



ATCO Gas

2009 Interim Rates Adjustment

October 27, 2009



ALBERTA UTILITIES COMMISSION

Decision 2009-178: ATCO Gas
2009 Interim Rates Adjustment
Application No. 1605459
Proceeding ID. 299

October 27, 2009

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Contents

1 INTRODUCTION..... 1

2 BACKGROUND 2

3 DISCUSSION 2

4 ORDER 6

APPENDIX 1 – PROCEEDING PARTICIPANTS..... 7

**APPENDIX 2 – ATCO GAS NORTH 2009 INTERIM RATE ADJUSTMENT
SCHEDULES 8**

**APPENDIX 3 – ATCO GAS SOUTH 2009 INTERIM RATE ADJUSTMENT
SCHEDULES 9**

APPENDIX 4 – SUMMARY OF COMMISSION DIRECTIONS 10

List of Tables

Table 1. Proposed Rider “S”..... 1

Table 2. Interim Rates Implemented November 1, 2009 3

1 INTRODUCTION

1. On September 17, 2009, ATCO Gas (AG) filed an application (Application) with the Alberta Utilities Commission (AUC or the Commission), requesting approval for new interim and adjustable rates to be implemented November 1, 2009.

2. AG requested an increase to its interim rates to recover revenue shortfalls identified in its 2008-2009 General Rate Application (GRA) Compliance Filing (Second Compliance Filing),¹ to be collected through implementation of a Rider “S” Interim Shortfall Rider (Rider “S”) in each of the AG North and AG South service territories. The details regarding the proposed Rider “S” are noted in the table below:

Table 1. Proposed Rider “S”

	Rider “S” (Percentage)	Collection Period	Related Shortfall Amount (\$ Million)
ATCO Gas North	8.74	Nov 09 - Apr 10	12.4
ATCO Gas South	7.29	Nov 09 – Dec 09	2.9

3. On September 23, 2009, the Commission issued a Notice of Application. Any party wishing to intervene in the proceeding was required to file a Statement of Intention to Participate (SIP) by October 2, 2009. SIPs were received from the Consumers Coalition of Alberta (CCA), the Office of the Utilities Consumer Advocate (UCA), and from BP Canada Energy Company (BP Canada).

4. The CCA stated it did not oppose the Application as long as it was on an interim refundable basis. The UCA submitted that it did not object to the AG 2009 Interim Rate adjustment. BP Canada submitted that it had no issues with the Application. In light of the intervenor comments, the Commission determined that no further process was necessary.

5. The Commission considers the record for the proceeding closed on October 2, 2009.

6. The panel assigned to preside over the proceeding consisted of Willie Grieve (Chair), N. Allen Maydonik, Q.C., and Bill Lyttle (Commissioners).

7. In reaching the determinations contained within this Decision, the Commission has considered all relevant materials comprising the record of this proceeding. 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

¹ Application No. 1605412, Proceeding ID. 294, 2008-2009 General Rate Application Second Compliance Filing, Filed September 1, 2009.

as an indication that the Commission did not consider all relevant portions of the record with respect to that matter.

2 BACKGROUND

8. In Decision [2007-105](#)² the Commission's predecessor, the Alberta Energy and Utilities Board (EUB or Board), approved AG 2008 interim rate riders Rider "G" (North) at 5.85 percent and Rider "J" (South) at 4.20 percent on all delivery service rates effective January 1, 2008. The rate riders were designed to recover 50 percent of the forecast 2008 revenue shortfall.

9. On November 13, 2008, the Commission issued Decision [2008-113](#)³ in respect of the AG 2008-2009 GRA. The Commission directed AG to submit a compliance filing (the First Compliance Filing) in accordance with the findings, conclusions and directions contained within that Decision. On January 19, 2009, AG submitted the First Compliance Filing which identified a 2008-2009 \$45.0 million revenue shortfall for AG North and a \$13.0 million revenue shortfall for AG South.

