



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

2010-2011 Unaccounted for Gas and Fuel Gas Rates –  
Rider "D"

October 26, 2010



**ALBERTA UTILITIES COMMISSION**

Decision 2010-504: ATCO Pipelines, a division of ATCO Gas and Pipelines Ltd.

2010-2011 Unaccounted for Gas and Fuel Gas Rates – Rider “D”

Application No. 1606509

Proceeding ID. 802

October 26, 2010

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# ALBERTA UTILITIES COMMISSION

Calgary Alberta

**ATCO PIPELINES,  
A DIVISION OF ATCO GAS AND PIPELINES LTD.  
2010-2011 UNACCOUNTED FOR GAS AND  
FUEL GAS RATES – RIDER “D”**

**Decision 2010-504  
Application No. 1606509  
Proceeding ID. 802**

## 1 INTRODUCTION

1. By letter dated August 30, 2010, ATCO Pipelines (AP), a division of ATCO Gas and Pipelines Ltd., filed an application (the Application) with the Alberta Utilities Commission (AUC or Commission) with respect to the determination of unaccounted for gas (UFG) and fuel gas (UFG/Fuel) charges (Rider “D”) for the North and South service territories for the 2010/2011 gas year. In the Application AP requested approval, effective November 1, 2010, of the applied for Rider “D” rates and Rate Schedules as follows:

	North	South
AP (all customers receipting gas onto the gas pipeline system)	0.397%	0.684%

2. The Commission served Notice of the Application by electronic mail on August 31, 2010 to the Commission’s notification contact list for gas and pipeline proceedings. The Commission dealt with the Application in a written process, the record for which closed on October 5, 2010 being the date of reply argument.

3. Parties that participated in the proceeding or registered as interveners are listed in [Appendix 1](#) to this Decision. The Consumers’ Coalition of Alberta (CCA) was the only intervening party to actively participate in the proceeding. On September 23, 2010 the CCA indicated it had no objection to the Application. AP was the only party to submit reply argument.

4. In reaching the determinations contained within this Decision, the Commission has considered all relevant materials comprising the record of this proceeding, including the evidence and argument 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 UFG/FUEL CALCULATION

### 2.1 Background

5. AP requested that its existing AP North (APN) and AP South (APS) Rider “D” rates be used for the 2010/2011 gas year. AP’s existing Rider “D” of 0.397 percent for APN and

0.684 percent for APS were approved in Decision [2009-171](#)<sup>1</sup> for the period November 1, 2009 to October 31, 2010.

6. AP argued that regulators for both AP and Nova Gas Transmission Ltd. (NGTL) have approved the proposed integration of the two operations. AP stated that upon integration between AP and NGTL, collection of Rider “D” by AP will end. AP requested the continuation of the existing rates because AP’s operational and regulatory workload is focused on integration and Rider “D” will only be in place for a partial year. AP expects implementation of the AP and NGTL integration to occur mid-way through the November 2010 to October 2011 period.

7. AP argued that through AP’s Load Balancing Deferral Account (LBDA), AP aggregates its system gas purchases and sales, for balancing purposes with connecting pipelines. Any excess or shortfall of UFG/Fuel, collected in-kind from customers, is balanced through the LBDA accounts.<sup>2</sup> AP noted that the APN and APS LBDA balances have been relatively stable over the last few months and that this is indicative that Rider “D” rates are within a reasonable range.

8. AP further clarified “that a stable LBDA volume variance [terajoules (TJ)] rather than ‘a stable LBDA financial balance’ is a better indicator and is indicative that Rider ‘D’ rates are within a reasonable range.”<sup>3</sup>

9. AP stated that “[t]he sum of these net changes for the period January 1 through June 30, 2010 is 194 TJ for AP’s North system and 234 TJ for AP’s South system. This equates to a surplus of slightly over 1 TJ/day for each system for this period.”<sup>4</sup>

10. AP further noted that the same customers are affected by LBDA and UFG:

AP collects/refunds LBDA balances from the same customer groups from whom UFG/Fuel is collected. As such, Receipt customers, both Firm and Interruptible, as well as customers who nominate OPR [other pipeline receipt] volumes from NGTL provide Rider “D” volumes and are also credited or charged any required LBDA rider.

If UFG/Fuel is over collected resulting in AP selling gas and thereby building up an LBDA surplus balance, the resulting LBDA refund is credited through a rider to the same customer groups who provided the UFG/Fuel in kind.<sup>5</sup>

11. The CCA did not object to AP’s proposal to use last year’s UFG rate with adjustments to be processed through the LBDA. However, the CCA stated that “AP should have made application to the AUC for relief from filing for a new UFG rate... [and] should not have waited until the UFG needed to be filed to make this request.”<sup>6</sup>

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<sup>1</sup> Decision 2009-171: ATCO Pipelines (A Division of ATCO Gas and Pipelines Ltd.) 2009-2010 Unaccounted for Gas and Fuel Gas Rates – Rider “D” (Application No. 1605370, Proceeding ID. 288) (Released: October 22, 2009).

<sup>2</sup> Exhibit 13.01, AUC-AP-3 and Exhibit 14.01, CCA-AP-4.

<sup>3</sup> Exhibit 13.01, AUC-AP-1(d).

<sup>4</sup> Exhibit 13.01, AUC-AP-1(b).

<sup>5</sup> Exhibit 14.01, CCA-AP-4.

<sup>6</sup> CCA Argument, page 1.

