 35
Remove and test meter - per meter:	
Residential .....	\$ 75
Other .....	Actual Cost
Special meter readings - each time.....	\$ 35
Reconnection Fee:	
Residential .....	\$ 50
Other (except Irrigation).....	Actual Cost
Irrigation Disconnection/Reconnection Fee:	
Each time (except normal season start and end) .....	\$ 75
Reinstallation of Meter/Regulator:	
Residential .....	\$ 75
Other .....	Actual Cost
Dishonoured payment charge (NSF cheque, etc.) - each time .....	\$ 25
Cheque certification charge - each time .....	\$ 10
Any other service at Customer's Request .....	Actual Cost
Late Payment Percentage	
Applied to any unpaid balance from previous bills.....	1.5%

Note: "Actual Cost", where referenced, means our direct costs for labour, materials, services and equipment plus applicable overheads.



## AltaGas Utilities Inc. Special Charges Schedule (continued)

### AUC Rule 003 – Service Quality and Reliability Performance Monitoring and Reporting for Regulated Rate Providers and Default Supply Providers

#### Service Guarantee for Customers Who Purchase Default Supply

We will credit your account with us for \$75 if:

- You were provided written notice of pending disconnection of service in error;
- You were provided written notice of pending referral to a credit agency in error;
- You were referred to a credit agency in error; or
- You experienced disconnection of service in error.

The \$75 credit will not be applied if the error was not made by us or if:

- Our written notice of pending disconnection or pending referral to a credit agency was not issued in error and our notice and your payment crossed in the mail;
- Our written notice of pending disconnection or pending referral to a credit agency was not issued in error and our notice was in mail transit at the time you made or attempted to make payment by visiting the premises of an authorized payment acceptance establishment, such as a bank, trust company or credit union;
- Our written notice of pending disconnection or pending referral to a credit agency was not issued in error and our notice was properly mailed, but you did not pick up the mail from locations, such as a post office, super mail box or home mail box;
- Our written notice of pending disconnection or pending referral to a credit agency was not issued in error and our notice was undelivered by the mail delivery service; or
- You attempted to make payment to one of our employees or someone hired by us to disconnect your *service site* and the disconnection was not in error, but that person was not authorized to accept payment.

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## AltaGas Utilities Inc. Special Charges Schedule (continued)

### Non-Refundable Contributions

Applications for service will require a non-refundable contribution. In most cases, a standard contribution is all that is required. Services uneconomic with a standard contribution will require an additional non-refundable contribution.

### Standard Non-Refundable Contributions

Standard contributions are filed for acknowledgment with the Commission when they are initially established and, thereafter, whenever they are changed. For a current list of our standard non-refundable contributions, please go to [www.altagasutilities.com](http://www.altagasutilities.com) or contact us toll-free using our General Inquiry phone number to find current rates.

### Non-Standard Non-Refundable Contributions

Winter Construction – Should the service be requested for installation under winter construction conditions, the customer is responsible for the incremental frost charges.

Other – If it is not economic to consider an application for service under a standard contribution, it will be evaluated individually to determine a specific, non-refundable contribution.

### Calculation of Specific Non-Refundable Contributions

The calculation of a specific non-refundable contribution will be based on a net present value analysis applying the following criteria:

- a) An estimate of the total capital costs of providing service;
- b) An estimate of the total annual operating costs of providing service;
- c) The *Commission*-approved return on common equity, interest rate, depreciation rates, income taxes and capital structure;
- d) An estimate of the expected net revenue that will accrue from the addition of the service.

The additional contribution will be the amount required to make the net present value of the revenue stream equal the revenue requirement stream.

**AltaGas Utilities Inc.**  
**Special Charges Schedule (continued)**

**Additional Criteria:**

- Rate 1/11 – Town – A *service site* located within an incorporated municipality, such as a village, town or city;
- Rate 1/11 – Rural Subdivision – A *service site* not defined as „Town’, but located in an AltaGas Utilities Inc. designated subdivision;
- Rate 1/11 – Rural Other – A *service site* which is neither defined as „Town’ nor „Rural Subdivision’
- Other – A *service site* which is served under any rate other than Rate 1/11.

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## AltaGas Utilities Inc. Contact Information

The following information was current at the time these Rules were prepared. Please refer to our website, your local telephone listings or other trustworthy source for updates to this information.

### AltaGas Utilities Inc.

General Inquiry (toll-free).....1-866-222-2067  
Credit & Collections (toll-free).....1-866-222-2069  
Meter Reads (toll-free).....1-866-222-2070

### 24-HOUR EMERGENCY

Toll-Free .....1-866-222-2068  
Direct.....1-780-980-6701

Website .....[www.altagasutilities.com](http://www.altagasutilities.com)

### Call Before You Dig!

#### Alberta One-Call

Toll-Free .....1-800-242-3447  
Website .....[www.alberta1call.com](http://www.alberta1call.com)

### Retail Market Inquiries

#### Utilities Consumer Advocate

Toll-Free In Alberta ..... 310-4822  
Outside of Alberta.....780-644-5130  
Website .....[www.ucahelps.gov.ab.ca](http://www.ucahelps.gov.ab.ca)

**ALTAGAS UTILITIES INC.**  
**DEMAND GENERAL SERVICE CONTRACT**  
**for**  
**Customer Served by Optional Rates 3 or 13**

Contract Number

---

**DEMAND GENERAL SERVICE CONTRACT**  
FOR CUSTOMERS SERVED BY OPTIONAL RATES 3 OR 13

THIS GAS DISTRIBUTION SERVICE CONTRACT  
FOR CUSTOMERS SERVED BY OPTIONAL RATES 3 OR 13 (the Contract)

made as of \_\_\_\_\_, \_\_\_\_\_, \_\_\_\_\_  
Month Day Year

BETWEEN:

**[CUSTOMER]**

a body corporate, carrying on business  
in the Province of Alberta  
(the Customer),

OF THE FIRST PART,

- and -

**ALTAGAS UTILITIES INC.**

a body corporate, carrying on business  
in the Province of Alberta  
(AUI),

OF THE SECOND PART

**WHEREAS:**

- a) AUI owns and operates a Gas Distribution System within the Province of Alberta; and
- b) The Customer and/or Customer's Retailer (the Retailer) has requested AUI provide Gas Distribution Service under Optional Rates 3 or 13 for the purpose of providing Gas Distribution Service to the Customer;

AUI and the Customer acknowledge and agree, in consideration of the following rights and obligations:

**ARTICLE 1**  
**DEFINITIONS**

- 1.1 The words, terms, and phrases used in this Contract will, unless otherwise defined in the Contract or unless the context otherwise requires, have the meanings given to them in the *Gas Utilities Act, R.S.A. 2000, c. G-5* (the Act), the AUI Natural Gas Utility Service Rules (the Natural Gas Utility Service Rules) and the AUI Retailer Distribution Service Rules (the Retailer Distribution Service Rules).

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**ARTICLE 2**  
**RATE SCHEDULE AND TERMS AND CONDITIONS**

- 2.1 The Customer acknowledges receipt of a current copy of AUI's Rate Schedule (the Rate Schedule), attached to the Contract and marked as Schedule A, and agrees the Rate Schedule, as amended by AUI and approved by the Commission from time to time, is fully incorporated as an integral part of this Contract.
- 2.2 The Customer acknowledges receipt of a current copy of the Natural Gas Utility Service Rules and the Retailer Distribution Service Rules, attached to the Contract and marked as Schedule B, and agrees the Natural Gas Utility Service Rules and the Retailer Distribution Service Rules, as amended by AUI and approved by the Commission from time to time, are fully incorporated as an integral part of this Contract.

**ARTICLE 3**  
**TERM**

- 3.1 AUI may terminate this Contract at any time:
- a) if any one or more of the conditions in Article 4 of this Contract has not been met or is not being complied with by the Customer; or
  - b) in accordance with the terms and conditions specified in the Natural Gas Utility Service Rules or Retailer Distribution Service Rules.
- 3.2 This Contract will terminate in accordance with, and on the terms and conditions prescribed by, any Order of the Commission pursuant to the Act.
- 3.3 Notwithstanding any other provision in this Contract, the obligations of the Customer and AUI set out in Articles 2, 3, 4, 5, 6 and 7 will be in effect at all times.

**ARTICLE 4**  
**CONDITIONS TO PROVISION OF GAS DISTRIBUTION SERVICE**

- 4.1 The obligation of AUI to provide Gas Distribution Service to the Customer will be subject to the Customer satisfying all of the conditions prescribed by the Act, the Rate Schedule, the Natural Gas Utility Service Rules and the Retailer Distribution Service Rules.

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**ARTICLE 5**  
**DELIVERY POINTS**

5.1 Point of Delivery (complete as applicable):

Legal address: \_\_\_\_\_

Municipal address: \_\_\_\_\_

Street: \_\_\_\_\_

Municipality: \_\_\_\_\_

Province: \_\_\_\_\_

5.2 Customer Information:

Customer Name: \_\_\_\_\_

Account No.: \_\_\_\_\_

Site ID/Premise No.: \_\_\_\_\_

Contact Information:

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Phone No.: \_\_\_\_\_

E-mail: \_\_\_\_\_

Contact Mailing Information:

Street: \_\_\_\_\_

Municipality: \_\_\_\_\_

Province: \_\_\_\_\_

Postal Code: \_\_\_\_\_



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**ARTICLE 6**  
**SERVICE REQUIREMENTS**

6.1 The service requirements for the Contract are as follows:

Contract Demand: \_\_\_\_\_ gigajoules

Date of Initial Delivery: \_\_\_\_\_  
(Year/Month/Day)

6.2 The Contract Demand may be amended, subject to written agreement by Customer and AUI.

**ARTICLE 7**  
**RATE, BILLING & PAYMENT**

7.1 The rate for Gas Distribution Service provided by AUI to the Customer under this Contract will be either:

Rate 3 – Demand General Service (Optional); or  
Rate 13 – Demand General Service (Optional) for Retailer.

7.2 Billing and payment terms will be as specified in the Natural Gas Utility Service Rules and Retailer Distribution Service Rules.

**ARTICLE 8**  
**ADDRESSES FOR NOTIFICATION**

8.1 Unless otherwise required by the Rate Schedule, the Natural Gas Utility Service Rules or the Retailer Distribution Service Rules, notices will be made or delivered to one of the following addresses:

AUI: **ALTAGAS UTILITIES INC.**  
5509 - 45 Street  
Leduc, Alberta  
T9E 6T6  
Attention: Director, Customer Relations  
Fax No.: (780) 986-5220

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Customer:

Address: \_\_\_\_\_

City, Province: \_\_\_\_\_

Postal Code: \_\_\_\_\_

Attention: \_\_\_\_\_

Fax No.: \_\_\_\_\_

8.2 Any party may change the address for notification by giving written notice to the other.

## **ARTICLE 9** **GENERAL**

9.1 Neither party may disclose any Confidential Information obtained pursuant to this Contract to any person without the express prior written consent of the other party. As used in this Article, the term “Confidential Information” will include all business, financial and commercial information pertaining to parties, the customers of either party, suppliers of either party, personnel of either party, any trade secrets and/or information of a similar nature.

9.2 Notwithstanding the preceding paragraph, a receiving party may disclose Confidential Information to any governmental, judicial or regulatory authority requiring such Confidential Information pursuant to any applicable law, regulation, ruling or order, provided:

- a) such Confidential Information is submitted under the applicable provision, if possible, for confidential treatment by such governmental, judicial, or regulatory authority;
- b) prior to such disclosure, the other party is given prompt notice of the disclosure requirement; and
- c) prior to such disclosure, the other party is provided a reasonable opportunity to make submissions to the applicable governmental, judicial or regulatory authority concerning the appropriateness of having the confidential information disclosed, or the need to maintain the relevant information as confidential and/or such other submissions as the other party may consider reasonable and necessary in regards to the confidential information.

9.3 **This Contract will be binding upon and enure to the benefit of AUI and the Customer and their respective successors and permitted assigns.** The rights of the Customer under this Contract may not be assigned without the prior written consent of AUI. The rights of AUI under the Contract may be assigned at any time.

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- 9.4 If any provision of this Contract is determined to be invalid, illegal or unenforceable in any respect, then, to the extent of such invalidity, illegality or unenforceability, such provision will be severed from this Contract and the Contract will be interpreted and construed without reference to the severed provision(s) and the validity, legality or enforceability of the remaining provisions contained in this Contract will not, in any way, be affected or impaired.
- 9.5 Except as provided in Articles 2.1, 2.2, and 9.7 of this Contract, no modification of, or amendment to, this Contract will be valid or binding unless in writing and duly executed by AUI and the Customer. A waiver of any default, breach or non-compliance under this Contract is not effective unless in writing and signed by the party to be bound by the waiver. No waiver will be inferred from, or implied by, any act or delay in acting by a party in respect of any default, breach or non-observance or by anything done or omitted to be done by the other party. The waiver by a party of any default, breach or non-compliance under this Contract will not operate as a waiver of that Party's rights under this Contract in respect of any continuing or subsequent default, breach or non-observance (whether of the same or any other nature).
- 9.6 This Contract will be governed by the laws of the Province of Alberta and the federal laws of Canada, as applicable, and is subject to all applicable legislation, including the *Gas Utilities Act* and the regulations made thereunder, and all applicable orders, rulings, regulations and decisions of the Commission or any other regulatory authority having jurisdiction over AUI.
- 9.7 This Contract may be signed in counterparts and each counterpart will constitute an original document and each counterpart, taken together, will constitute one and the same instrument. Counterparts may be executed either in original or facsimile form and the parties adopt any signatures received by a receiving fax machine or email transmission as original signatures of the parties.

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**IN WITNESS WHEREOF** this Contract has been properly executed by the Customer and AUI effective as and from the date first written above.

**ALTAGAS UTILITIES INC.**

Per: Signature \_\_\_\_\_ Name \_\_\_\_\_  
*(Please Print)*

Date \_\_\_\_\_  
*Year/Month/Day*

Per: Signature \_\_\_\_\_ Name \_\_\_\_\_  
*(Please Print)*

Date \_\_\_\_\_  
*Year/Month/Day*

**CUSTOMER**

Per: Signature \_\_\_\_\_ Name \_\_\_\_\_  
*(Please Print)*

Date \_\_\_\_\_  
*Year/Month/Day*

Per: Signature \_\_\_\_\_ Name \_\_\_\_\_  
*(Please Print)*

Date \_\_\_\_\_  
*Year/Month/Day*

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**SCHEDULE A**  
**RATE SCHEDULE**  
(see attached)

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**SCHEDULE B**  
**TERMS AND CONDITIONS OF SERVICE**  
(see attached)

**AltaGas Utilities Inc.**  
**RETAILER DISTRIBUTION**  
**SERVICE RULES**

Effective: March 8, 2011

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## ARTICLE 1 – Context

### 1.1. Application

These Retailer Distribution Service Rules are part of every Service Contract of AltaGas Utilities Inc.

### 1.2. Relationships

These Retailer Distribution Service Rules govern the relationship between AUI and the Retailer or any Agent acting on behalf of the Retailer. These Retailer Distribution Service Rules also govern the relationship between AUI and the Customer. These Retailer Distribution Service Rules complement AUI's Commission-approved Natural Gas Utility Service Rules, are part of AUI's Gas Distribution Tariff and must be approved by the Commission. They apply to every Retailer unless varied by an Order of, or agreement approved by, the Commission.

### 1.3. Customers and Agents

Where the Customer has appointed the Retailer to act on the Customer's behalf, the Retailer will act in place of the Customer. Notwithstanding the foregoing, where the Retailer requires AUI to bill for Gas Distribution Service separately, AUI reserves the right to bill the Customer directly and receive payments for Gas Distribution Service directly from the Customer. Under this arrangement, AUI's Natural Gas Utility Service Rules apply with respect to payment terms for the Customer.

### 1.4. Applicable Rate

When accepting a Service Contract, AUI will designate the rate to be applied to the service in accordance with the Natural Gas Utility Service Rules.

