



## **AltaGas Utilities Inc.**

**Interim 2010 Rates Application**

**November 18, 2010**



**ALBERTA UTILITIES COMMISSION**

Decision 2010-535: AltaGas Utilities Inc.

Interim 2010 Rates Application

Application No. 1606665

Proceeding ID. 889

November 18, 2010

Published by

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## **1 INTRODUCTION**

1. On October 15, 2010 Alta Gas Utilities Inc. (AUI) applied to the Alberta Utilities Commission (AUC or the Commission) to approve continuation of the existing interim rates approved in Decision [2009-038](#)<sup>1</sup> as 2010 Interim Rates (Application).
2. On October 19, 2010 the Commission issued a Notice of Application for this proceeding, which was assigned ID. 889. Any party who wished to intervene in this Proceeding was requested to submit a Statement of Intent to Participate (SIP) to the Commission by November 2, 2010.
3. The Commission received SIPs from the Office of the Utilities Consumer Advocate (UCA) and the Consumers' Coalition of Alberta (CCA) on the due date. Neither the UCA nor the CCA objected to the Application. The Commission therefore considered that no further process to deal with the Application was necessary and the record of this proceeding to have closed on November 2, 2010.

## **2 BACKGROUND**

4. AUI is currently operating under interim rates approved in Decision 2009-038. In Decision 2009-038, the Commission authorized AUI to recover approximately 50 percent (\$2,857,812) of its 2008 forecast revenue deficiency by approving an across-the-board increase on an interim basis of 11.533 percent effective May 1, 2009 to December 31, 2009 and did not specify an end date for the interim rates. AUI continued collection of the interim rate into 2010.
5. AUI submitted that keeping existing interim rates at the same level for the remainder of the year will allow AUI to recover approximately 50 percent of AUI's forecast revenue deficiency for 2010. This deficiency 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 proposed 2009 Negotiated Settlement Process<sup>2</sup> rates (2009 NSP Rates) included in AUI's 2008/2009 General Rate Application (GRA) Phase II.
6. AUI forecast that a more significant revenue deficiency of \$7,714,346 would have resulted if the 2009 NSP Rates had been in place for all of 2010 compared to a revenue deficiency of \$2,510,457 under existing interim rates. Use of the existing interim rates would therefore reduce the forecast revenue deficiency by \$5,203,889.

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<sup>1</sup> Decision 2009-038: AltaGas Utilities Inc., 2008 Interim Refundable Rates (Application No. 1604826, Proceeding ID. 170) (Released: March 30, 2009).

<sup>2</sup> Application No. 1606203, ID. 651.

7. AUI submitted that of the \$5,203,889 amount, \$1,425,710 would be applied against 2007, 2008 and 2009 deficiency balances. AUI noted that the treatment of these deficiency balances was subject to the final outcome of the 2008-2009 GRA Phase II proceeding, but for the purposes of determining the amount of the 2010 revenue deficiency being recovered by existing interim rates, subtracting this amount from the \$5,203,889 and allocating it toward the deficiency balances from 2007-2009 would be appropriate. The resulting balance of \$3,778,179 represents approximately 50 percent of the \$7,714,346 revenue deficiency that would have occurred if 2009 NSP Rates were used.

8. While it did not object to the Application, the CCA considered that it would have been preferable to have had an opportunity to review the need and rationale for changes in rates for 2010. Notwithstanding this, the CCA agreed with AUI's analysis of the revenue deficiency and considered that continuation of the existing interim rates appeared to be reasonable in light of AUI's forecast 2010 revenue requirement shortfall.

### **3 COMMISSION FINDINGS**

9. When evaluating the merits of an interim rates application, the Commission must weigh the potential benefits of granting the application – from the perspective of rate stability and minimization of rate shock should the applied-for revenue requirement (in the current GRA) be approved – against the costs that are the basis for interim rate increase, whether they be contentious or non-contentious items, and the impact the revenue deficiency has on the financial welfare of the utility and on the safety of utility operations.

10. The Commission considers that the rates remaining the same as those being collected since May 1, 2009 will assist in providing rate stability and that no customers will be unduly affected. The interim rates will collect approximately 50 percent of AUI's forecast revenue deficiency which represents a reasonable recovery level and is in line with the recovery percentage approved in Decision 2009-038. Further, as no party objected, and the period for which this is intended is short, it is appropriate to approve the continuation of the current interim rates as the 2010 Interim Rates.