10. The current AG Interim Rates were approved in AUC Decision [2009-045](#) (Errata)⁴ effective May 1, 2009. Decision [2009-045](#)⁵ approved Riders "G" and "J", for North and South respectively, to recover approximately 90 percent of the forecast revenue shortfalls identified in the First Compliance Filing. The Commission directed that Rider "G" be set at 37.70 percent and Rider "J" be set at 13.81 percent effective from May 1, 2009 to December 31, 2009.

11. On July 28, 2009, the Commission issued Decision [2009-109](#)⁶ on the First Compliance Filing and directed AG to submit a second compliance filing (the Second Compliance Filing) by September 1, 2009. The Commission is currently considering the Second Compliance Filing.

3 DISCUSSION

12. Table 1 below indicates the impact of Rider "S" in the AG North and South service territory respectively should it be approved and implemented on November 1, 2009, as proposed by AG in the Application:

² Decision 2007-105: ATCO Gas 2008 Interim Rates (Application 1544977) (Released: December 19, 2007).

³ Decision 2008-113: ATCO Gas 2008-2009 General Rate Application Phase I (Application 1553052; Proceeding ID. 11) (Released: November 13, 2008).

⁴ Decision 2009-045 (Errata): ATCO Gas, Errata to Decision 2009-045, 2009 Interim Rates, (Application No. 1603336; Proceeding ID. 156) (Released: April 28, 2009).

⁵ Decision 2009-045: ATCO Gas, 2009 Interim Rates, (Application No. 1603336; Proceeding ID. 156) (Released: April 24, 2009).

⁶ Decision 2009-109: ATCO Gas 2008-2009 General Rate Application Phase I Compliance Filing (Application 1603068; Proceeding ID. 154) (Released: July 28, 2009).

Table 2. Interim Rates Implemented November 1, 2009

	2008-2009 Shortfall per AG 2 nd Compliance Filing (Millions)	Interim Rate Riders to Recover Shortfall (%)	Annual Impact on Customers (Assuming 120 GJ/year)
ATCO Gas North	\$12.4	Rider "S" – 8.74	\$17
ATCO Gas South	\$2.9	Rider "S" – 7.29	\$4

13. AG indicated in the Application that a significant portion of the projected revenue shortfalls relate to the change in transmission charges to AG from ATCO Pipelines resulting from Decision 2009-110.⁷

14. When evaluating the merits of an interim rate application, the Commission must weigh the potential benefits of rate stability and minimization of rate shock that might result on approval of final rates against the costs that underpin the interim rate increase, whether they be contentious or non-contentious items, the impact the revenue deficiency has on the financial welfare of the utility, and the potential impact on safe utility operations. In Decision 2005-099,⁸ the Board noted the following factors it considered when evaluating the need for interim rate increases:

These factors can be grouped into two categories, those that relate to the quantum of, and need for, the rate increase and those that related to more general public interest considerations.

Quantum and need factors are those which relate to the specifics of the requested rate increase and include:

- The identified revenue deficiency should be probable and material
- All or some portion of any contentious items may be excluded from the amount collected
- Is the increase required to preserve the financial integrity of the applicant or to avoid financial hardship to the applicant?
- Can the applicant continue safe utility operations without the interim adjustment?

If all or a portion of the suggested rate increase appears appropriate after a consideration of the quantum and need factors, the Board must assess certain general public interest factors to see if a rate increase is justified, these include:

- Interim rates should promote rate stability and ease rate shock
- Interim adjustments should help to maintain intergenerational equity
- Can interim rate increases be avoided through the use of carrying costs?
- Interim rate increases may be required to provide appropriate price signals to customers

⁷ Decision 2009-110: ATCO Pipelines 2008-2009 Rate Compliance Filing to Decision 2009-033 (Application 1604966; Proceeding ID. 187) (Released: July 29, 2009).

⁸ Decision 2005-099: ATCO Gas 2005-2007 General Rate Application, Interim Rate Application (Application 1404168) (Released: August 29, 2005).