### 1.5. Definitions

The following words or terms, when used in these Retailer Distribution Service Rules, the Rate Schedule or in a Service Contract will, unless the context otherwise requires, have the following meanings:

“Act” means the *Gas Utilities Act – R.S.A. 2000 c.G-5*, as amended from time to time, and any legislative enactment in substitution or replacement thereof;

“Agent” means a person who performs functions on behalf of a Retailer, including, but not limited to, retailer transactions with AUI;

“AltaGas Utilities Inc.” or “AUI” means AltaGas Utilities Inc. or its successor;

“ATCO” means ATCO Gas and Pipelines Ltd., or its successors;

“AUC” means the Alberta Utilities Commission;

“AUI Emergency Phone Number” means AltaGas Utilities Inc.’s Emergency Phone Number as provided on AUI’s website at [www.altagasutilities.com](http://www.altagasutilities.com). At the time these Retailer Distribution Service Rules were prepared, the AUI Emergency Phone Number was 1-866-222-2068.

“AUI General Inquiry Phone Number” means AltaGas Utilities Inc.’s General Inquiry Phone Number as provided on AUI’s website at [www.altagasutilities.com](http://www.altagasutilities.com). At the time these Retailer Distribution Service Rules were prepared, the AUI General Inquiry Phone Number was 1-866-222-2067.

“Billing Commencement Date” means the commencement date for assessing the tariffs and charges set forth in these Retailer Distribution Service Rules or the Date of Initial Delivery, whichever date first occurs. However, the Billing Commencement Date may be adjusted by AUI if AUI is unable to commence Gas Distribution Service under the Service Contract on such date;

“Business Day” is any day other than Saturday, Sunday, or a holiday as defined in the *Interpretation Act, R.S.A. 2000, c 1-8*, as amended from time to time and any legislative enactment in substitution or replacement thereof;

“Code of Conduct Regulation” means the *Code of Conduct Regulation, A.R. 183/2003*, as amended from time to time and any legislative enactment in substitution or replacement thereof;

“Commission” means the Alberta Utilities Commission or AUC;

“Consumer” means a person who enters into a marketing contract to purchase less than 2500 gigajoules of gas per year as defined in the *Energy Marketing and Residential Heat Sub-Metering Regulation, A.R. 246/2005*, as amended from time to time, and any legislative enactment in substitution or replacement thereof;

“Contract Demand” means the maximum quantity of Gas in any consecutive twenty-four (24) hour period AUI is obligated to deliver to the Point of Delivery, as agreed between the parties to the Service Contract;

“Customer” means a person, firm, partnership, corporation or organization, served under Rates 11, 12, 13, or 14 pursuant to the Rate Schedule, consuming Gas in end-use at its location and is connected to the Gas Distribution System;

“Customer Billing Information” means the information required to be included in the Customer’s bill issued by the Retailer as required by the *Natural Gas Billing Regulation, A.R. 185/2003* and provided by AUI;

“Customer Information” means a Customer’s name, telephone number(s), mailing address, Site-specific contact information and other information required by AUI to provide a Customer with safe, reliable Gas Distribution Service;

“Customer Usage Information” means information regarding the historical consumption of a Customer as it applies to Article 4.2;

“Date of Initial Delivery” means the date AUI commenced Gas Distribution Service under the Service Contract;

“Day” means a period of twenty-four (24) consecutive hours, beginning and ending at eight hours (08:00), Mountain Standard Time;

“Defaulting Party” will have the meaning set out in Article 14;

“Gas” means all natural gas, both before and after it has been subjected to any treatment or process by absorption, purification, scrubbing or otherwise, and includes all fluid hydrocarbons;

“Gas Distribution Service” means the service required to deliver Gas to a Customer by means of the Gas Distribution System and includes any services AUI is required to provide by the Commission or under the Act or regulations made thereunder;

“Gas Distribution System” means all facilities owned or used by AUI to deliver Gas to a Customer through a system of pipelines, works, plant and equipment that is primarily a low pressure system, including, without limitation, valves, meters, regulators and machinery;

“Gas Distribution Tariff” means AUI’s distribution tariff, including its rates, tolls, charges and terms and conditions of service fixed by the Commission, as defined in the Act, and amended from time to time;

“Gas Services” as defined in the Act means:

- i. The Gas provided and delivered, and
- ii. The services associated with the provision and delivery of the Gas, including
  - a) Arranging for the exchange or purchase of the Gas;
  - b) Making financial arrangements to manage the financial risk associated with the price of gas;

- c) Arranging for Gas Distribution Service;
- d) Arranging for delivery of Gas to specified Point(s) of Receipt on the Gas Distribution System;
- e) Storage;
- f) Billing, collection and responding to customer billing inquiries;
- g) Maintaining information systems; and
- h) Any other services specified by the Minister by Order as Gas Services;

“GJ” means gigajoules or one billion (1,000,000,000) joules;

“Imbalance Account” has the meaning set out in Article 7.2;

“Imbalance Quantity” means the difference between the total number of GJ contained in the Gas received by AUI at the Point of Receipt, less Unaccounted-For-Gas, and the total number of GJ contained in the Gas AUI delivered to the Customer at the Point of Delivery;

“J” means joule;

“Month” means a period beginning at eight hours (08:00), Mountain Standard Time, on the first Day of a calendar month and ending at eight hours (08:00), Mountain Standard Time, on the first Day of the next succeeding calendar month;

“Monthly Imbalance Quantity” means the Imbalance Quantity for a Month;

A positive Monthly Imbalance Quantity or excess refers to a situation where the total number of GJs contained in the Gas received by AUI at the Point of Receipt in such Month is greater than the total number of GJ contained in the Gas AUI delivered to the Customer, plus Unaccounted-For-Gas, at the Point of Delivery in such Month.

A negative Monthly Imbalance Quantity or deficiency refers to a situation where the total number of GJs contained in the Gas received by AUI at the Point of Receipt in such Month is less than the total number of GJ contained in the Gas AUI delivered to the Customer, plus Unaccounted-For-Gas, at the Point of Delivery in such Month.

“Natural Gas Utility Service Rules” means the AUI Natural Gas Utility Service Rules, as amended by AUI and approved by the Commission, from time to time;

“Nomination” means a written or electronic request for Gas to flow at a Point of Receipt or a Point of Delivery at a specified rate of flow, commencing at a specified time; or, a specified quantity on a specified date;

“Nomination Quantity” has the meaning set out in Article 7.1;

“Non-Defaulting Party” has the meaning set out in Article 14;

“Notice of Non-Renewal” has the meaning set out in Article 11.2;

“Point of Delivery” means the point or points on AUI’s system where AUI delivers from the Gas Distribution System to the Customer the Gas delivered under the Service Contract;

“Point of Receipt” means the point on AUI’s system where the Gas to be delivered under the Service Contract first enters the Gas Distribution System;

“R3 Regulation” means the *Roles, Relationships and Responsibilities Regulation, A.R. 186/2003*, as amended from time to time and any legislative enactment in substitution or replacement thereof;

“Rate Schedule” means the Gas Distribution Tariff rate schedule, including the general conditions of service, any applicable gas distribution service rates and any applicable rate riders and/or such other rate schedule(s) as may be approved for AUI by the Commission, from time to time;

“Retailer” means a person or company other than AUI selling Gas and Gas Services directly to Customers and that is entitled to enrol Customers for that purpose within AUI’s service area. The term “Retailer” includes Self-Retailers and Agents acting on behalf of Retailers;

“Retailer Distribution Service Rules” means the AUI Retailer Distribution Service Rules;

“Retailer of Record” means the Retailer listed in AUI’s records through the procedures outlined in these Retailer Distribution Service Rules and recognized by AUI pursuant to these Retailer Distribution Service Rules as a particular Customer’s Retailer for a Site at a particular time;

“Retailer ID” means the unique identifier for each Retailer operating within Alberta, as referenced in Rule 004, Rule 010 and Rule 021;

“Rule 004” means AUC Rule 004 - Alberta Tariff Billing Code Rules, as set by the Commission and amended from time to time;

“Rule 010” means AUC Rule 010 - Rules on Standards for Requesting and Exchanging Site-Specific Historic Usage Information for Retail Electricity and Natural Gas Markets, as set by the Commission and amended from time to time;

“Rule 021” means AUC Rule 021 - Settlement System Code Rules, as set by the Commission and amended from time to time;

“Self-Retailer” means a Customer carrying out Retailer functions to obtain Gas solely for its own use;

“Service Contract” means the Retailer Distribution Service Contract between AUI and the Retailer, or between AUI and a Self-Retailer, including all schedules attached to the Contract and these Retailer Distribution Service Rules;

“Site” means a unique end-use Point of Delivery, being the finest level where settlement recognizes Retailer assignments and receives consumption data;

“Site ID” means a unique identification number assigned by AUI for each Site;

“Special Charges Schedule” means the Special Charges Schedule found in the AUI Natural Gas Utility Service Rules;

“Specific Facilities” means those facilities installed by AUI for the benefit of the Customer and required to deliver Gas;

“TCPL” means TransCanada Pipeline Ltd., including NOVA Gas Transmission Ltd. and their successor(s);

“Unaccounted-For Gas” means a Customer’s share of AUI’s line loss, unaccounted-for gas and compressor fuel at the Customer rates specified in the Rate Schedule;

“Year” means a period commencing on the Billing Commencement Date or anniversary of same and ending on the next succeeding anniversary of the Billing Commencement Date.

## **1.6. Conflict**

If there is any conflict between a provision expressly set out in an Order of the AUC and these Retailer Distribution Service Rules, the Order of the AUC will govern.

## **1.7. Interpretation**

- (1) In the interpretation of the Service Contract, words in the singular will be read and construed in the plural or words in the plural will be read and construed in the singular where the context so requires.
- (2) The headings used throughout the Service Contract are inserted for reference only and are not to be considered or taken into account in construing the terms or provisions of any article, clause or schedule nor are they to be deemed in any way to qualify, modify or explain the effect of any such provisions or terms.



- (3) The definitions of all units of measurement and their prefixes used throughout the Service Contract will be in accordance with the International System of Units.

## **ARTICLE 2 – General Provisions**

### **2.1. Distribution Only**

The Service Contract is solely for Gas Distribution Service and the Retailer and the Customer do not acquire any title or interest in the Gas Distribution System of AUI, nor does AUI acquire any title or interest in the Gas being delivered under the Service Contract.

### **2.2. New Gas Distribution System or Additional Services**

AUI reserves the right to communicate directly with the Customer in respect of any requests made by the Customer or a party acting on the Customer's behalf for the construction of new Gas Distribution System facilities or additional services, as provided for in the *Natural Gas Billing Regulation, A.R. 185/2003*, as amended from time to time.

### **2.3. Gas Under AltaGas Utilities Inc. Control**

Gas delivered to AUI by the Retailer for Gas Distribution Service will be under the exclusive control of AUI from the time such Gas is accepted at the Point of Receipt until delivered to the Point of Delivery.

### **2.4. AltaGas Utilities Inc. Determines Routing**

AUI does not dedicate the Gas Distribution System or any segment of the Gas Distribution System for Gas Distribution Service for the Retailer or the Customer and, accordingly, the routing and facilities used for Gas Distribution Service for the Retailer will be at AUI's discretion and may change from time to time.

## **ARTICLE 3 – General Obligations of the Retailers**

### **3.1. Timeliness and Due Diligence**

- (1) The Retailer is required to exercise due diligence and use reasonable efforts in meeting its obligations under these Retailer Distribution Service Rules and perform its obligations in a timely manner.
- (2) The Retailer must adhere to all credit, deposit and security requirements specified in these Retailer Distribution Service Rules.

- (3) The Retailer is required to make every reasonable effort to ensure the Customer is aware of the provisions of these Retailer Distribution Service Rules and the Natural Gas Utility Service Rules.

### **3.2. Arrangements with the Customer**

Unless otherwise stated in these Retailer Distribution Service Rules, the Retailer will be solely responsible for having appropriate contractual or other arrangements with the Customer necessary to provide service to the Customer. AUI is not responsible for monitoring, reviewing or enforcing such contracts or arrangements and is not liable for any loss, damages, cost, injury, expense or other liability, whether direct, indirect, consequential or special in nature, howsoever caused, as a result of the Retailer's failure to perform obligations to the Customer.

### **3.3. Responsibility for Gas Services**

The Retailer will be solely responsible for the provision of Gas Services, including, without limitation, the purchase of Gas supply, delivery of such Gas to the Point of Receipt and arranging for Gas Distribution Service of such Gas to the Point of Delivery for the Customer, subject to these Retailer Distribution Service Rules.

### **3.4. Customer Authorization**

The Retailer is responsible for obtaining the Customer's authorization to enrol the Customer for receipt of Gas Distribution Service. For the purpose of Gas Services, the Retailer is responsible for obtaining any consent(s) required under the Code of Conduct Regulation and the *Personal Information Protection Act SA 2003 c. P-6.5*, as amended, or any similar or replacement legislation.

### **3.5. Retailer ID**

Any information exchange or communications between the Retailer and AUI under these Retailer Distribution Service Rules must include the Retailer's Retailer ID.

### **3.6. Single Retailer for Customers**

AUI is not required to recognize and deal with more than one Retailer per Customer in respect of a Point of Delivery at any given time. Nothing in these Retailer Distribution Service Rules prohibits a Customer from entering into arrangements with multiple Retailers for a Point of Delivery provided a single Retailer is designated to be the Customer's Retailer for purposes of these Retailer Distribution Service Rules.

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## **ARTICLE 4 – Customer Inquiries and Customer Information**

### **4.1. Customer Inquiries Related to Emergency, Outage, Safety and Environmental Situations**

The Retailer must ensure Customers contacting the Retailer regarding distribution emergency conditions, outages, safety or environmental situations related to the Gas Distribution System are immediately transferred to AUI using the AUI Emergency Phone Number. If the Retailer is unable to transfer a call to AUI, the Retailer will provide the AUI Emergency Phone Number to the Customer. At the time these Retailer Distribution Service Rules were prepared, the AUI Emergency Phone Number was 1-866-222-2068.

For continued quality customer care and for safety purposes, AUI may test or audit the time required by the Retailer to respond to such situations and communicate to the Retailer results considered by AUI to require corrective action by the Retailer.

### **4.2. Standard Requests for Customer Usage Information Pursuant to Rule 010**

- (1) Requests for Customer Usage Information pursuant to Rule 010 will be processed accordingly, provided AUI has received a representation and warrant document signed by the Retailer in a form acceptable to AUI.

### **4.3. Non-Standard Requests for Customer Usage Information**

- (1) Requests for Customer Usage Information not intended to conform to Rule 010 are considered non-standard.
- (2) Before AUI will process a non-standard Customer Usage Information request, AUI must receive a properly completed “Consent for Collection, Use, and Release of Customer Information” form (See Schedule A) signed by the Customer. Thereafter, AUI will process the request in accordance with the Code of Conduct Regulation.
- (3) The Customer Usage Information referenced in section 4.3 will be provided by AUI once per year, per Site, at no cost. AUI reserves the right to assess a charge at actual cost for requests for Customer Usage Information beyond the requirements of the Code of Conduct Regulation or additional requests within one year for the same Customer at the same Site.

### **4.4. Provision of Customer Information to AltaGas Utilities Inc.**

- (1) The Retailer must notify AUI of any amendments to Customer Information, as AUI relies on this information to reasonably perform its service obligations to the Customer.

- (2) Such information must be provided pursuant to Rule 021, as soon as reasonably practical in the circumstance and in any event within five (5) Business Days of the Retailer becoming aware of the change.
- (3) For continued quality customer care and for safety purposes, at a minimum, the Customer Information transaction to be provided by the Retailer will include:
  - Customer name (first and last)
  - on Site contact name (if different than above, first and last)
  - contact phone number (land line and/or cell)
  - Site ID
  - critical to have gas (yes or no)
  - critical to have gas reason
- (4) AUI will not accept a Customer Information transaction failing to contain the minimum data requirements specified in section 4.4(3). Upon receipt of an unacceptable Customer Information transaction, AUI will notify the Retailer of the error pursuant to Rule 021. The Retailer will re-submit a corrected Customer Information transaction as soon as reasonably practical in the circumstance and in any event within five (5) Business Days of the Retailer being notified of the rejected transaction.
- (5) AUI is not liable for any loss, damages, cost, injury, expense or other liability, whether direct, indirect, consequential or special in nature, howsoever caused, as a result of the Retailer's failure to provide up-to-date and accurate Customer Information to AUI.
- (6) For continued quality customer care and for safety purposes, AUI may audit the Customer Information provided by the Retailer and communicate to the Retailer results considered by AUI to require corrective action by the Retailer.
- (7) AUI reserves the right to assess a charge for additional processing work undertaken by AUI as a result of inaccurate Customer Information provided by the Retailer.