12. In response to a Commission Information Request, AP also confirmed as follows:

The identification and correction of measurement errors in a timely manner is a prudent management practice, which minimizes the impact of measurement errors that would currently be manifested through abnormally large Rider ‘D’ rates or load balancing deferral account balances, both of which are charged/recovered from the same AP customers.

AP’s effort to monitor and manage unaccounted for gas within AP’s footprint will continue post Integration.<sup>7</sup>

13. While AP has not calculated UFG, AP indicated that:

AP has been tracking, monitoring and compiling the requisite information to calculate UFG for 2010 - 2011. AP has not changed its UFG tracking and monitoring processes. The measurement data, required for the 2010-2011 APN/APS Rider “D” rates, is available to provide the Rider ‘D’ calculation in the same manner as previous applications.

...

The measurement data required to calculate the 2010/2011 APN and APS UFG/Fuel (Rider ‘D’) is currently under review and follow-up. AP estimates that the required review and follow-up could be completed in early October.<sup>8</sup>

## 2.2 Commission Findings

14. The Commission has reviewed AP’s application to forego calculation of UFG/Fuel rate for the 2010-2011 period. The Commission agrees with the CCA that earlier notice of the proposed change to the UFG process would have been preferred. Notwithstanding, the Commission takes some comfort in AP’s evidence that volume variance in the LBDA is small and indicative that the UFG/Fuel rate is acceptable as is. Further, the Commission accepts AP’s evidence that this represents a reasonable UFG/Fuel rate and that the same customer groups are affected by LBDA and UFG charges or credits. Given this evidence, the Commission approves AP’s request to continue the 2009-2010 UFG/Fuel rates in place today.

15. The Commission agrees with AP that “identification and correction of measurement errors in a timely manner is a prudent management practice...”<sup>9</sup> In the Commission’s view, the calculation of UFG is an integral and important part of the management of a pipeline transmission system and serves as an overall check on the integrity of the transmission system and its operation.

16. The Commission notes that upon integration of AP and NGTL, the collection of Rider “D” by AP will end. The Commission directs AP to file a final application which will provide the final UFG/Fuel rate if any, and propose a method for disposing of any final differences, balances or other issues related to the UFG/Fuel amounts which exist at the time of integration. The application should also include a discussion of the existence, operation and interaction of the LBDA and UFG once AP is integrated with NGTL. The application should be filed at least 60 days prior to the integration of AP and NGTL.

<sup>7</sup> Exhibit 13.01, AUC-AP-1(d).

<sup>8</sup> Exhibit 13.01, AUC-AP-1(a)-(c), dated September 24, 2010.

<sup>9</sup> Exhibit 13.01, AUC-AP-1(d).

17. The Commission also directs AP, once integration is complete, to file UFG/Fuel calculations in the Phase I of its general rate applications as evidence of system operational quality assurance.

### **3 ORDER**

18. IT IS HEREBY ORDERED THAT:

- (1) Effective November 1, 2010, the applied for Rider “D” rates, as included in [Appendix 3](#) of this Decision, shall be applied to all ATCO Pipelines receipt services. This Rider “D” shall be effective until October 31, 2011.
- (2) ATCO Pipelines provide an updated filing as described in paragraph 16.

Dated on October 26, 2010.

### **ALBERTA UTILITIES COMMISSION**

*(original signed by)*

Carolyn Dahl Rees  
Vice-Chair

*(original signed by)*

Anne Michaud  
Commissioner

*(original signed by)*

Bill Lyttle  
Commissioner



**APPENDIX 1 – PROCEEDING PARTICIPANTS**[\(Return to text\)](#)

Name of Organization (Abbreviation) Counsel or Representative (APPLICANTS)
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ATCO Gas R. Trovato J. Santos
BP Canada Energy Company (BP) C. G. Worthy G. W. Boone
Consumers' Coalition of Alberta (CCA) J.A. Wachowich J. A. Jodoin
Industrial Gas Consumers Association of Alberta (IGCAA) G. Sproule

Alberta Utilities Commission
Commission Panel C. Dahl Rees, Vice-Chair A. Michaud B. Lyttle
Commission Staff R. Marx (Commission Counsel) J. Thygesen, CA, M.B.A. R. Armstrong, P.Eng. B. Whyte B. Leung D. R. Weir, CA

**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 notes that upon integration of AP and NGTL, the collection of Rider “D” by AP will end. The Commission directs AP to file a final application which will provide the final UFG/Fuel rate if any, and propose a method for disposing of any final differences, balances or other issues related to the UFG/Fuel amounts which exist at the time of integration. The application should also include a discussion of the existence, operation and interaction of the LBDA and UFG once AP is integrated with NGTL. The application should be filed at least 60 days prior to the integration of AP and NGTL.  
..... Paragraph 16
2. The Commission also directs AP, once integration is complete, to file UFG/Fuel calculations in the Phase I of its general rate applications as evidence of system operational quality assurance..... Paragraph 17

**APPENDIX 3 – ATCO PIPELINES RIDER “D”**[\(Return to text\)](#)

By Decision 2010-504  
Effective November 1, 2010 to October 31, 2011  
This Replaces Rider “D”  
Previously Effective November 1, 2009

**ATCO PIPELINES  
RIDER “D”  
UNACCOUNTED FOR GAS AND FUEL GAS**

All Customers receipting Gas onto the Gas Pipeline System (FSR, FSRS, ITR, and OPR) will be assessed a combined UFG and Fuel Gas charge as per the Rate Schedules. The UFG and Fuel Gas assessment will be made up “in-kind” from each Customer Account.

UFG and Fuel Rate effective November 1, 2010:

North	0.397%
South	0.684%