- It may be appropriate to apply the interim rider on an across-the-board basis

The Board recognizes that the above listed considerations may be given different weighting depending on the specific circumstances surrounding each application. The Board has considered the above factors in its deliberations.⁹

15. With respect to the quantum and need factors, the Commission:

- a. accepts AG's submission that the projected shortfall amounts of \$12.4 million for AG North and \$2.9 million for AG South are material to AG;
- b. accepts AG's submission that a significant portion of the projected revenue shortfall is probable, given that approximately 77 percent of the projected revenue shortfall for AG North and 72 percent of the projected revenue shortfall for AG South relates to a change in the transmission charges from ATCO Pipelines as a result of Decision 2009-110.
- c. notes that the present application for interim rates is materially different from an application brought prior to a decision being rendered on a GRA for a particular test year. The AG 2008-2009 GRA revenue shortfalls have been refined through both the initial decision on the 2008-2009 GRA (Decision 2008-113) and the decision on the First Compliance Filing (Decision 2009-109); and
- d. notes that there has been no suggestion made that AG will be unable to perform its regulated services or that safety of operations will be impacted should the interim increase be denied.

16. With respect to the general public interest factors, the Commission observes that no intervener has objected to the Application. The Commission also notes the EUB made the following statement in Decision [2002-115](#):¹⁰

An interim rate increase aimed at recovering a portion of any shortfall that is ultimately demonstrated and approved provides for a leveling out of the impact of any final rate increase, thereby promoting rate stability and easing any rate shock to customers at a later date. The Board also considers it appropriate that customers' rates for a given period reflect the costs associated with that period in order to maintain intergenerational equity.¹¹

17. Promoting rate stability and easing future rate shock by leveling out final rate increases with interim rates is a key consideration for the Commission in this Application. The Commission also considers the use of interim rates helpful in ensuring customers' rates for a given period reflect to the extent possible the costs associated with the period in order to maintain intergenerational equity.

18. Although the Commission is still considering the Second Compliance Filing, the Commission considers it reasonable after a consideration of the quantum and need factors and the general public interest factors identified above to approve the requested interim rate increase

⁹ Ibid, pages 7 and 8.

¹⁰ Decision 2002-115 – ATCO Gas - 2003/2004 General Rate Application (Application 1284374) (Released: December 24, 2002).

¹¹ Ibid, page 10.

to allow 100 percent of the revenue shortfalls to be included in adjusted interim rates through the implementation of Rider “S”. Should the Commission identify any changes to the final approved revenue requirement in the Second Compliance Filing, the Commission is satisfied that those changes can be managed through the use of deferral accounts.

19. With respect to the time period to recover the shortfalls, AG proposed a six month period for the North and a two month period for the South due to the quantum of the shortfalls. AG’s proposed collection period for the North does not end until April, 2010. While the Commission prefers revenues be collected during the test period for intergenerational equity purposes, it notes that no parties objected to AG’s proposal to go slightly beyond the test period. Also, if the shortfalls in the North were collected over a two-month period ending December, 2009 the resulting Rider “S” would be approximately 26 percent. This would be layered onto the previous 37.70 percent Rider “G”. In this instance, the Commission is more concerned with the size of the increase and the potential for associated rate shock and less so with the intergenerational equity considerations.

20. Therefore, the Commission approves Rider “S” set at 8.74 percent for the North, effective November 1, 2009 for six months to April 30, 2010 and 7.29 percent for the South, effective November 1, 2009 for two months to December 31, 2009.

21. Typically the Commission considers interim rates to be “adjustable” rather than “refundable” in terms of the potential for future credits or charges to customers to take into account the effect of final rates. Should there be any changes to the final revenue requirement identified in the pending decision dealing with the Second Compliance Filing, AG is directed to use a deferral account to track these amounts and to bring the amounts forward for reconciliation at the next application requesting a change in rates.