## ARTICLE 5 – Provision of Service

### 5.1. Request for Service

When the Retailer requests Gas Distribution Service from AUI, AUI must inform the Retailer of the conditions to be satisfied before a Service Contract can be accepted and service commenced. The Retailer must provide any information AUI reasonably requires to assess the request. AUI may reject the request if the Retailer wants non-standard conditions or if facilities are not available to provide safe and adequate service.

## 5.2. Qualification for Service

The Retailer must fulfill the following requirements to the satisfaction of AUI before AUI will provide Gas Distribution Service to the Retailer:

- (1) Submit to AUI a fully completed, executed Service Contract and credit application;
- (2) Satisfy the credit requirements of AUI as set forth in these Retailer Distribution Service Rules and the *Natural Gas Billing Regulation, A.R. 185/2003*, as amended from time to time;
- (3) For the Retailers providing Gas Services to Consumers, as defined in the *Energy Marketing Regulation, A.R. 246/2005*, furnish a certified copy of the license issued to it;
- (4) For all the Retailers providing Gas Services to Consumers, warrant in writing to AUI it will comply with the provisions of the *Fair Trading Act, R.S.A 2000 c. F-2*, and any regulations or policies made thereunder;
- (5) Meet any other requirements AUI, acting reasonably, may impose to provide Gas Distribution Service hereunder. If AUI determines additional requirements must be satisfied to qualify for Gas Distribution Service, the following process will apply:
  - a) Where AUI is confronted with a situation it, in its sole discretion, considers would materially alter the risk to AUI, or where AUI must impose additional requirements to comply with applicable legislation, AUI may implement the additional requirement and then apply to the Commission for approval of same; or,
  - b) Where AUI is not confronted with the circumstances outlined in (a) above, AUI will apply to the Commission for approval of the proposed additional requirement prior to implementing same.

## 5.3. Provision of Gas Distribution Service

Upon satisfaction of the requirements in Article 5.2, AUI will provide Gas Distribution Service to the Retailer, on behalf of the Customer, subject to these Retailer Distribution Service Rules and the Natural Gas Utility Service Rules. Subject to complying with all applicable laws, and the directions or requirements of any of those mentioned above, AUI reserves the right, upon giving the Retailer three (3) Business Days notice, acting reasonably, to discontinue Gas Distribution Service to the Retailer, if at any time the Retailer no longer fulfills the above requirements.

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#### 5.4. Specific Facilities

The Retailer may be required to pay a contribution towards AUI's cost of installing any Specific Facilities required to provide Gas Distribution Service.

#### 5.5. Application for Enrolment

- (1) To initiate the provision of Gas Distribution Service, the Retailer must complete and provide a Service Contract to AUI. Where practicable, a single Service Contract between AUI and the Retailer will be used to serve all Customers under Rates 11, 12, 13, and 14.
- (2) Subject to the Retailer meeting the provisions of these Retailer Distribution Service Rules, AUI will accept an enrolment by the Retailer for provision of Gas Distribution Service.
- (3) Upon receipt of a valid enrolment from the Retailer, AUI may accept the enrolment of the Retailer and, if accepted, will recognize the Retailer as the Retailer of Record for that particular Site.
- (4) Enrolments will be processed by AUI in the order they are received.
- (5) Enrolments will be processed by AUI in accordance with Rule 004 and Rule 021.
- (6) AUI will normally estimate the meter reading for each Customer enrolled. If the Retailer requests a special off-cycle meter reading, AUI will make one attempt to read the meter and will assess a Special Meter Reading charge to the Retailer, as set forth in the Special Charges Schedule. If AUI cannot access the meter for a reading, AUI will estimate the meter reading. AUI will obtain or estimate the meter reading in accordance with the Natural Gas Utility Service Rules.
- (7) If more than one enrolment is received for a Site in one Day, AUI will accept only the first valid enrolment received that Day.
- (8) If a Retailer finds it has enrolled a Site in error, the Retailer must notify AUI as soon as reasonably possible of the error. Upon receiving notice from the Retailer, AUI will notify the previous Retailer of Record to re-enrol the Site.
- (9) If AUI determines the Customer who is enrolled with the Retailer is indebted to AUI, AUI reserves the right to disconnect Gas Distribution Service to the Customer, as set forth in these Retailer Distribution Service Rules and in accordance with the Natural Gas Utility Service Rules.

- (10) The Retailer will not be liable to AUI for any outstanding indebtedness of the Customer to AUI accruing prior to the receipt by the Retailer of Gas Distribution Service.

## ARTICLE 6 – Measurement

### 6.1. Provision and Ownership

The meters used by AUI to assess the level of Gas Distribution Service charges to the Retailer will be the same meters used to provide the Customer Billing Information to the Retailer. AUI will provide and install all meters for each Point of Delivery in accordance with the Natural Gas Utility Service Rules. Each meter will remain the property of AUI.

### 6.2. Meter Reading

Billing will be based on actual or estimated usage, in accordance with the Natural Gas Utility Service Rules. AUI reserves the right to assess a Special Meter Reading charge for non-routine reads, as set out in the Natural Gas Utility Service Rules.

### 6.3. Statutory Standards Apply

All measurements, calculations and procedures used in determining the quantities of Gas delivered at the Point of Receipt or at the Point of Delivery must be in accordance with the *Electricity and Gas Inspection Act R.S. 1985 c.E-4*, as amended, and all applicable regulations issued pursuant thereto.

### 6.4. Measuring Equipment

All measuring equipment, devices and materials required to measure the Gas at the Point of Receipt or at the Point of Delivery must be installed, maintained and operated by AUI, its agents or third parties acceptable to AUI and must be of standard manufacture and type approved by Industry Canada. The Customer may install and operate check measuring equipment provided it does not interfere with the operation of AUI's equipment or system.

### 6.5. Testing Measuring Equipment

The accuracy of the measuring equipment must be verified by standard tests and methods acceptable to AUI or upon the reasonable request of the Retailer or the Customer. Tests of such measuring equipment will be made at AUI's expense, except the Retailer or the Customer will bear the expense of tests made at their request if the inaccuracy is found to be within the limits of error allowed in the *Electricity and Gas Inspection Act R.S. 1985 c.E-4*.

## **6.6. Facilities Interference**

In the event the Customer's or the Retailer's facilities interfere with AUI's ability to provide accurate measurement at the Point of Receipt or the Point of Delivery, AUI may, immediately and without prior notice, cease to receive further deliveries of Gas at the Point of Receipt pending the remedying by the Customer or the Retailer of the cause of such interference to the satisfaction of AUI.

## **6.7. Use of TCPL/ATCO Measurements**

Notwithstanding anything contained elsewhere in the Service Contract, AUI and the Retailer agree, at a Point of Delivery or at a Point of Receipt, being either a TCPL/AUI or ATCO/AUI system interconnection, where TCPL's or ATCO's measuring equipment is used or relied upon by AUI for measuring Gas delivered under the Service Contract (rather than AUI measuring equipment), TCPL's or ATCO's measurement and testing of Gas procedures will apply.

## **6.8. Forecast Quantities**

The Retailer agrees to provide to AUI, for planning purposes, such forecasts of future quantities to be delivered under the Service Contract as AUI may request from time to time.

# **ARTICLE 7 – Gas Supply**

## **7.1. Nominations**

Subject to the other provisions of this Article, AUI agrees to receive from the Retailer the quantity of Gas the Retailer tenders for Gas Distribution Service, including the Retailer's share of AUI's Unaccounted-For Gas. This quantity of Gas will be aggregated with the Gas of all the Customers served by the same Retailer and will form the Nomination Quantity.

## **7.2. Imbalance Account**

- (1) AUI will maintain an Imbalance Account for each Retailer.
- (2) AUI will determine the aggregated Monthly Imbalance Quantity for the Retailer, containing either the excess or deficiency, in gigajoules and record the same in the Imbalance Account.



- (3) The maintenance of the Imbalance Account by AUI will not relieve the Retailer of the Retailer's obligation to balance supply delivered at the Point of Receipt with takes at the Point of Delivery.
- (4) The Retailer is responsible for being informed of the Imbalance Account as recorded by AUI.

### **7.3. Settlement and Valuation of Imbalances**

The Monthly Imbalance Quantity contained in the Imbalance Account will be settled by AUI purchasing from, or selling to, the Retailer the excess or deficiency at the prices and payment terms specified below.

- (1) The Monthly Imbalance Quantity is determined within a reasonable time after all deliveries for the Month have been billed by AUI.
- (2) The value of the Monthly Imbalance Quantity will be based on the corresponding Month's *Canadian Gas Price Reporter Rate 5A*.
- (3) The value of the Monthly Imbalance Quantity excess or deficiency, plus applicable taxes, will be paid by AUI or invoiced to the Retailer by the last Business Day of the second month following the said month of the Monthly Imbalance Quantity.
- (4) Corrections to imbalance quantities due to measurement errors or billing adjustments may be made in subsequent months.

### **7.4. Overriding Rights and Obligations**

Notwithstanding anything contained elsewhere in this Article:

- (1) AUI reserves the right to restrict the flow of Gas at the Point of Delivery or the Point of Receipt to achieve a balance and/or correct any Imbalance Quantity, including, without limitation, situations where the Retailer repeatedly exceeds the Contract Demand without AUI's authorization; and
- (2) The provisions for settlement of the Monthly Imbalance Quantity do not relieve the Retailer of the Retailer's obligation to balance receipts and deliveries of the Customer's Gas into and out of AUI's Gas Distribution System. If the Retailer persistently fails to meet its obligation to balance, AUI may assess a charge to settle such imbalance(s).

## **7.5. Impaired Deliveries**

- (1) If, by reason of the causes set out in Article 7.5(3), AUI is unable, in whole or in part, to deliver the quantities of Gas provided for in the Service Contract, then AUI will be relieved of liability for not delivering such quantities and AUI may curtail or discontinue deliveries of Gas under the Service Contract during the discontinuance and to the extent of the inability. However, AUI will endeavour to give reasonable notice of any curtailment or discontinuance of deliveries arising by virtue of such causes and will promptly endeavour to remedy the cause of any curtailment or discontinuance of deliveries as soon as reasonably possible.
- (2) Such notice will specify AUI's estimate of the duration of any such curtailment or discontinuance of deliveries under the Service Contract.
- (3) The causes referred to above are the necessity, in AUI's sole opinion, of making repairs, modifications or improvements to the Gas Distribution System. However, AUI will, when practicable, endeavour to effect such modifications or improvements, not emergency in nature, at a time and in a manner that does not unduly interfere with or interrupt deliveries of Gas.

## **ARTICLE 8 – Financial Matters**

### **8.1. Retailer Pays Tariffs**

- (1) Commencing on the Billing Commencement Date, the Retailer will pay AUI for those tariffs and charges set forth in the Service Contract as payable by the Retailer.
- (2) The Retailer will not be relieved by Force Majeure from the obligation to pay the charges set forth pursuant to this Article unless Force Majeure has been invoked by AUI.

### **8.2. Billing**

- (1) AUI will render, on a cycle-by-cycle basis, a statement to the Retailer for the total charges payable for Gas Distribution Service and as required in accordance with Article 7 – Gas Supply, and a statement to the Retailer for imbalance settlement in accordance with Article 7.
- (2) AUI may include, in any statement, any adjustments to billings for prior Months. Neither AUI, nor the Customer, nor the Retailer will be entitled to interest on any adjustment.

- (3) AUI reserves the right to bill the Customer directly for any amounts required to be provided by the Customer for Specific Facilities.
- (4) The Retailer is required to provide the Customer with notification of an AUI Gas Distribution Tariff rate change in the billing envelope or through electronic billing at the time of the first charge to the Customer at the new rate. Notwithstanding the foregoing, AUI reserves the right to directly provide the Customer with information about its Gas Distribution Tariff. AUI also reserves the right to contact the Customer directly for comments and receive feedback about AUI's Gas Distribution Service and Gas Distribution Tariff.
- (5) Notwithstanding provisions contained in Article 7.3 – Settlement and Valuation of Imbalances, AUI reserves the right to correct for errors in a previous statement.
- (6) The Retailer will process the Customer payments and handle collection responsibilities. AUI will not assume any billing or collection obligations or responsibilities for, or on behalf of, the Retailer, unless agreed to by written contract between AUI and the Retailer. AUI may, at its sole discretion and in addition to any other remedies available to it, restrict enrolment or terminate Gas Transportation Service provided to the Retailer if the Retailer does not pay all outstanding amounts owed to AUI.

### **8.3. Payment**

- (1) On or before the twenty-first (21st) Day following the rendering of a statement by AUI to the Retailer, the Retailer agrees to pay AUI the total amount payable. The Retailer will pay all amounts owed to AUI for any of the Gas Distribution Services provided by AUI regardless of whether the Customer has paid the Retailer.
- (2) Failure to receive a bill does not release the Retailer from the obligation to pay the amount owing for any of the Gas Distribution Services provided by AUI.
- (3) Each payment must be made in Canadian funds by cheque drawn in AUI's favour and delivered to AUI at the address stated in the Service Contract or by an agreed upon electronic funds transfer.

### **8.4. Unpaid Bills**

- (1) If the Retailer defaults or is late in paying charges, AUI will provide the Retailer notice as required below in Article 8.4(3)(a). AUI will be entitled to draw on the credit facility of the Retailer if the Retailer's arrears are not paid within three (3) Business Days after the date of the notice. The Retailer must provide an additional deposit to replace the funds drawn down because of the default or late payment.

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- (2) AUI will assess the Retailer a late payment charge for any overdue amount, including previous late payment charges. The late payment percentage is set out in the Natural Gas Utility Service Rules. Any payments will first be applied to unpaid balances.
  - (3) If the Retailer defaults in its payments:
    - a) AUI must provide the Retailer with a notice in writing stating the Retailer is in default in its payments to AUI under AUI's terms and conditions of service and advising the Retailer that AUI may make a claim against the Retailer's security if the arrears are not paid within three (3) Business Days after the date of the notice;
    - b) If, after the expiry of the period set out in Article 8.4(3)(a), the Retailer's arrears remain unpaid, AUI may make a claim against the Retailer's security to cover the arrears;
    - c) If the Retailer has provided security in the form of a financial deposit, AUI may deduct from that deposit the amount of the unpaid arrears; and
    - d) If, in the opinion of AUI, the giving of notice in accordance with Article 8.4(3)(a) would impair AUI's ability to make a claim against the Retailer's security or to deduct the unpaid arrears from the Retailer's financial deposit, AUI may make the claim or deduct the unpaid arrears without notice.

## **8.5. Unauthorized Use**

Where AUI determines there has been unauthorized use of Gas Distribution Service or the Gas Distribution System, including, but not limited to, meter or equipment tampering, unauthorized connection or reconnection, theft or fraud whereby AUI is denied full compensation for Gas Distribution Services provided, AUI will bill the Retailer for AUI's estimated Gas Distribution Service charges for such unauthorized use. AUI reserves the right to bill the Retailer for repairs of damage or reconstruction of AUI's Gas Distribution System. Nothing in this Article will limit any other rights or remedies AUI may have in connection with such unauthorized use.

## **8.6. Disputes**

- (1) In the event the Retailer disputes any part of any statement, the Retailer will nevertheless pay to AUI the full amount of the statement when payment is due. Following resolution of any such dispute pursuant to Article 13 – Dispute Resolution, AUI will return any amount found owing to the Retailer.