11. The Commission also considers that the CCA raised an important consideration that typically parties have some opportunity to review "contentious issues" in the utility's GRA. The Commission agrees that this is usually the case; however, here the timing of the filing of AUI's 2009 Negotiated Settlement Process and the 2010-2012 GRA<sup>3</sup> prevents this. Given the time for which these interim rates will be effective, the lack of change from what is currently being collected from customers, the lack of opposition from parties, and other information provided by AUI, the Commission is prepared to proceed with a decision on this application without any review of the 2010-2012 GRA.

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<sup>3</sup> Application No. 1606694, ID. 904.

**4 ORDER**

12. IT IS HEREBY ORDERED THAT:

The interim rates approved in Decision 2009-038, as attached hereto in [Appendix 1](#), shall be in effect on December 1, 2010.

Dated on November 18, 2010.

**ALBERTA UTILITIES COMMISSION**

*(original signed by)*

Willie Grieve  
Chair

*(original signed by)*

Bill Lyttle  
Commissioner

*(original signed by)*

Anne Michaud  
Commissioner

## **APPENDIX 1 – AUI 2010 INTERIM RATES**

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Appendix 1 - AUI  
2010 Interim Rates

(consists of 10 pages)

<b>RATE NO. 1</b>	<b>SMALL GENERAL SERVICE</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 .....	\$ 0.794/Day
Default Supply Provider Administration Fee .....	\$ 0.074/Day

Variable Energy Charge:

Base .....	\$ 1.636/GJ
Gas Cost Recovery .....	Rate Rider "D"
Third Party Transportation .....	Rate Rider "G"

The minimum daily charge will be the Fixed Charge.

EFFECTIVE DATE: December 1, 2010	REPLACING RATE EFFECTIVE: May 1, 2009 Decision 2009-038	Page 1 of 1 SGS
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<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 .....	\$ 13.218/Day
Default Supply Provider Administration Fee .....	\$ 0.074/Day

Variable Energy Charge:

Base .....	\$ 0.931/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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<b>RATE NO. 3</b>	<b>DEMAND 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:**

Demand Charge ..... \$ 0.242/Day/GJ  
of Billing Demand

Fixed Charge:

Base ..... \$ 22.029/Day  
Default Supply Provider Administration Fee ..... \$ 0.074/Day

Variable Energy Charge:

Base ..... \$ 0.021/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.

EFFECTIVE DATE: December 1, 2010	REPLACING RATE EFFECTIVE: May 1, 2009 Decision 2009-038	Page 1 of 1 DCGS
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<b>RATE NO. 4</b>	<b>IRRIGATION PUMPING SERVICE (OPTIONAL)</b>
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**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>
Fixed Charge:	
Base .....	\$ 1.666/Day
Default Supply Provider Administration Fee .....	\$ 0.074/Day
Variable Energy Charge:	
Base .....	\$ 1.445/GJ
Gas Cost Recovery .....	Rate Rider "D"
Third Party Transportation .....	Rate Rider "G"

The minimum daily charge will be the Fixed Charge.

EFFECTIVE DATE: December 1, 2010	REPLACING RATE EFFECTIVE: May 1, 2009 Decision 2009-038	Page 1 of 1 IPS
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<b>RATE NO. 6</b>	<b>STANDBY, PEAKING, AND EMERGENCY SERVICE</b>
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**Description:**

Available only at the option of the Company.

**Charges:**

Demand Charge ..... \$ 0.242/Day/GJ  
of Billing Demand

Fixed Charge:

Base ..... \$ 22.029/Day  
Default Supply Provider Administration Fee ..... \$ 0.074/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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<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 ..... \$ 0.794/Day

Variable Energy Charge:

Base ..... \$ 1.636/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: December 1, 2010	REPLACING RATE EFFECTIVE: May 1, 2009 Decision 2009-038	Page 1 of 1 SGS-R
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<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 ..... \$ 13.218/Day

Variable Energy Charge:

Base ..... \$ 0.931/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: December 1, 2010	REPLACING RATE EFFECTIVE: May 1, 2009 Decision 2009-038	Page 1 of 1 LGS-R
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<b>RATE NO. 13</b>	<b>DEMAND 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:**

Demand Charge .....	\$ 0.242/Day/GJ of Billing Demand
Fixed Charge:	
Base .....	\$ 22.029/Day
Variable Energy Charge:	
Base .....	\$ 0.021/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: December 1, 2010	REPLACING RATE EFFECTIVE: May 1, 2009 Decision 2009-038	Page 1 of 1 DCGS-R
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<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:**

April 1 to  
October 31

Fixed Charge:

Base ..... \$ 1.666/Day

Variable Energy Charge:

Base ..... \$ 1.445/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: December 1, 2010	REPLACING RATE EFFECTIVE: May 1, 2009 Decision 2009-038	Page 1 of 1 IPS-R
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