4 ORDER

22. IT IS HEREBY ORDERED THAT:

(1) The Interim Shortfall Rate Riders, Rider “S” for ATCO Gas North and ATCO Gas South, attached to this Decision as [Appendix 2](#) and [Appendix 3](#) respectively, are approved on an interim basis effective November 1, 2009.

Dated in Calgary, Alberta on October 27, 2009.

ALBERTA UTILITIES COMMISSION

(original signed by)

Willie Grieve
Chair

(original signed by)

N. Allen Maydonik, Q.C.
Commissioner

(original signed by)

Bill Lyttle
Commissioner

APPENDIX 1 – PROCEEDING PARTICIPANTS

Name of Organization (Abbreviation) Counsel or Representative (APPLICANTS)
ATCO Gas (AG) R. Trovato
BP Canada Energy Company (BP) C. Worthy
Consumers Coalition of Alberta (CCA) J. Wachowich
The Office of the Utilities Consumer Advocate (UCA) R. L. Bruggeman
<p>Alberta Utilities Commission</p> <p>Commission Panel W. Grieve, Chair N. A. Maydonik, Q.C., Commissioner B. Lyttle, Commissioner</p> <p>Commission Staff B. McNulty (Commission Counsel) P. Howard R. Armstrong, P.Eng C. Burt A. Laroia K. Schultz</p>

APPENDIX 2 – ATCO GAS NORTH 2009 INTERIM RATE ADJUSTMENT SCHEDULES

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



Appendix 2 - North
Rate Schedules

(consists of 16 pages)

APPENDIX 3 – ATCO GAS SOUTH 2009 INTERIM RATE ADJUSTMENT SCHEDULES

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



Appendix 3 - South
Rate Schedules

(consists of 19 pages)

APPENDIX 4 – 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. Typically the Commission considers interim rates to be “adjustable” rather than “refundable” in terms of the potential for future credits or charges to customers to take into account the effect of final rates. Should there be any changes to the final revenue requirement identified in the pending decision dealing with the Second Compliance Filing, AG is directed to use a deferral account to track these amounts and to bring the amounts forward for reconciliation at the next application requesting a change in rates.
..... Paragraph 21

APPENDIX 2

ATCO GAS AND PIPELINES LTD.

ATCO GAS NORTH

RATE SCHEDULES

November 1, 2009

Effective November 1, 2009

**ATCO GAS AND PIPELINES LTD. - NORTH
RATE SCHEDULES****INDEX**

	Page
<u>Conditions</u>	
General Conditions	3
<u>Riders</u>	
Rider "A" Municipal Franchise Fee	4
Rider "B" Municipal Property Tax and Specific Costs.....	5
Rider "D" Unaccounted For Gas	6
Rider "E" Deemed Value of Gas	7
Rider "G" Surcharge to Delivery Service Rates	8
Rider "H" Interim Placeholder Rider.....	9
Rider "S" Interim Shortfall Rider	10
Rider "W" Weather Deferral Account Rider.....	11
<u>Delivery Service Rates</u>	
Low Use Delivery Service	12
High Use Delivery Service	13
<u>Other Service Rates</u>	
Emergency Delivery Service	15
Unmetered Gas Light Service.....	16

Effective by Decision 2007-059
On Consumption September 1, 2007
This Replaces General Conditions
Previously Effective May 4, 2004

ATCO GAS AND PIPELINES LTD. - NORTH GENERAL CONDITIONS

1. **Approval of Alberta Utilities Commission:**

Changes in Rates from time to time are subject to approval by the Alberta Utilities Commission (Commission) for the Province of Alberta.

2. **Special Contracts:**

Unless varied by the Commission, service to Customers under Special Contracts shall be subject to the terms and conditions thereof. A special contract is required for all Customers with annual requirements in excess of 500,000 GJ.

3. **Specific Facilities Conditions:**

The Rates do not include extra costs incurred by the Company and payable by the Customer for Special Facilities or conditions requested by the Customer at the Point of Delivery.