- (2) The right or ability of the Retailer to dispute a charge for service provided under the Contract or these Retailer Distribution Service Rules will only apply to requests in writing and are limited to charges rendered up to two (2) years prior to the date of written notice of the dispute. AUI reserves the right to assess a charge to the Retailer for administration of a billing dispute raised by the Retailer in circumstances where AUI is not responsible for any error.

### **8.7. Failure to Pay**

In the event the Retailer fails to pay the full amount of any statement within sixty (60) Days after payment is due, AUI, in addition to any other remedy it may have, may suspend Gas Distribution Service provided to the Retailer (upon 48 hours written notice) until full payment is made and such suspension will not terminate or otherwise affect the Retailer's obligations to AUI.

## **ARTICLE 9 – Discontinuance of Gas Distribution Service**

This Article, as amended from time to time, specifies the processes for the transactions between AUI and the Retailer in relation to de-enrolment of a Site, including, without limitation, the circumstances when the Retailer chooses to discontinue Gas Distribution Service for the Customer, as set forth in Article 9.1 of these Retailer Distribution Service Rules, or when AUI discontinues Gas Distribution Service to the Retailer, as set forth in Article 9.2, or when the Retailer fails to provide supply or balance its Imbalance Account, as set forth in Article 9.3.

### **9.1. Discontinuance by the Retailer**

- (1) To discontinue Gas Distribution Service, the Retailer must provide to AUI a notice of de-enrolment of service in accordance with Rule 021.
- (2) AUI will obtain or estimate the meter reading for each de-enrolment in accordance with the Natural Gas Utility Service Rules.
- (3) Notwithstanding the Retailer's responsibilities to provide updated Customer Information pursuant to Article 4 – Customer Inquiries and Customer Information, the Retailer must update Customer Information upon notice of de-enrolment.
- (4) The Retailer will provide AUI with updated Customer Information pursuant to sections 4.4(3) through 4.4(7), inclusive.
- (5) The Retailer is responsible to ensure the Customer is provided notice of the de-enrolment and the consequences of such de-enrolment, including the fact AUI will not be held liable for any disputes as between the Customer and the Retailer.

- (6) Upon receipt of a valid notice of de-enrolment, AUI will process the de-enrolment pursuant to Rule 021.
- (7) The Retailer will remain responsible for Gas Services to the Site until a replacement Retailer is enrolled and in place for the Site, default supply Gas Service is in place for the Site or the Site is permanently disconnected, whichever is earlier.

## **9.2. Discontinuance by AltaGas Utilities Inc.**

- (1) AUI may discontinue or restrict Gas Distribution Service to the Retailer if any of the following occur:
  - a. The Retailer fails to meet its obligations under these Retailer Distribution Service Rules or the Service Contract with AUI,
  - b. The Retailer fails to meet its prudential requirements pursuant to Article 11, or
  - c. The Retailer's license is revoked by Alberta Government Services or another responsible authority.
- (2) Notification of discontinuance will be made electronically to the Retailer. AUI will provide the Retailer three (3) Business Days notice before AUI discontinues Gas Distribution Service to the Retailer. Upon discontinuance of Gas Distribution Service to the Retailer pursuant to this Article, AUI will assume provision of the affected service(s) it is reasonably capable of providing.

## **9.3. Failure of the Retailer to Provide Supply or Settle Account Imbalance**

- (1) AUI may discontinue Gas Distribution Service to the Retailer if AUI, in its sole discretion, determines the Retailer has failed to manage its Imbalance Account in accordance with Article 7 – Gas Supply.
- (2) AUI, in its sole discretion, may discontinue or restrict Gas Distribution Service to the Retailer if the Retailer's nomination for Gas supply was refused in whole or in part by the entity the Retailer has nominated Gas supply from and the Retailer has failed to restore or replace this supply on the same Day the Retailer receives verbal notice from AUI to restore or replace this supply.
- (3) Notification of discontinuance will be made electronically to the Retailer. AUI will provide the Retailer one (1) Business Day notice before AUI discontinues Gas Distribution Service to the Retailer. Upon discontinuation of Gas Distribution Service pursuant to this Article, AUI will assume provision of the affected service(s) it is reasonably capable of providing.

## ARTICLE 10 – Service Disconnects and Reconnect

This Article, as amended from time to time, specifies the processes for the transactions between AUI and the Retailer in relation to the physical disconnect of a Site.

### 10.1. Disconnection of Service

#### (1) Disconnection by AUI

- a) AUI reserves the right to temporarily or permanently disconnect the Customer from the Gas Distribution System in a number of circumstances, including, but not limited to, non-payment of AUI bills or any past due charges, evidence of safety violations, energy theft or fraud by the Customer, threats or harassment made against employees or agents of AUI, failure to provide access to the Service Site for meter readings or other necessary work or any other failure by the Customer to meet its obligations under the Natural Gas Utility Service Rules.
- b) If the disconnect is a result of a safety violation, AUI will reconnect the service only after the safety problem is resolved and the Customer has provided or paid AUI's costs of providing such devices or equipment as may be necessary to resolve such safety problem and to prevent such damage, interference or disturbance. AUI may assess a Reconnect Fee as set forth in the Special Charges Schedule.

#### (2) Disconnection at Request of the Retailer

- a) In accordance with the R3 Regulation, the Retailer will have the right to request AUI disconnect Gas Distribution Service to a Site where the Retailer is the Retailer of Record. AUI will process such requests in accordance with Rule 021.
- b) The Retailer of Record will remain responsible for all Gas Services to a Site until one of the following occurs:
  - the de-enrolment effective date in the de-enrolment file is reached;
  - the Site is de-energized;
  - default supply Gas Service is in place for the Site;
  - the Site is enrolled by another Retailer; or
  - the Site is permanently disconnected.
- c) AUI reserves the right to assess charges to the Retailer to disconnect Gas Distribution Service or attempt to disconnect service to the Customer at

actual cost, including, but not limited to, direct labour, materials, services and equipment, plus applicable overheads.

- d) AUI will notify the Retailer if a disconnect request was not successfully completed and include the reason why it was not successfully completed. If the Retailer still requires the Customer to be disconnected, the Retailer must re-issue a disconnect request.
- e) AUI will not be liable to any person for any damages, cost, expense, injury, loss or other liability of any kind, whatsoever or however caused, resulting directly or indirectly from its good faith performance of its responsibilities under the provisions of this Article.

(3) Disconnects Affecting Pipelines and Equipment

- a) If the purpose for a disconnect can be reasonably expected to affect the Gas Distribution System, the Retailer will instruct the Customer to notify AUI of the Customer's plans and provide the Customer with the AUI General Inquiry Phone Number. Such purposes include, but are not limited to, relocation of pipelines and equipment, service site renovations, service site demolition and permanent stoppage in the use of natural gas.
- b) At the time these Retailer Distribution Service Rules were prepared, the AUI General Inquiry Phone Number was 1-866-222-2067.

## 10.2. Reconnect Service

Before reconnecting or restoring service to a Site:

- a) The Retailer must provide AUI with sufficient notice pursuant to Rule 021 , to reconnect Gas Distribution Service.
- b) AUI reserves the right to assess, in accordance with these Retailer Distribution Service Rules and the Natural Gas Utility Service Rules, a Reconnection Fee and any other applicable charges set forth in the Rate Schedules.

## ARTICLE 11 – Prudential Requirements

### 11.1. Setting of Prudential Requirements

The Retailer must fulfill the requirements set forth in this Article to the satisfaction of AUI before AUI will provide Gas Distribution Service to the Retailer.



- (1) Subject to review and reassessment of the prudential requirements of the Retailer by AUI, from time to time, the Retailer is required to meet and maintain such financial and other prudential requirements as set out in the *Natural Gas Billing Regulation, A.R. 185/2003*, to ensure the Retailer is, and remains, of sufficient financial standing to meet its ongoing financial obligations.
- (2) AUI, subject to review and reassessment, will establish the Retailer's security reduction in relation to its credit rating for each Retailer, affiliate or person who guarantees the financial obligations of the Retailer, subject to sections 6 and 7 of the *Natural Gas Billing Regulation, A.R. 185/2003*, and will notify the Retailer of its security requirement within 20 business days of the Retailer completing and delivering to AUI its application for service.
- (3) For purposes of calculating the amount of the Retailer's security deposit pursuant to section 5(2) of the *Natural Gas Billing Regulation, A.R. 185/2003*, the Retailer must project its payments under AUI's Rate Schedule over a period equal to the lesser of (A) 75 days, or (B) the total of (i) 20 days, plus (ii) the number of days between consecutive bills issued by AUI to the Retailer, plus (iii) the number of days from the issuance of a bill by AUI until payment is due from the Retailer.
- (4) Subject to section 6 of the *Natural Gas Billing Regulation, A.R., 185/2003*, the Retailer must provide security, in the form of a financial deposit, a bond, an irrevocable letter of credit or an irrevocable guarantee from a person, other than the Retailer, with a credit rating.
- (5) AUI will confirm the credit rating of the Retailer, affiliate or person guaranteeing the financial obligation of the Retailer. The credit rating will mean the bond rating according to Standard and Poor's Bond Rating Service or an equivalent bond rating from Dominion Bond Rating Service or Moody's Investors Service.

If the Retailer has obtained more than one credit rating, the lowest credit rating will be used in the assessment.

## **11.2. Maintaining Prudential Requirements**

- (1) If the Retailer's actual outstanding charges under AUI's Rate Schedule are materially greater than the value projected by the Retailer under Article 11.1 of these Retailer Distribution Service Rules, AUI will update the projection and, if additional security is required based on the updated projection, require the Retailer to provide additional security within five (5) Business Days of AUI's request.
- (2) AUI requires Retailers to report any downgrading of their corporate bond rating to AUI within two (2) Business Days of said rating revisions, and must provide any

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additional security required as a result of the downgrading within five (5) Business Days of the downgrading.

- (3) Subject to Article 8 of these Retailer Distribution Service Rules, if the Retailer fails to pay any amount billed AUI will apply all or any portion of the Retailer's security deposit to the unpaid amount. The Retailer will then be required to replenish the security deposit within five (5) Business Days.
- (4) Subject to Articles 8 and 9 of these Retailer Distribution Service Rules, if the Retailer fails to pay any amount billed or fails to present additional security as outlined herein, AUI reserves the right to suspend the provision of additional Gas Distribution Service to the Retailer or discontinue Gas Distribution Service entirely to the Retailer. AUI will provide the Retailer notice of discontinuance three (3) Business Days before AUI discontinues Gas Distribution Service to the Retailer.

Upon discontinuance of Gas Distribution Service to the Retailer pursuant to this Article, AUI will assume the provision of the affected service(s) AUI is reasonably capable of providing.

- (5) A Retailer required to provide security in accordance with the *Natural Gas Billing Regulation, A.R. 185/2003* and these Retailer Distribution Service Rules must maintain that amount of security until all obligations of the Retailer under AUI's Gas Distribution Tariff are satisfied. A Retailer providing security, other than by means of a financial deposit held by AUI, must either ensure its security has no expiry date and cannot be terminated or must, at all times, ensure its security is automatically extended from year to year for successive periods of a minimum of one year from any expiration date thereof, unless AUI is notified in writing by prepaid registered mail not less than thirty (30) Days prior to any expiration date, the security will not be renewed for any such additional period (Notice of Non-Renewal).
- (6) Upon receipt of a Notice of Non-Renewal, AUI will provide notice of same in writing to the Retailer advising the Retailer's failure to provide AUI with alternate security meeting the requirements set out in the *Natural Gas Billing Regulation, A.R. 185/2003* within three (3) Business Days after the date of the notice will constitute a breach of the Retailer's obligation to maintain its security in accordance with section 8 of the *Natural Gas Billing Regulation, A.R. 185/2003* and an event of default under Article 14.1 of these Retailer Distribution Service Rules. If, after three (3) Business Days, AUI is not in receipt of such alternate security, the full amount of the Retailer's security determined in accordance with Article 11 of these Retailer Distribution Service Rules will become due and payable to AUI and AUI will be entitled to make demand or claim against the Retailer's security in accordance with Article 8.4.

- (7) In the event of a default by the Retailer, AUI is entitled to recover, as part of the Gas Distribution Tariff, any costs not covered by a claim against the Retailer's security under section 9 of the *Natural Gas Billing Regulation A.R. 185/2003*, as amended from time to time.

### **11.3. Confidentiality**

All information provided by the Retailer in relation to its financial standing and designated by the Retailer as confidential will be treated as such.

### **11.4. Costs**

All costs associated with obtaining financial security and meeting prudential requirements under this Article are the responsibility of the Retailer.

### **11.5. Interest on Security Deposits**

Interest on each Retailer's cash security deposit held by AUI will be calculated at the rate specified, from time to time, in the *Residential Tenancies Act, R.S.A. 2000, c.R-17*. Interest will be credited to the Retailer annually.

## **ARTICLE 12 – Force Majeure**

### **12.1. Effect of Force Majeure on Breach**

Subject to the other provisions of this Article, if either party to the Service Contract fails to observe or perform any of the covenants or obligations herein imposed upon it and such failure is occasioned by, or in connection with, or in consequence of Force Majeure, as hereinafter defined, such failure will be deemed not to be in a breach of such covenants or obligations.

### **12.2. Meaning of Force Majeure**

For the purposes of the Service Contract, "Force Majeure" means any cause, other than financial, beyond the control of the party claiming suspension and the cause could not have been prevented or overcome by due diligence, including, but not limited to:

- a) acts of God, such as lightning, earthquakes, storms, floods, fires, landslides and washouts;
- b) strikes, lockouts or other industrial disturbances;
- c) acts of the Queen's enemy, sabotage, wars, blockades, insurrections, riots, epidemics, civil disturbances, arrests and restraints;

- d) explosions, breakages of or accidents to machinery or lines of pipe;
- e) hydrate obstructions of lines of pipe and equipment;
- f) temporary failures of Gas supply;
- g) freezing of wells or delivery facilities, well blowouts, and craterings; and
- h) the Orders of any court or governmental authority.

### **12.3. Exceptions to Force Majeure**

- (1) Notwithstanding Section 12.2, a Decision, Direction, or Order made by the Commission in the normal course of it exercising its authority to establish the appropriate revenue requirement or rates of the parties to this agreement will not be considered an event of Force Majeure.
- (2) Neither party is entitled to the benefit of the provisions of Article 12.1 under any of the following circumstances:
  - a) to the extent the failure was caused by the sole negligence of the party claiming suspension;
  - b) to the extent the failure was caused by the party claiming suspension having failed to remedy the condition where it is within that party's ability, alone, to do so and to resume the performance of such covenants or obligations with reasonable dispatch;
  - c) if the failure was caused by lack of funds or with respect to the payment of any amount or amounts then due under the Service Contract; or
  - d) unless, as soon as possible after the happening of the occurrence relied upon or as soon as possible after determining the occurrence was in the nature of Force Majeure and would affect the claiming party's ability to observe or perform any of its covenants or obligations under the Service Contract, the party claiming suspension necessarily gives to the other party notice, either in writing or by electronic mail, advising that such party is unable, by reason of Force Majeure (the nature of which to be specified in the notice, to perform the particular covenants or obligations.

### **12.4. Notice of remedy**

Likewise, the party claiming suspension must give notice, as soon as possible after the Force Majeure condition is remedied, that the condition is remedied and such party has

resumed, or is then in a position to resume, the performance of such covenants or obligations.

### **12.5. Labour Disputes**

Notwithstanding anything to the contrary in this Article, expressed or implied, the parties agree the settlement of strikes, lockouts and other industrial disturbances will be entirely within the discretion of the particular party involved in the labour dispute and such party may make settlement of the labour dispute at such time and on such terms and conditions as it may deem advisable. No delay in making such settlement will deprive such party of the benefit of Article 12.1.

## **ARTICLE 13 – Dispute Resolution**

### **13.1. Resolution by AUI and the Retailer**

If any dispute between AUI and a Retailer arises at any time in connection with these Retailer Distribution Service Rules, AUI and the Retailer, acting reasonably and in good faith, will use all reasonable efforts to resolve the dispute as soon as possible in an amicable manner.