4. **Winter Period - Summer Period:**

The winter period is the five calendar months from November 1 to March 31, and the summer period is the seven calendar months from April 1 to October 31.

5. **Late Payment Charge:**

When accounts are not paid in full on or before the due date, the Company will apply a 1% penalty on the amount due. If the payment is not received by the next billing cycle, a 1% penalty will be applied to the balance carried forward (including interest).

6. **Terms and Conditions:**

The Company's Terms and Conditions for Distribution Service Connections and Distribution Access Service apply to all Customers and form part of these Rate Schedules.

7. **DSP Rider F:**

The words "DSP Rider "F" " as they appear on the Rate Schedules, shall mean the Default Supply Provider's Regulated Services Gas Cost Flow-Through Rate for ATCO Gas.

Effective by Decision 2009-136
On Consumption October 23, 2009
This Replaces Rider "A"
Previously Effective January 1, 2009

**ATCO GAS AND PIPELINES LTD. – NORTH
ATCO GAS – NORTH AND ATCO PIPELINES - NORTH
RIDER "A" TO ALL RATES
AND ANY OTHER RIDERS THERETO**

All charges under the Rates, including any charges under other Riders, to Customers situated within the communities listed on this Rider "A" are subject to the addition of the percentage shown. The percentage shown is to be applied as an addition to the billings calculated under the Rates including charges as allowed under other Riders in effect.

Method A. - Applied to gross revenues.

Method C. - Applied to gross revenues and Rider "E".

<u>Municipality</u>	<u>%</u>	<u>Method</u>	<u>Municipality</u>	<u>%</u>	<u>Method</u>	<u>Municipality</u>	<u>%</u>	<u>Method</u>
Edmonton *	32.00	A	Eggleham	5.26	C	Minburn	15.00	A
Red Deer	31.00	A	Eckville	24.00	A	Mirror	12.60	A
Camrose	15.00	A	Edgerton	15.00	A	Mundare	20.00	A
Fort McMurray	8.70	C	Edson***	20.00	A	Nampa	16.84	A
Ft. Saskatchewan	0.00	A	Entwistle	17.32	A	Onoway	5.00	A
Grande Prairie	25.00	A	Fairview	21.63	A	Oyen	30.00	A
Lloydminster	25.00	A	Falher	15.00	A	Peace River	7.25	C
Spruce Grove	8.26	C	Fox Creek	12.93	A	Point Alison	15.00	A
St. Albert	5.26	C	Gibbons	30.00	A	Ponoka	17.00	A
Wetaskiwin	35.00	A	Girouxville	20.00	A	Provost	14.00	A
Alberta Beach	10.61	A	Golden Days	25.00	A	Rimbey	24.00	A
Alix	20.00	A	Grimshaw	28.00	A	Rocky Mtn. House	22.00	A
Amisk	9.10	A	Hardisty	20.00	A	Rycroft	15.00	A
Andrew	9.00	C	Hines Creek	30.00	A	Ryley	5.00	A
Bashaw	15.00	A	Hinton ***	9.60	A	Seba Beach	6.00	C
Beaverlodge	8.70	C	Holden	0.00	A	Sexsmith	25.00	A
Bentley	0.00	A	Hughenden	10.98	A	Sherwood Park	6.50	C
Berwyn	20.00	A	Hythe	8.70	C	Silver Beach	20.00	A
Bittern Lake	17.68	A	Innisfree	25.00	A	Slave Lake	22.50	A
Blackfalds	19.12	A	Irma	20.00	A	Spirit River	24.00	A
Bon Accord	25.00	A	Itaska	12.00	A	Stony Plain	17.00	A
Breton	12.47	A	Jasper Muni	17.10	A	Swan Hills	0.00	A
Bruderheim	10.00	A	Jasper Ntl Pk	17.10	A	Sylvan Lake	20.00	A
Caroline	20.00	A	Kitscoty	10.00	A	Thorsby	11.69	A
Chipman	0.00	A	Lacombe	22.00	A	Tofield	10.00	A
Clive	16.17	A	Lamont	35.00	A	Vegreville	33.00	A
Clyde	9.47	A	Lavoy	16.61	A	Vermilion	15.00	A
Cold Lake	13.00	A	Legal	16.60	A	Veteran	3.00	A
Consort	22.00	A	Lougheed	16.67	A	Viking	21.51	A
Coronation	22.55	A	Mannville	20.00	A	Warburg	10.00	A
Czar	11.84	A	Mayerthorpe	5.00	A	Wembley	25.00	A
Donnelly	30.00	A	McLennan	24.00	A	Whitecourt ***	19.00	A
Drayton Valley***	22.00	A	Millet	22.00	A			