### **13.2. Resolution by Arbitration**

If any dispute has not been resolved pursuant to Article 13.1 within thirty (30) Days after notice from AUI or the Retailer to the other of its desire to have the dispute resolved, then the dispute will be resolved pursuant to Articles 13.3 to 13.11 of these Retailer Distribution Service Rules. AUI and the Retailer will abide by the terms of any award rendered by the arbitrator(s) appointed pursuant to these Retailer Distribution Service Rules without delay.

### **13.3. Arbitrators**

All disputes or differences between AUI and the Retailer in connection with these Retailer Distribution Service Rules will be referred (unless AUI and the Retailer concur in the appointment of a single arbitrator) to a board of arbitrators consisting of one (1) arbitrator to be appointed by each of AUI and the Retailer who will, in writing, appoint a third arbitrator immediately after they are, themselves, appointed. Notwithstanding the foregoing, any disputed matters between AUI and the Retailer relating to an Order or Direction made or approved by the Commission or falling within the exclusive jurisdiction of the Commission, will be referred to the Commission for resolution.

#### **13.4. Failure to Concur**

AUI and the Retailer will be deemed to have failed to concur in the appointment of a single arbitrator if such an arbitrator is not appointed within fifteen (15) Days after the serving by either AUI or the Retailer on the other of notice requesting it to concur in the appointment of such an arbitrator.

#### **13.5. Refusal to Appoint an Arbitrator**

If either AUI or the Retailer neglect or refuse to appoint an arbitrator within fifteen (15) Days after the other party (provided such other party has appointed its arbitrator) has served AUI or the Retailer, as the case may be, with notice to make the appointment, the party who has appointed its arbitrator will be entitled to apply, upon notice to the other party, to a Justice of the Court of Queen's Bench of Alberta to appoint an arbitrator for the party in default.

#### **13.6. Failure to Appoint a Third Arbitrator**

If the arbitrators appointed by AUI and the Retailer have not, within fifteen (15) Days after their appointment or the appointment of the arbitrator last appointed, as the case may be, appointed a third arbitrator, either AUI or the Retailer will be entitled to apply upon notice to the other party to a Justice of the Court of Queen's Bench of Alberta to appoint such an arbitrator.

#### **13.7. Technical Competence**

Any arbitrator appointed under the provisions of this Article, whether by concurrence of AUI and the Retailer, by either party, by the arbitrators or by a Justice of the Court of Queen's Bench of Alberta, will, in the opinion of the persons making such appointment, be possessed of such technical or other qualifications as may be reasonably necessary to enable that arbitrator to properly adjudicate upon the dispute or difference.

#### **13.8. Compensations of Arbitrators**

Each party will be responsible for the costs of the arbitrator appointed by it pursuant to these Retailer Distribution Service Rules. The costs of the third arbitrator will be divided evenly between AUI and the Retailer.

#### **13.9. Application of the Arbitration Act (Alberta)**

Except as herein modified, the provisions of the *Arbitration Act, R.S.A., 2000, c.A-43*, as amended from time to time, will apply to any arbitration proceeding.

### 13.10. Decisions Binding

A decision of the single arbitrator or the majority of the three arbitrators named or appointed will be final and binding upon each of the parties to the dispute or difference.

### 13.11. Continuity of Service

All performance and payments requirements under these Retailer Distribution Service Rules by AUI and the Retailer will continue during the dispute resolution proceedings contemplated by this Article provided, in the case of any such proceedings pertaining to amounts payable under these Retailer Distribution Service Rules, any payments or reimbursements required as a result of the proceedings will be effective as of a date to be determined in such proceedings and interest will be paid on those amounts by the party required to make the payment or reimbursement on the amount at the rate specified from time to time in the *Residential Tenancies Act, R.S.A. 2000, c.R.-17*, but not less than 2.5% from the date so determined until paid.

## ARTICLE 14 – Termination on Default

### 14.1. Events of Default

An event of default under these Retailer Distribution Service Rules and the Service Contract will occur if either AUI or the Retailer (for purposes of this provision, the Defaulting Party):

- a) is the subject of a bankruptcy, insolvency or similar proceeding;
- b) makes an assignment for the benefit of its creditors;
- c) applies for, seeks, consents to, or acquiesces in the appointment of a receiver, custodian, trustee, liquidator or similar official to manage all or a substantial portion of its assets;
- d) fails to pay the other party (Non-Defaulting Party) when payment is due, or to satisfy any other material obligation under these Retailer Distribution Service Rules or the Service Contract including, without limiting the generality of the foregoing, fulfilling the prudential requirements as set forth in Article 11 in accordance with these Retailer Distribution Service Rules and fails to remedy the failure or satisfy the obligation, as the case may be, within three (3) Business Days after the receipt of written notice of the default or breach from the Non-Defaulting Party.

## 14.2. Rights Upon Default

In an event of default, the Non-Defaulting Party will, subject to these Retailer Distribution Service Rules and any applicable regulatory requirements, be entitled to pursue any and all available legal and equitable remedies and terminate the Service Contract. Where the Defaulting Party is AUI or the Retailer and the Non-Defaulting Party elects to terminate, the Service Contract is terminated without any liability or responsibility whatsoever, except for obligations arising prior to the date of termination. The Non-Defaulting Party will provide written notice to the Defaulting Party advising as to the nature of any default and of its intention to terminate service under the Service Contract and these Retailer Distribution Service Rules.

## 14.3. Recourse to Security Upon the Retailer Default

In addition to any other rights and remedies set out in these Retailer Distribution Service Rules, in an event of default by the Retailer, other than a default in payment addressed under section 9 of *Natural Gas Billing Regulation, A.R. 185/2003*, the full amount of the Retailer's security determined in accordance with Article 11 of these Retailer Distribution Service Rules will become due and payable to AUI and AUI will be entitled to make demand or claim against the Retailer's security for the full amount secured. All funds received by AUI in respect of such claim will be retained by AUI and applied against the Retailer's obligations until such time as all of the Retailer's obligations have been determined and satisfied. Any balance remaining after satisfaction of the Retailer's obligations will be returned to the issuing party of the security for the benefit of the Retailer.

## ARTICLE 15 – Notice

### 15.1. Notice in Writing

Unless otherwise stated herein, every notice, request, statement or bill provided for or by the Service Contract or any notice either AUI or the Retailer may desire to give to the other must be in writing directed to the party to whom it is given and made or delivered at such party's address as stated in the Service Contract.

### 15.2. Delivery of Notice

- (1) Any notice may be given by mailing the same, postage prepaid, in an envelope properly addressed to the person to whom the notice is given and will be deemed to be received four (4) Business Days after the mailing of the notice.
- (2) Any notice may also be given by prepaid facsimile or other means of electronic transmission addressed to the person to whom such notice is given, at such



person's address for notice and any such notice so served will be deemed to have been given one (1) Business Day after transmission.

- (3) Any notice may also be delivered by hand to the person, or his representative, to whom such notice is given at such person's address for notice and such notice will be deemed to have been given when received by such person or his representative.
- (4) Any notice may also be given by telephone followed immediately by letter, facsimile or other means of electronic transmission. Any notice so given will be deemed to have been given of the date and time of the telephone notice.

### **15.3. Disruption of Mail**

In the event of disruption of regular mail, every payment will be delivered and every notice, demand, statement or bill will be given by one of the alternative means set out in this Article.

## **ARTICLE 16 – Miscellaneous Matters**

### **16.1. Indemnity**

- (1) The Retailer agrees to indemnify and save AUI harmless from and against any and all claims, demands, suits, actions, debts, accounts, damages, costs, losses, liabilities and expenses of whatever nature or kind however and by whosoever made or incurred arising out of or in any way connected, either directly or indirectly, with any act, omission or default on the part of the Retailer under the Service Contract.
- (2) AUI agrees to indemnify and save the Retailer harmless from and against all claims, demands, suits, actions, debts, accounts, damages, costs, losses, liabilities and expenses of whatever nature or kind however and by whosoever made or incurred arising out of the gross negligence or wilful misconduct of AUI under the Service Contract.
- (3) Notwithstanding Article 16.1(2), in no event, whether as a result of alleged negligence on the part of AUI or otherwise, will AUI be liable to the Customer or the Retailer for loss of profits or revenues, cost of capital, loss for failure to deliver Gas, cost of purchased or replacement Gas, claims of Customer(s)'s for failure to deliver Gas, cancellation of permits, termination of contracts or other similar special or consequential damages or claims.

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## **16.2. Retailer Distribution Service Rules Prevail**

No representation or commitment inconsistent with these Retailer Distribution Service Rules has any effect unless approved by the Commission.

## **16.3. General Laws Apply**

The Retailer Distribution Service Rules and the Service Contract are subject to all applicable present and future laws, rules, regulations and orders of any legislative body or duly instituted authority now or hereafter having jurisdiction.

## **16.4. No Waiver**

No waiver by AUI or the Retailer of any default by the other under the Retailer Distribution Service Rules or Service Contract will operate as a waiver of a future default whether of a like or different character.

## **16.5. No Assignment**

Neither AUI nor the Retailer may assign any of its rights or obligations under these Retailer Distribution Service Rules or the Service Contract without obtaining (a) any necessary regulatory approval(s); and (b) the prior written consent of the non-assigning party, which consent may not be unreasonably withheld. No assignment will relieve the assigning party of any of its obligations under these Retailer Distribution Service Rules or the Service Contract until such obligations have been assumed by the assignee. Any assignment in violation of this Article will be void. However, AUI may assign any or all of its rights and obligations under these Retailer Distribution Service Rules and the Service Contract, without the Retailer's consent, to any entity succeeding to all, or substantially all, of the assets of AUI, if the assignee agrees, in writing, to be bound by the terms of the Retailer Distribution Service Rules and Service Contract and if any necessary regulatory approvals are obtained.

## **16.6. Applicable Laws**

The Service Contract and Retailer Distribution Service Rules will be construed in accordance with the laws of the Province of Alberta and the laws of Canada, as applicable.

**Schedule A**  
**Consent for Collection, Use, and Release of Customer Information**



AltaGas Utilities Inc.  
5509 45 Street main 780.986.5215  
Leduc AB T9E 6T6 fax 780.986.5220

### Consent for Collection, Use and Release of Customer Information

"Customer Information" means personal information like your name, address, contact information, identifying numbers, and payment and usage information.

This form is needed in order for AltaGas Utilities to collect and use your Customer Information for the purposes of natural gas service and billing, and to allow AltaGas Utilities to release your Customer Information to persons you allow like a retailer or other person.

#### Section 1 - AltaGas Utilities Inc. Customer Account Information

(As per Customer's AltaGas Utilities bill)

Site ID/Premise: 0 0 0 7 0 \_\_\_\_\_

Customer Name: \_\_\_\_\_

\*Operating as (if different from above): \_\_\_\_\_

Service Address: \_\_\_\_\_

\*Only required for business/commercial accounts

#### Additional Information:

Telephone: (\_\_\_\_\_) \_\_\_\_\_ Fax: (\_\_\_\_\_) \_\_\_\_\_

E-mail: \_\_\_\_\_

#### Section 2 - Content of Customer Information To Be Released

AltaGas Utilities Inc. is authorized to disclose Customer Information in regards to the account shown in Section 1 of this document, as well as the following Customer Information:

Consumption History (12 months) Yes / No (please circle your response)

Payment History (12 months) Yes / No (please circle your response)

Billing Information (\$) (12 months) Yes / No (please circle your response)

Other (please specify): \_\_\_\_\_

#### Section 3 - Authorized Recipient of Customer Information

AltaGas Utilities Inc. may disclose and release the Customer Information, listed in Sections 1 and 2 to the following parties:

Retailer (please specify): \_\_\_\_\_

Energy Management Company (please specify): \_\_\_\_\_

Other (please specify): \_\_\_\_\_

#### Section 4 - Customer Information Release Date to Specified Persons

AltaGas Utilities Inc. may release my Customer Information to the persons specified in section 3 from

\_\_\_\_\_(yyyy-mm-dd) up to and including \_\_\_\_\_(yyyy-mm-dd)

(Please note that Section 4 is for the time period that this Consent form is valid NOT the consumption history period.)

#### Section 5 - Customer Authorization

The Customer agrees and consents to the collection, and use by AltaGas Utilities Inc. of Customer Information, and to the disclosure and release of the Customer Information to the listed parties, for the time period, and under the conditions set out above.

Name (please print): \_\_\_\_\_ Signature: \_\_\_\_\_

Title (if business account): \_\_\_\_\_ Date: \_\_\_\_\_  
(yyyy-mm-dd)

**PLEASE PRINT CLEARLY**

Please fax completed form to the attention of Regulatory Affairs at (780) 986-5220.

Version 1.3

**ALTAGAS UTILITIES INC.**  
**RETAILER DISTRIBUTION**  
**SERVICE CONTRACT**

Contract No. \_\_\_\_\_

**RETAILER DISTRIBUTION SERVICE CONTRACT**

THIS RETAILER DISTRIBUTION SERVICE CONTRACT  
(Contract)

made as of \_\_\_\_\_, \_\_\_\_\_, \_\_\_\_\_  
Month Day Year

BETWEEN:

**[RETAILER]**, a body corporate, carrying on business  
in the Province of Alberta (hereinafter called the Retailer),

OF THE FIRST PART,

- and -

**ALTAGAS UTILITIES INC.**  
a body corporate, carrying on business  
in the Province of Alberta,  
(hereinafter referred to as AUI),

OF THE SECOND PART,

WHEREAS:

- a) AUI owns and operates a Gas Distribution System within the Province of Alberta;  
and
- b) The Retailer, on behalf of itself and each Customer, has requested AUI to provide  
Gas Distribution Service for the purpose of serving each Customer,

in consideration of the rights and obligations of AUI and the Retailer (the Parties) set forth in this  
Contract, the Parties covenant and agree:

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**ARTICLE 1  
RATE SCHEDULE AND  
RETAILER DISTRIBUTION SERVICE RULES**

- 1.1 The Retailer acknowledges receipt of a current copy of AUI's Rate Schedule, attached as Schedule A to this Contract, and agrees the Rate Schedule, as amended from time to time and approved by the Alberta Utilities Commission (the Commission), forms an integral part of this Contract.
- 1.2 The Retailer acknowledges receipt of a current copy of AUI's Retailer Distribution Service Rules, attached as Schedule B to this contract, and agrees the Retailer Distribution Service Rules, as amended from time to time and approved by the Commission, forms an integral part of this Contract

**ARTICLE 2  
DEFINITIONS**

- 2.1 The words, terms, and phrases used in this Contract will, unless the context otherwise requires, have the meanings given to them in the *Gas Utilities Act R.S.A. 2000 c. G-5* and the Retailer Distribution Service Rules.

**ARTICLE 3  
RETAILER REPRESENTATIONS**

- 3.1 The Retailer represents, covenants and warrants, to and with AUI, at all relevant times during the term of this Contract:
- 3.1.1 The Retailer is, and has been, complying with each of the conditions set forth in Article 4 of this Contract;
- 3.1.2 Except where a Customer is a signatory to this Contract (a Self-Retailer), each Customer has appointed the Retailer as its retailer under an agency agreement in accordance with the *Gas Utilities Act* and, as such, the Retailer has full power and authority to take responsibility for all matters relating to the Customer's Gas Services arrangements and, without limiting the generality thereof, to negotiate, establish, document, implement, operate, perform, terminate and amend all matters relating to the Customer's Gas Services arrangements on behalf of the Customer;
- 3.1.3 The Retailer has entered into all contracts, agreements and arrangements necessary to secure the Gas Services necessary to satisfy the Retailer's obligations under this Contract;

- 3.1.4 In the event of a disruption of any Gas supply, the Retailer will immediately cause an alternative supply to be available;
- 3.1.5 A failure by the Retailer to supply Gas in accordance with the Retailer Distribution Service Rules is subject to the terms and conditions of the Retailer Distribution Service Rules.

#### **ARTICLE 4 CONDITIONS**

- 4.1 AUI has no obligation to provide Gas Distribution Service if, and to the extent, the Retailer fails to comply with all the conditions prescribed by the *Gas Utilities Act*, the Retailer Distribution Service Rules and each of the following conditions:
  - 4.1.1 The Retailer is responsible for providing accurate and timely Customer Information to AUI in an electronic format pursuant to Rule 021.
  - 4.1.2 Should the Retailer become aware of any change in Customer Information during the term of this Contract, the Retailer is responsible for informing AUI of the change, pursuant to Rule 021, as soon as reasonably practical in the circumstance and in any event within five (5) Business Days of the Retailer becoming aware of the change.
  - 4.1.3 The Retailer understands and agrees Gas Distribution Service provided under this Contract is provided solely for the Retailer's use and for the Customers identified to AUI in accordance with this Article 4.1. The Retailer may not use the Gas Distribution Service provided by AUI for any other purpose;
  - 4.1.4 If the Retailer becomes aware, at any time, of any Customer using Gas Services provided by the Retailer or Gas Distribution Service provided by AUI in a manner inconsistent with the Retailer Distribution Service Rules, and/or potentially creating safety, health or environmental concerns or damage to the Gas Distribution System, the Retailer must immediately notify AUI of such circumstances;
  - 4.1.5 In providing service to any Customer, the Retailer may not damage or interfere with, or otherwise disturb, alter or tamper with the Gas Distribution System. The Retailer must notify AUI immediately of any problem or defect relating to the Gas Distribution System the Retailer discovers or has brought to its attention;
  - 4.1.6 The Retailer understands and agrees AUI will not perform billing or collections activities on its behalf, unless specified by separate contract. The Retailer agrees to pay all amounts due and owing to AUI in accordance with the Retailer



Distribution Service Rules, regardless of any billing or collection disputes the Retailer may have with any Customer;

- 4.1.7 The Retailer agrees to comply with all prudential requirements pursuant to the Retailer Distribution Service Rules and the *Natural Gas Billing Regulation A.R. 185/2003*, as amended;
- 4.1.8 The Retailer agrees to comply with all billing requirements, including displaying AUI's emergency contact phone number on Customer bills, pursuant to the *Natural Gas Billing Regulation A.R. 185/2003*, as amended; and
- 4.1.9 The Retailer will continue to satisfy all conditions prescribed by the *Gas Utilities Act* and this Article 4.1 for Gas Services arrangements.

#### **ARTICLE 5 RECEIPT POINTS**

- 5.1 The Point of Receipt for Gas delivered by the Retailer to AUI pursuant to this Contract must be (check only one):
- \_\_\_ via a TCPL (NOVA) Inventory Transfer (NIT); or  
\_\_\_ via an ATCO Pipelines Account Transfer.
- 5.2 AUI will determine receipt locations by consultation with the Retailer if anything other than a NIT or an ATCO Pipelines Account Transfer is utilized.

#### **ARTICLE 6 GAS SUPPLY**

- 6.1 The Retailer will, at all times, have the obligation to comply with Gas balancing requirements specified in the Retailer Distribution Service Rules.

#### **ARTICLE 7 PRICE**

- 7.1 AUI will invoice the Retailer or Self-Retailer, who is a signatory to this Contract, for all applicable rates, tolls, charges and federal and provincial taxes as specified in AUI's Rate Schedule, as amended from time to time and approved by the Commission, and the Retailer agrees to pay such invoices in accordance with the Retailer Distribution Service Rules.
- 7.2 Payment terms will be as specified in the Retailer Distribution Service Rules.

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## ARTICLE 8 TERM

- 8.1 AUI may terminate this Contract:
- 8.1.1 If any one or more of the conditions in Articles 3 or 4 of this Contract has not been, or is not being, complied with; or
- 8.1.2 In accordance with the terms and conditions specified in the Retailer Distribution Service Rules.
- 8.2 This Contract will terminate on any terms and conditions as may be prescribed by the Commission pursuant to the *Gas Utilities Act*.
- 8.3 If AUI terminates a Service Agreement with respect to a Customer, this Contract will terminate insofar, and only insofar, as it applies to that Customer, unless the Customer is a Self-Retailer, in which case this Contract will fully terminate.
- 8.4 This Contract is subject to all applicable legislation, including the *Gas Utilities Act* and the regulations made thereunder, and all applicable orders, rulings, regulations and decisions of the Commission or any other regulatory authority having jurisdiction over AUI.

## ARTICLE 9 ADDRESS FOR NOTICES

- 9.1 Until notified otherwise in writing, payments by, or on behalf of, the Retailer to AUI must be made or delivered to the following address:

ALTAGAS UTILITIES INC.  
5509 - 45 Street  
Leduc, Alberta  
T9E 6T6

Attention: Accounts Receivable

- 9.2 All other notices must be made or delivered to one of the following addresses:

AUI:                      ALTAGAS UTILITIES INC.  
                               5509 - 45 Street  
                               Leduc, Alberta  
                               T9E 6T6

Attention: Vice President, Regulatory & Legal Affairs

The Retailer: [the Retailer or Self-Retailer]  
Address  
City, Province  
Postal Code  
  
Attention:  
The Retailer ID No.:  
Telephone: (    )  
Fax: (    )

9.3 Either party may change its address by giving written notice to the other.

## ARTICLE 10 GENERAL

- 10.1 Neither party may disclose any Confidential Information obtained pursuant to this Contract to any person, without the express prior written consent of the other party. As used in this Article, the term “Confidential Information” will include all business, financial and commercial information pertaining to the Parties, Customers of either Party, suppliers of either Party, personnel of either Party and any trade secrets and other information of a similar nature.
- 10.2 Notwithstanding the preceding paragraph, a receiving party may disclose Confidential Information to any governmental, judicial or regulatory authority requiring such Confidential Information pursuant to any applicable law, regulation, ruling or order, provided:
- (a) such Confidential Information is submitted under the applicable provision, if available and permitted, for confidential treatment by such governmental, judicial or regulatory authority; and
  - (b) prior to such disclosure, the other party is given prompt notice of the disclosure requirement and an opportunity to make representations, to the extent permissible, to the relevant governmental, judicial or regulatory authority concerning the confidential nature of the information and/or the requirement for such information to remain confidential.
- 10.3 This Contract will bind and enure to the Parties’ respective successors and assigns. However, any assignment will not release either Party from such Party’s obligations under this Contract without the written consent of the other Party to such release. Consent to such release may not be unreasonably withheld.

- 
- 10.4 If any provision of this Contract, or the application thereof, is, to any extent, held invalid or unenforceable, the remainder of this Contract and the application thereof, other than those provisions held invalid or unenforceable, will remain unaffected and will continue in full force and effect and will be enforceable to the fullest extent permitted by law or in equity.

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IN WITNESS WHEREOF this Contract has been properly executed by the Retailer (or Self-Retailer) and AUI as of the date first written above.

ALTAGAS UTILITIES INC.

Per: Signature \_\_\_\_\_ Name \_\_\_\_\_  
*(Please Print)*

Title \_\_\_\_\_ Date \_\_\_\_\_  
*(Please Print)* *Year/Month/Day*

Per: Signature \_\_\_\_\_ Name \_\_\_\_\_  
*(Please Print)*

Title \_\_\_\_\_ Date \_\_\_\_\_  
*(Please Print)* *Year/Month/Day*

[RETAILER or SELF-RETAILER]

Per: Signature \_\_\_\_\_ Name \_\_\_\_\_  
*(Please Print)*

Title \_\_\_\_\_ Date \_\_\_\_\_  
*(Please Print)* *Year/Month/Day*

Per: Signature \_\_\_\_\_ Name \_\_\_\_\_  
*(Please Print)*

Title \_\_\_\_\_ Date \_\_\_\_\_  
*(Please Print)* *Year/Month/Day*

**SCHEDULE A**  
**ALTAGAS UTILITIES INC.**  
**RATE SCHEDULE**

**SCHEDULE B**  
**ALTAGAS UTILITIES INC.**  
**RETAILER DISTRIBUTION SERVICE RULES**

## **AltaGas Utilities Inc.**

# **PRODUCER TRANSPORTATION SERVICE RULES**

Effective: March 8, 2011



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## ARTICLE 1 – Context

### 1.1. Application

These Producer Transportation Service Rules are part of every Transportation Contract of AUI.

### 1.2. Relationships

These Producer Transportation Service Rules govern the relationship between AUI and a Producer. They are part of AUI's Gas Distribution Tariff and as such must be approved by the Commission. They apply to every Producer unless varied by an agreement approved by the Commission.

### 1.3. Applicable Rate

When accepting a Transportation Contract, AUI will designate the rate to be applied to the service.

### 1.4. Definitions

The following words or terms when used in these Producer Transportation Service Rules, the Rate Schedule or in a Transportation Contract will, unless the context otherwise requires, have the meanings given below:

“10<sup>3</sup>m<sup>3</sup>” means one thousand (1,000) cubic metres of Gas;

“Act” means the *Gas Utilities Act – R.S.A. 2000 c.G-5*, as amended from time to time, and any legislative enactment in substitution or replacement thereof;

“Allocation Method” means the procedure used to assign portions of the Gas flows at a Point of Receipt or Point of Delivery to the various Transportation Contracts moving gas at the location;

“AltaGas Utilities Inc.” or “AUI” or “the Company” means AltaGas Utilities Inc. or its successor;

“Billing Commencement Date” means the commencement date for assessing the tariffs and charges as set forth in these Producer Transportation Service Rules; provided however that the Billing Commencement Date will be adjusted by AUI if AUI is unable to commence Transportation Service under the Transportation Contract on such date;

“Commission” means the Alberta Utilities Commission;

“Contract Demand” means the maximum quantity of Gas in any consecutive twenty-four (24) hour period that AUI will be obligated to receive at the Point of Receipt, as agreed between the parties to the Transportation Contract;

“cubic metre of Gas” or “m<sup>3</sup>” means the quantity of Gas which at a temperature of fifteen degrees Celsius (15°C) and at a pressure of one hundred one and three hundred twenty-five one-thousandths (101.325) kPa absolute occupies one (1) cubic metre;

“Date of Initial Delivery” means the date AUI commenced Transportation Service under the Transportation Contract;

“Day” means a period of twenty-four (24) consecutive hours, beginning and ending at eight hours (08:00), Mountain Standard Time;

“Gas” means all natural gas both before and after it has been subjected to any treatment or process by absorption, purification, scrubbing or otherwise, and includes all fluid hydrocarbons;

“Gas Distribution Tariff” means the rates, tolls, charges and terms and conditions of service fixed by the Commission, as defined in the Act, as amended from time to time;

“Gas Pipeline System” means all those facilities, including the Specific Facilities, owned or used by AUI in the receipt, transportation, measurement, testing and delivery of Gas;

“GJ” means gigajoules or one billion (1,000,000,000) joules;

“Gross Heating Value” means the number of megajoules obtained from the combustion of a cubic metre of Gas at a temperature of fifteen degrees Celsius (15°C), with the Gas free of water vapour, and at a pressure of one hundred one and three hundred twenty five one-thousandths (101.325) kPa absolute and with the products of combustion cooled to the initial temperature of the Gas and the water formed by the combustion condensed to the liquid state;

“J” means joule;

“kPa” means kilopascals of pressure gauge unless otherwise specified;

“Maximum Contract Pressure” has the meaning given in Article 5;

“MJ” means megajoules or one million (1,000,000) joules;

“Minimum Contract Pressure” has the meaning given in Article 5;

“Month” means a period beginning at eight hours (08:00), Mountain Standard Time, on the first Day of a calendar month and ending at eight hours (08:00), Mountain Standard Time, on the first Day of the next succeeding calendar month;

“Nomination” means a written or electronic request for Gas to flow at a Point of Receipt or a Point of Delivery: 1) at a specified rate of flow, commencing at a specified time, or 2) a specified quantity on a specified date;

“Point of Delivery” means the point on AUI’s system at which AUI delivers from the Gas Pipeline System to a Producer the Gas that has been transported under the Transportation Contract;

“Point of Receipt” means the point on AUI’s system at which the Gas to be transported under the Transportation Contract first enters the Gas Pipeline System;

“Producer Transporter” or “Producer” means a person, firm, partnership, corporation or organization that is an owner of natural gas requiring Transportation Service for transporting Gas through AUI’s Gas Pipeline System, served under the Rate 10 class of rates, pursuant to AUI’s Rate Schedule;

“Rate Schedule” means the Gas Distribution Tariff rate schedule, including the general terms and conditions of service and any applicable rate riders, for the rate specified in and applicable to the Transportation Contract, or such other rate schedule in replacement thereof, as approved by the Commission and determined by AUI to be in effect from time to time;

“Specific Facilities” means those facilities installed by AUI for the benefit of a Producer and required to transport Gas;

“Standard Conditions” means Standard Temperature and Standard Pressure;

“Standard Pressure” means

- (a) in the International system of units, an absolute pressure equal to 101.325 kPa, and
- (b) in the Imperial system of units,
  - (i) 14.73 psia, or
  - (ii) 30 in. of mercury at 32°F;

“Standard Temperature” means a temperature that is equal to

- (a) 15°C in the International system of units, or
- (b) 60°F in the Imperial system of units;

“Transportation Contract” means the transportation contract between AUI and a Producer and includes all schedules attached thereto and these Producer Transportation Service Rules;

“Transportation Service” means the service of transporting Gas through AUI’s Gas Pipeline System or other facilities;

“TCPL” means TransCanada Pipelines Ltd., including any facilities operated under Nova Gas Transmission Ltd., or their successor(s);

“Year” means a period commencing on the Billing Commencement Date or anniversary of same and ending on the next succeeding anniversary of the Billing Commencement Date.

### **1.5. Interpretation**

- (1) In the interpretation of the Transportation Contract, words in the singular will be read and construed in the plural or words in the plural will be read and construed in the singular where the context so requires.
- (2) The headings used throughout the Transportation Contract are inserted for reference purposes only, and are not to be considered or taken into account in construing the terms or provisions of any article, clause or schedule or to be deemed in any way to qualify, modify or explain the effect of any such provisions or terms.
- (3) The definitions of all units of measurement and their prefixes used throughout the Transportation Contract will be in accordance with the International System of Units.

## **ARTICLE 2 – General Provisions**

### **2.1. Transportation Only**

The Transportation Contract is solely for Transportation Service and a Producer will not acquire any title or interest in the Gas Pipeline System of AUI and AUI will not acquire any title or interest in the Gas being transported under the Transportation Contract.

### **2.2. Request for Service**

When a Producer requests Transportation Service from AUI, AUI must inform the Producer of the conditions to be satisfied before a Transportation Contract may be accepted and service commenced. A Producer must provide any information AUI reasonably requires to assess the request. AUI retains the right to refuse a Producer’s request for Transportation Service.

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### **2.3. Need for a Contract**

Every Producer must sign a Transportation Contract to receive Transportation Service.

### **2.4. Land Use**

A Producer must ensure, with respect to property owned or controlled by the Producer, AUI is provided, at no cost, with any land use rights required to provide and maintain the service.

### **2.5. Right of Entry**

- (1) AUI has the right to enter the installation or complex of the Producer at any reasonable time:
  - (a) to install, maintain, or remove its facilities,
  - (b) to read, inspect, repair, or remove its metering devices, or
  - (c) to do anything else incidental to providing or discontinuing the Transportation Service.
- (2) If any of AUI's equipment is situated within the Producer's installation or complex, the Producer must ensure AUI can obtain access to the equipment when necessary.

### **2.6. Gas Under AUI Control**

Gas delivered to AUI by a Producer for Transportation Service will be under the exclusive control of AUI from the time such Gas is accepted for Transportation Service at the Point of Receipt until delivered at the Point of Delivery.

### **2.7. AUI Determines Routing**

AUI does not dedicate the Gas Pipeline System or any segment thereof for Transportation Service for a Producer and, accordingly, the routing and facilities used for Transportation Service for a Producer will be at AUI's discretion and may change from time to time.

### **2.8. Gas May be Commingled**

- (1) AUI may, in the course of transporting Gas in the Gas Pipeline System, commingle with, or exchange for, Gas owned by, or transported for, others or remove certain hydrocarbon components present in the Gas.
- (2) As commingling, exchanging or the removal of certain hydrocarbon components may alter the Gross Heating Value or constituent parts of the Gas between the Point of Receipt and the Point of Delivery, AUI will not be required to deliver, at

the Point of Delivery, Gas with the same Gross Heating Value or containing the same constituent parts as Gas delivered at the Point of Receipt and AUI will make whatever compensating adjustments to volume and Gross Heating Value as may be warranted.

- (3) In the event, and to the extent any hydrocarbon components in the Gas delivered at the Point of Receipt are absent from the Gas delivered at the Point of Delivery as the result of commingling, exchanging or removal of such hydrocarbon components in the course of transporting the Gas, title to such hydrocarbon components will, notwithstanding anything to the contrary otherwise contained in the Transportation Contract, be deemed conclusively to have passed to AUI at the Point of Receipt.

## **2.9. Producer Confirms Right to Transport**

The Producer and AUI acknowledge and agree the Producer will have the right to transport all Gas delivered under the Transportation Contract to AUI at the Point of Receipt.

## **2.10. Commitment to Maintain Systems**

AUI and the Producer mutually undertake to operate and maintain their respective pipeline systems and equipment safely and in such a manner as not to interfere with the system or equipment owned by the other party and, in particular, AUI and the Producer each undertake and agree to consult with the other before commencing construction or operation of any new equipment or facilities which AUI or the Producer reasonably expects may interfere with, or affect, the operation of the other party's pipeline system or equipment and to make modifications to the design or construction of any such equipment or facilities, as practically may be requested, to minimize any such interference.

## **2.11. Specific Facilities**

A Producer may be required to pay a contribution for any incremental facilities ("Specific Facilities") required to provide the service.

# **ARTICLE 3 – Quality of Gas**

## **3.1. Gas Must be of Merchantable Quality**

- (1) All Gas tendered for Transportation Service must be of merchantable quality and, without restricting the generality of the foregoing:



- 
- (a) must not contain sand, dust, gums, crude oil, impurities and other substances which may be injurious to pipelines or which may interfere with its transmission through pipelines or its commercial utilization;
  - (b) must not have a hydrocarbon dew point in excess of minus ten degrees Celsius (-10°C) at an absolute pressure of five thousand five hundred (5500) kPa;
  - (c) must not contain more than six milligrams per cubic metre (6 mg/m<sup>3</sup>) of hydrogen sulphide;
  - (d) must not contain more than five milligrams per cubic metre (5 mg/m<sup>3</sup>) of mercaptan sulphur;
  - (e) must not contain more than twenty-three milligrams per cubic metre (23 mg/m<sup>3</sup>) of total sulphur;
  - (f) must not contain more than two percent (2%) by volume of carbon dioxide;
  - (g) must not contain more than sixty-four milligrams per cubic metre (64 mg/m<sup>3</sup>) of water vapour;
  - (h) must not exceed fifty degrees Celsius (50°C) in temperature;
  - (i) must be as free of oxygen as can be achieved through the exercise of all reasonable precautions and must not, in any event, contain more than four-tenths percent (0.4%) by volume of oxygen; and,
  - (j) must have a Gross Heating Value of not less than thirty-six and five-tenths megajoules per cubic metre (36.5 MJ/m<sup>3</sup>). However, with the prior written consent of AUI, Gas of a lower Gross Heating Value may be delivered.
- (2) If, in AUI's sole opinion, Gas received by AUI at the Point of Receipt fails to be of merchantable quality or fails to meet any one or more of the quality specifications set forth in this Article, AUI may, at any time, from time to time, immediately and/or without prior notice, cease to receive further deliveries of Gas at the Point of Receipt pending the remedying by the Producer of such failure to the satisfaction of AUI. AUI may install, at the Producer's expense, such Specific Facilities, including any Gas quality control, monitoring and/or shutdown equipment deemed necessary, in AUI's sole opinion, to ensure Gas received by AUI at the Point of Receipt meets the quality specifications set forth in this Article.

### **3.2. Quality on Delivery**

All Gas delivered by AUI to a Producer at the Point of Delivery will have the Gross Heating Value and quality that results from the Gas having been commingled in AUI's system.

### **3.3. Notice on Change in Input Quality**

The Producer will notify AUI as soon as practicable in the event of any adverse change in Gas quality determinable by the Producer and which may be delivered into the Gas Pipeline System at the Point of Receipt.

### **3.4. Notice on Change in Output Quality**

AUI will notify the Producer as soon as practicable in the event of any adverse changes in Gas quality determined by AUI and which may be delivered from the Gas Pipeline System at the Point of Delivery.

## **ARTICLE 4 – Measurement**

### **4.1. Statutory Standards Apply**

All measurements, calculations and procedures used in determining the quantities of Gas delivered at the Point of Receipt or at the Point of Delivery, will be in accordance with the *Electricity and Gas Inspection Act R.S. 1985 c.E-4*, as amended, and all applicable regulations issued pursuant thereto.

### **4.2. Measuring Equipment**

All measuring equipment, devices and materials required to measure the Gas at the Point of Receipt or at the Point of Delivery will be installed, maintained and operated by AUI, its agents or third parties acceptable to AUI and will be of standard manufacture and type approved by Industry Canada, Electricity and Gas. The Producer may install and operate check measuring equipment; provided it does not interfere with the operation of AUI's equipment or system.

### **4.3. Testing of Measuring Equipment**

The accuracy of the measuring equipment will be verified by tests in accordance with Industry Canada guidelines and at other times at the initiative of AUI or upon the reasonable request of the Producer. Notice of the time and nature of each test will be given by AUI to the Producer sufficiently in advance to permit a representative of the Producer to be present. If, after notice, the Producer fails to have a representative present, the results of the test and adjustment, if any, made by AUI or its agents will nevertheless

be accepted until the next test. All tests of such measuring equipment will be made at AUI's expense, except the Producer will bear the expense of tests made at its request if the inaccuracy is found to be two percent (2%) or less.

#### **4.4. Inspection of Records and Equipment**

AUI and the Producer will have the right to inspect the charts, measurement or test data and measuring equipment installed or furnished by the other under this Article and Article 3, at all times during business hours. However, readings, calibration and adjustment of such measuring equipment will be done only by the party furnishing the measuring equipment. Unless the parties otherwise agree, each party will preserve all original test data, charts and other similar records in their possession for a period of at least six (6) years.

#### **4.5. Units Used**

- (1) Unit of Measurement: The unit of volume for purposes of measurement will be one (1) cubic metre of Gas. AUI will mathematically convert measurement information into International system of units where metering is performed using the Imperial system of units.
- (2) Unit of Billing/Payment: For the purpose of determining the amount to be billed by AUI and paid by the Producer for Transportation Service under the Transportation Contract, the Gross Heating Value of each cubic metre of Gas transported will be determined in accordance with this Article and AUI will, on the basis of such measurement, bill the Producer and the Producer will pay AUI the applicable charges for each GJ of Gas transported.
- (3) Atmospheric Pressure: For the purposes of measurement, the atmospheric pressure at the Point of Receipt and at the Point of Delivery will be determined in accordance with this Article and will be rounded to the nearest one-hundredth (1/100) of a kPa and deemed to be constant.

#### **4.6. Method of Measurement**

In determining the quantities of Gas delivered at the Point of Receipt or at the Point of Delivery, the following practices will prevail:

- (1) Metering
  - (a) The gas to be metered at the Point of Receipt and at the Point of Delivery will be metered by one or more metering devices approved by Industry Canada and adopted by AUI.

- 
- (b) Measurement by orifice meters will be in accordance with the methods prescribed in “Orifice Metering of Natural Gas and Other Related Hydrocarbon Fluids”, American Gas Association Report No. 3/ANSI/API 2530, or any subsequent revisions approved by Industry Canada and adopted by AUI.
  - (c) Measurement by turbine meter will be in accordance with the methods prescribed in “Measurement of Fuel Gas by Turbine Meters”, American Gas Association Committee Report No. 7, or any subsequent revisions approved by Industry Canada and adopted by AUI.
  - (d) Correction will be made for the deviation of the Gas from the Standard Conditions at the pressure and temperature at which the Gas is metered in accordance with the methods prescribed in the “Manual for the Determination of Supercompressibility Factors for Natural Gas” based on PAR Research Project NXi 9 completed December 1962, as published by the American Gas Association and any subsequent revision or amendment or as prescribed in “Compressibility and Supercompressibility for Natural Gas and Other Hydrocarbon Gases”, American Gas Association Transmission Measurement Committee Report No. 8 or any subsequent revision thereof or any other method approved by Industry Canada and adopted by AUI. To determine the factors for such corrections a quantitative analysis of the Gas will be made at reasonable intervals.
- (2) Gas Sampling
- (a) Gas samples will be representative of the Gas being metered at the time such samples are taken and may be either spot samples or samples taken over a period of time.
  - (b) Samples will be taken at reasonable intervals by AUI or its agents. However, AUI will take additional samples when reasonably requested to do so by the Producer.
  - (c) The Gas characteristics determined by any test will apply to the Gas metered from the date the spot sample was taken or from the commencement date of a sample taken over a period of time, as the case may be, until the next test.
- (3) Temperature
- (a) The flowing temperature of the Gas being metered will be determined by means of a temperature transmitter or recording thermometer installed and maintained in accordance with the specifications as published by Industry

Canada or any subsequent revisions thereof adopted by AUI, whichever is appropriate.

- (b) Real time Gas temperature will be used in computing the quantities of Gas metered during such Day.
- (4) Correction and Adjustment
- (a) If, at any time, any of the measuring equipment is found to be registering inaccurately by an amount exceeding two percent (2%) or such other amount as mutually agreed upon by the Producer and AUI at a reading corresponding to the average hourly rate of flow over one hour, it will be immediately adjusted to read as accurately as possible and the readings of such equipment will be adjusted to zero error for any period definitely known or agreed upon, If the period is not so known or agreed upon, the adjustment will be for a period of sixteen (16) Days or one-half (1/2) of the elapsed time since the last test, whichever is shorter.
  - (b) If the measuring equipment is found to be not registering, the quantity of Gas delivered during such period will be determined:
    - i. by using the data recorded by any check measuring equipment registering accurately; or
    - ii. if such check measuring equipment is not registering accurately, but the percentage of error is ascertainable by a calibration test, by using the data recorded and adjusted to zero error; or
    - iii. if neither of the methods provided in (i) or (ii) above can be used, by estimating the quantity delivered by reference to deliveries under similar conditions during a period when AUI's equipment was registering accurately.

#### **4.7. Gross Heating Value**

Tests to determine the Gross Heating Value of Gas transported will be established by the use of a Gas chromatograph, recording calorimeter or any other device approved by Industry Canada and adopted by AUI and will be used in the calculation of the number of gigajoules transported under the Transportation Contract.

#### **4.8. Composition**

- (1) The composition of the Gas transported will be determined by tests of representative samples of Gas so transported and conducted by AUI or its agents utilizing a chromatograph of standard manufacture.

- (2) Such tests will be done once per Month or at such other intervals as may be justified by the consistency of previous tests of the composition of the Gas.
- (3) The results of any such test will be used during the period commencing on the Day the sample is taken or, if a sample is taken over a period of time, from the commencement date, as the case may be, until the next test. AUI and the Producer agree the results of the first such test will be used from the Date of Initial Delivery of Gas until the second test.

#### **4.9. Gas Characteristics**

- (1) The Gas characteristics, including, without limiting the generality of the foregoing, Gross Heating Value, relative density, nitrogen and carbon dioxide content of the Gas, will be determined by continuous recording equipment or by laboratory equipment.
- (2) The Gas samples to be tested will be representative of the Gas delivered at the time such samples are taken and may be either spot samples or samples taken over a period of time.
- (3) If continuous recording equipment is used, the arithmetic average of the recordings for each Day will be used to determine Gas characteristics.
- (4) If spot samples are taken or a spot sampler is used, Gas characteristics will be determined from the analysis of the samples using laboratory equipment.

#### **4.10. Pulsation Dampening**

If there are any compression facilities upstream of the Point of Receipt or downstream of the Point of Delivery, the Producer will cause to be provided sufficient pulsation dampening equipment to ensure the compression facilities do not interfere with the operation of AUI's facilities.

#### **4.11. Facilities Interference**

In the event the Producer's facilities interfere with AUI's ability to provide accurate measurement at the Point of Receipt or the Point of Delivery, AUI may immediately and without prior notice cease to receive further deliveries of Gas at the Point of Receipt pending the remedying by the Producer of the cause of such interference to the satisfaction of AUI.

#### **4.12. Use of TCPL or Other Measurements**

Notwithstanding anything contained elsewhere in the Transportation Contract, AUI and the Producer agree, at a Point of Delivery or a Point of Receipt which is a TCPL/AltaGas Utilities Inc. system interconnection, where TCPL's measuring equipment is used or relied on by AUI for measuring Gas transported under the Transportation Contract, TCPL's measurement and testing of Gas procedures will apply. At a Point of Delivery or at a Point of Receipt which is not a system interconnection with TCPL, measurement and testing will be based on procedures agreeable to AUI and the Producer.

#### **4.13. Forecast Volumes**

The Producer agrees to provide to AUI, for planning purposes, such forecasts of future volumes per Month to be transported under the Transportation Contract as AUI may reasonably request from time to time.

### **ARTICLE 5 – Gas Delivery**

#### **5.1. Matching Receipts and Deliveries**

Subject to the other provisions of this Article, AUI agrees to receive from the Producer at the Point of Receipt the quantity of Gas which the Producer tenders for transportation up to the Contract Demand. However, AUI will not be required to accept at the Point of Receipt a quantity of Gas in any hour greater than 1/20th of the Contract Demand, unless otherwise specified on the applicable Rate Schedule. AUI agrees to tender for transportation to the Producer and the Producer will receive at the Point of Delivery, a volume of Gas containing the equivalent number of joules as are contained in the volume of Gas tendered by the Producer at the Point of Receipt less the Producer's share of AUI's Unaccounted-For-Gas and compressor fuel.

#### **5.2. Overriding Rights and Obligations**

Notwithstanding anything contained elsewhere in this Article, AUI reserves the right to restrict the flow of Gas at the Point of Receipt or the Point of Delivery to achieve a balance, to correct any imbalance or in the event the Producer repeatedly exceeds the Contract Demand without AUI's authorization.

#### **5.3. Inability to Exchange**

(1) Notwithstanding anything contained elsewhere in the Transportation Contract, if a Point of Delivery is an interconnection with a pipeline system of a third party ("Other System") the Producer recognizes and agrees AUI's ability to deliver Gas may be dependent upon an exchange with volumes of Gas which would normally be delivered into the Gas Pipeline System.

- (2) The Producer further recognizes and agrees changes in such incoming volumes of Gas or changes in either the capacity of the interconnection with the Other System or the capacity of the Gas Pipeline System may occur from time to time.
- (3) In the event AUI, at an interconnection with the Other System, is unable to continue to exchange volumes of Gas at the Point of Delivery with volumes of Gas which would normally be delivered into the Gas Pipeline System at the Point of Delivery or there are changes in incoming Gas volumes or capacity, this will constitute an event of Force Majeure and AUI will serve written notice to the Producer advising of its inability to continue to provide Transportation Service under the Transportation Contract by the exchange of volumes of Gas which would normally be delivered into the Gas Pipeline System.
- (4) The notice under Clause 5.3(3) will specify:
  - (a) The Producer's proportionate share of the additional costs associated with the capital improvements required to maintain Transportation Service at that Point of Delivery;
  - (b) The volume of Gas AUI is able to receive and transport to that Point of Delivery if no capital improvements are made; and
  - (c) The location of alternate Points of Delivery where AUI can continue Transportation Service at the then current level.
- (5) In the event the Producer receives notice pursuant to Clause 5.3(3), the Producer will, within thirty (30) Days after the receipt of such notice, provide written notice to AUI indicating which of the options set out in such notice the Producer intends to exercise.
- (6) In the event none of the options provided by AUI are acceptable to the Producer, the Producer may terminate the Transportation Contract effective on the date such notice is received by the Producer. However, in the event the Producer chooses to terminate the Transportation Contract, the Producer will reimburse AUI for the Producer's share of the undepreciated book value of the Specific Facilities at the effective date of termination, together with all costs of abandoning or removing such facilities.

#### **5.4. Minimum and Maximum Contract Pressures**

- (1) The Minimum Contract Pressure and Maximum Contract Pressure of the Gas at the Point of Receipt will be as specified by AUI for that location.



- (2) AUI, at its sole discretion, may grant relief from the Minimum Contract Pressure at the Point of Receipt to permit delivery of Gas at a reduced pressure and such relief will continue until AUI provides written notice to revise the reduced pressure then in effect to a pressure not in excess of the Maximum Contract Pressure.
- (3) Subject to Clause 5.4(2), the Producer will deliver the Gas, or cause the Gas to be delivered, to AUI at the Point of Receipt at such pressures as AUI may require from time to time at the Point of Receipt up to the Maximum Contract Pressure.
- (4) AUI will deliver the Gas, or cause the Gas to be delivered, to the Producer at the Point of Delivery at such pressures as are available in the Gas Pipeline System from time to time.

### 5.5. Lost Gas

Subject to Clause 10.1(3), AUI will not be responsible for Gas lost by pipeline rupture, explosion, fire or other similar calamity, but will maintain and provide to the Producer a record of the Producer's proportionate share of any such loss and cooperate with all reasonable requests of the Producer's insurers or their agents during the course of an investigation of any claim arising from any such loss.

### 5.6. Allocations

- (1) For the purpose of administering Transportation Contracts, Gas flows will be allocated to determine the daily flow under each agreement.
- (2) The Producer and AUI will agree on an Allocation Method prior to the flow of Gas and it will be confirmed in a letter agreement. In the event the Producer and AUI are unable to agree on an acceptable Allocation Method, AUI reserves the right to decide on the Allocation Method to be used.
- (3) One of the following allocation methods may be used or a mutually acceptable alternative method may be determined:
  - (a) Allocation prorated to Nomination;
  - (b) Allocation equal to Nomination for all Transportation Contracts but one, which is allocated the difference between total Nomination and physical flow;
  - (c) Allocation by entitlement (allocation of deliveries based on actual receipts); or,
  - (d) Allocation based on preset priority (first-next).

- (4) At locations where a portion of the Gas flowing belongs to parties other than the Producer and AUI, all parties must agree in writing on the Allocation Method used between those parties at that location.
- (5) A request for change in Allocation Method must be made by either the Producer or AUI, thirty (30) days prior to the requested change date. The Producer and AUI will agree on the revised Allocation Method prior to the change and it will be confirmed in a letter agreement.
- (6) In the event the Producer and AUI are unable to agree on an acceptable revised Allocation Method, AUI reserves the right to decide on the revised Allocation Method to be used.

### **5.7. Impaired Transportation**

- (1) If, by reason of the causes set out in Clause 5.7(3), AUI is unable, in whole or in part, to transport the quantities of Gas provided for in the Transportation Contract, then AUI will be relieved of liability for not transporting such quantities and AUI may curtail or discontinue Transportation Service under the Transportation Contract during the continuance and to the extent of the inability to transport. However, AUI will endeavour to give reasonable notice of any curtailment or discontinuance of Transportation Service arising by virtue of such causes and will promptly endeavour to remedy the cause of any curtailment or discontinuance of Transportation Service as soon as reasonably possible.
- (2) Such notice will specify AUI's estimate of the duration of any such curtailment or discontinuance of Transportation Service under the Transportation Contract.
- (3) The causes referred to in 5.7(1) are the necessity, in AUI's sole opinion, of making repairs, modifications or improvements to the Gas Pipeline System. However, AUI will, when practicable, endeavour to effect such modifications or improvements, which are not emergency in nature, at a time and in a manner which will not unduly interfere with or interrupt transportation of Gas.

## **ARTICLE 6 – Financial Matters**

### **6.1. Producer Pays Tariffs**

- (1) Commencing on the Billing Commencement Date, the Producer will pay to AUI, for Transportation Service provided under the Transportation Contract, the charges set forth in the Transportation Contract.

- (2) The Producer will not be relieved from the obligation to pay the charges set forth pursuant to this Article unless Force Majeure has been invoked by AUI, as described in Article 7 of these Producer Transportation Service Rules.

## **6.2. Billing**

- (1) On or before the twenty fifth (25th) Day of each Month, AUI may render to the Producer a statement with respect to Gas transported for the Producer during the preceding Month for:
  - (a) the amount payable by the Producer calculated in accordance with this Article, and
  - (b) the volume, Gross Heating Value and total energy of the Gas measured or estimated at the Point of Receipt.
- (2) AUI will make corrections to prior statements, as may be required, and will present the corrections to the Producer as soon as reasonably possible.

## **6.3. Payment**

- (1) On or before the twenty first (21st) Day following the rendering of the statement by AUI to the Producer, the Producer agrees to pay AUI the total amount payable by the Producer, as set forth in the statement.
- (2) Each such payment will be made in Canadian funds through an agreed upon electronic transfer of funds to AUI or by cheque drawn in AUI's favour and delivered to AUI at the address stated in the Transportation Contract.

## **6.4. Unpaid Bills**

AUI will assess a late payment charge calculated as 1.5% of any unpaid balance from a previous Month's statement, including unpaid previous late payment charges. Any unpaid balance from a previous Month's statement is considered past due. All payments will first be applied to unpaid balances.

## **6.5. Disputes**

In the event the Producer disputes any part of any statement, the Producer will nevertheless pay to AUI the full amount of the statement when payment is due.

## **6.6. Failure to Pay**

In the event the Producer fails to pay the full amount of any statement within sixty (60) Days after payment is due, AUI, in addition to any other remedy it may have, may

suspend the receipt and delivery of Gas until full payment is made and such suspension will not terminate or otherwise affect the Producer's obligations to AUI.

#### **6.7. Letter of Credit**

- (1) The Producer will provide AUI with any financial information AUI reasonably requests to establish the Producer's credit worthiness.
- (2) AUI may require the Producer to provide, and at all times maintain, an irrevocable letter of credit in favour of AUI issued by a financial institution acceptable to AUI in an amount equal to the sum of the maximum amount payable by the Producer under this Transportation Contract for ninety (90) Days of service plus the installation cost of Specific Facilities.
- (3) Where AUI requires the Producer to provide a letter of credit and the Producer is able to provide alternative security acceptable to AUI, AUI will accept such security in lieu of a letter of credit.
- (4) AUI may, in any Month, draw on the letter of credit in an amount necessary to satisfy the charges due for the previous Month where the Producer has not paid such charges within the time and manner provided for in Clause 6.3.
- (5) AUI will return the letter of credit within thirty (30) Days after termination of the Transportation Contract less any amounts outstanding and unpaid at that time.

### **ARTICLE 7 – Force Majeure**

#### **7.1. Effect of Force Majeure on Breach**

Subject to the other provisions of this Article, if either party to the Transportation Contract fails to observe or perform any of the covenants or obligations herein imposed upon it and such failure is occasioned by, in connection with or in consequence of Force Majeure, as hereinafter defined, such failure will be deemed not to be in a breach of such covenants or obligations.

#### **7.2. Meaning of Force Majeure**

For the purposes of the Transportation Contract, "Force Majeure" means any cause, other than financial, beyond the control of the party claiming suspension and which the party could not have prevented or overcome by due diligence, including, but not limited to:

- (a) acts of God, such as lightning, earthquakes, storms, floods, fires, landslides and washouts,

- (b) strikes, lockouts or other industrial disturbances,
- (c) acts of the Queen's enemy, sabotage, wars, blockades, insurrections, riots, epidemics, civil disturbances, arrests and restraints,
- (d) explosions, breakages of or accidents to machinery or lines of pipe,
- (e) hydrate obstructions of lines of pipe or equipment,
- (f) temporary failure of Gas supply,
- (g) freezing of wells or delivery facilities, well blowouts and craterings, and
- (h) the orders of any court or governmental authority.

### **7.3. Exceptions to Force Majeure**

Notwithstanding Section 7.2(h), a decision, direction or order made by the Commission in the normal course of it exercising its authority to establish the appropriate revenue requirement or rates of the parties to this agreement will not be considered an event of Force Majeure.

Neither party is entitled to the benefit of the provisions of Clause 7.1 of this Article under any of the following circumstances:

- (a) to the extent the failure was caused by the sole negligence of the party claiming suspension;
- (b) to the extent the failure was caused by the party claiming suspension having failed to remedy the condition where it is within that party's ability, alone, to do so and to resume the performance of such covenants or obligations with reasonable dispatch;
- (c) if the failure was caused by lack of funds or with respect to the payment of any amount or amounts then due under the Transportation Contract; or,
- (d) unless, as soon as possible after the happening of the occurrence relied upon or as soon as possible after determining the occurrence was in the nature of Force Majeure and would affect the claiming party's ability to observe or perform any of its covenants or obligations under the Transportation Contract, the party claiming suspension will have given to the other party notice, either in writing or electronically, to the effect such party is unable, by reason of Force Majeure (the nature of which to be specified in the notice), to perform the particular covenants or obligations.

#### **7.4. Notice of Remedy**

The party claiming suspension will likewise give notice, as soon as possible after the Force Majeure condition is remedied, to the effect the same is remedied and that party has resumed, or is then in a position to resume, the performance of such covenants or obligations.

#### **7.5. Labour Disputes**

Notwithstanding anything to the contrary in this Article, expressed or implied, AUI and the Producer agree the settlement of strikes, lockouts and other industrial disturbances will be entirely within the discretion of the particular party involved in the labour dispute and such party may make settlement of that dispute at such time and on such terms and conditions as it may deem to be advisable. No delay in making such a settlement will deprive a party of the benefit of Clause 7.1 of this Article.

### **ARTICLE 8 – Termination on Default**

#### **8.1. Non-Defaulting Party May Terminate**

If either party fails to perform any of the covenants or obligations imposed upon it under, and by virtue of, the Transportation Contract (the “Defaulting Party”), then the other party (the “Non-Defaulting Party”) may, at its option, terminate the Transportation Contract by proceeding as set out in this Article.

#### **8.2. Notice of Intent**

The Non-Defaulting Party will cause a notice in writing to be given to the Defaulting Party advising as to the nature of the default and declaring it to be the intention of the Non-Defaulting Party to terminate the Transportation Contract.

#### **8.3. Time to Remedy**

The Defaulting Party will have ninety (90) Days after receiving any such notice to remedy the default specified and if, within the said period of ninety (90) Days, the Defaulting Party remedied any such default to the satisfaction of the Non-Defaulting Party, then the notice given pursuant to Clause 8.2 of this Article will be deemed to be withdrawn and the Transportation Contract will continue in full force and effect.

#### **8.4. Producer’s Failure to Remedy**

(1) In the event the Producer does not remedy any default of which it has been given notice by AUI to the reasonable satisfaction of AUI within the said ninety (90) Day period, then AUI may terminate the Transportation Contract after the said

ninety (90) Day period and the appropriate charges for all Specific Facilities, as well as the present value of all system tariffs in effect until the termination of the Transportation Contract, discounted at a rate equal to AUI's after-tax weighted average cost of capital as approved by the Commission and in effect on the date the Transportation Contract is terminated by such default, will become due and payable.

- (2) All other rights and obligations of the parties under the Transportation Contract will cease upon termination of the Transportation Contract. However, any such termination will not affect any other remedy AUI may have at law or in equity.

#### **8.5. AUI's Failure to Remedy**

- (1) In the event AUI does not remedy any default of which it has been given notice by the Producer to the reasonable satisfaction of the Producer within the said ninety (90) Day period, then the Producer may terminate the Transportation Contract.
- (2) All other rights and obligations of the parties under the Transportation Contract and these Producer Transportation Service Rules will cease upon the termination of the Transportation Contract. However, any such termination will not effect any other remedy the Producer may have at law or in equity.

### **ARTICLE 9 – Notice**

#### **9.1. Notice in Writing**

Every notice, request, statement or bill provided for by the Transportation Contract or any notice either AUI or the Producer may desire to give to the other will be in writing, directed to the party to whom it is given and delivered at such party's address as stated in the Transportation Contract.

#### **9.2. Delivery of Notice**

- (1) Any notice may be given by mailing the same, postage prepaid, in an envelope properly addressed to the person to whom the notice is being given and will be deemed to be given four (4) business days after the mailing thereof, Saturdays, Sundays and statutory holidays excepted.
- (2) Any notice may also be given by facsimile at the facsimile number designated in the Transportation Contract. Any such notice served by facsimile will be deemed to have been given twenty-four (24) hours after transmission of the same, Saturdays, Sundays and statutory holidays excepted.

- (3) Any notice may also be delivered by hand to the person or their representative to whom such notice is to be given at such person's address for notice and such notice will be deemed to have been given when received by such person or representative.
- (4) Any notice may also be given by telephone or other electronic means followed immediately by letter or facsimile and any notice so given will be deemed to have been given as at the date and time of the telephone notice.

### **9.3. Disruption of Mail**

In the event of disruption of regular mail every payment will be personally delivered and every notice, demand, statement or bill will be given by one of the alternative means set out in Clause 9.2 of this Article.

## **ARTICLE 10 – Miscellaneous Matters**

### **10.1 Indemnity**

- (1) The Producer agrees to indemnify and save AUI harmless from and against any and all claims, demands, suits, actions, debts, accounts, damages, costs, losses, liabilities and expenses of whatsoever nature or kind and howsoever and by whosoever made or incurred arising out of or in any way connected, either directly or indirectly, with any act, omission or default on the part of the Producer under the Transportation Contract;
- (2) Notwithstanding subsection 10.1(1), in no event, whether as a result of alleged negligence on the part of the Producer or otherwise, will the Producer be liable to AUI for loss of profits or revenues, cost of capital, loss for failure to deliver Gas, cost of purchased or replacement Gas, claims of AUI's customers for failure to deliver Gas, cancellation of permits, termination of contracts or other similar special or consequential damages or claims.
- (3) AUI agrees to indemnify and save the Producer harmless from and against all claims, demands, suits, actions, debts, accounts, damages, costs, losses, liabilities and expenses of whatsoever nature or kind and howsoever and by whosoever made or incurred arising out of the gross negligence or wilful misconduct of AUI under the Transportation Contract.
- (4) Notwithstanding subsection 10.1(3), in no event, whether as a result of alleged gross negligence on the part of AUI or otherwise, will AUI be liable to the Producer for loss of profits or revenues, cost of capital, loss for failure to deliver Gas, cost of purchased or replacement Gas, claims of the Producer's customers



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for failure to deliver Gas, cancellation of permits, termination of contracts or other similar special or consequential damages or claims.

## **10.2 Producer Transportation Service Rules Prevail**

No representation or commitment inconsistent with these Producer Transportation Service Rules has any effect unless approved by the Commission.

## **10.3 General Laws Apply**

The Transportation Contract and the rights and obligations of the parties to the Transportation Contract are subject to all applicable present and future laws, rules, regulations and orders of any legislative body or duly instituted authority now or hereafter having jurisdiction.

## **10.4 Commitment to Performance**

AUI and the Producer will, from time to time and at all times, do all such further acts and execute and deliver all such further deeds and documents as will be reasonably required to fully perform and carry out the terms of the Transportation Contract and these Producer Transportation Service Rules.

## **10.5 No Waiver**

No waiver by AUI or the Producer of any default by the other under the Transportation Contract and these Producer Transportation Service Rules will operate as a waiver of a future default, whether of a like or different character.

## **10.6 Application to All Receipt Points**

The Transportation Contract and these Producer Transportation Service Rules will apply mutatis mutandis to each Point of Receipt and corresponding Point of Delivery.

## **10.7 Application to Successors**

The Transportation Contract will bind and enure to AUI and the Producer's respective successors and assigns. However, no assignment will release either party from such party's obligations under the Transportation Contract without the written consent of the other party to such release. Such consent may not be unreasonably withheld.

## **10.8 Use as Security**

Nothing contained in the Transportation Contract or these Producer Transportation Service Rules will prevent either party from pledging or mortgaging its rights under the Transportation Contract as security for its indebtedness.

## **10.9 Applicable Laws**

The Transportation Contract will be construed in accordance with the laws of the Province of Alberta and the laws of Canada, as applicable.