* Includes a \$485,000 maximum annual allowable assessment (Max) on any individual metered account.

*** Includes a \$10, 000 maximum annual allowable assessment (Max) on any individual metered account.

Effective by Decision 2009-136
On Consumption October 23, 2009
This Replaces Rider "B"
Previously Effective July 28, 2009

**ATCO GAS AND PIPELINES LTD. – NORTH
ATCO GAS – NORTH AND ATCO PIPELINES - NORTH
RIDER "B" TO ALL RATES
AND ANY OTHER RIDERS THERETO**

This Rider is applicable to Customers resident in municipalities that receive a property tax under the Municipal Government Act or receive payment for specific costs which are not generally incurred by the Company. This Rider is the estimated percentage of gross revenue required to provide for the tax payable or specific cost incurred each year. To the extent that this percentage may be more or less than that required to pay the tax or specific cost, the percentage of gross revenue provided in the Rider will be adjusted on the 1st of February each year.

The percentage is to be applied as an addition to the billings calculated under the Rates including charges as allowed under other Riders in effect with respect to the following municipalities:

Fort Saskatchewan	Hardisty
Wabamun	Vegreville
Wembley	Rycroft
Stony Plain Indian Reserve	Irma
Paul Band Indian Reserve	Bon Accord
Fort McMurray No. 468 First Nation Band	Mannville
Jarvis Bay	Berwyn
Norglenwold	Holden
Argentia Beach	Mayerthorpe
Lakeview	Silver Beach
Hinton	Kitscoty
Sylvan Lake	Caroline
Breton	Cold Lake
Bashaw	Grande Prairie
Bentley	Red Deer
Vermilion	Edson
Blackfalds	Fort McMurray
Edgerton	Municipality of Jasper
Bruderheim	Legal
Nampa	Swan Hills
Tofield	Veteran
Camrose	Whitcourt
Lamont	Point Alison
Minburn	Wetaskiwin
Clive	Oyen
Lacombe	Lloydminster
Onoway	Slave Lake
Mundare	Innisfree
Falher	Coronation
Girouxville	Lavoy
Golden Days	Itaska Beach
Warburg	Viking
Ryley	
Ponoka	
Millett	
Stony Plain	
Provost	

By Decision 2009-183
Effective November 1, 2009 to October 31, 2010
This Replaces Rider “D”
Previously Effective November 1, 2008

**ATCO GAS AND PIPELINES LTD. – NORTH
ATCO GAS - NORTH
RIDER “D” TO RETAILER DELIVERY SERVICE RATES FOR THE RECOVERY OF
UNACCOUNTED FOR GAS (UFG)**

All Retailer Delivery Service Customers delivering gas off the ATCO Gas North distribution system will be assessed a distribution UFG charge of 0.245 % at the Point of Delivery. The UFG assessment will be made up “In-Kind” from each Customer Account.

Effective by Decision 2007-059
On Consumption September 1, 2007
This Replaces Rider "E"
Previously Effective April 1, 2002

**ATCO GAS AND PIPELINES LTD. - NORTH
RIDER "E" TO DELIVERY SERVICE RATES
FOR THE DETERMINATION OF THE "DEEMED VALUE OF NATURAL GAS"
FOR CALCULATION OF MUNICIPAL FRANCHISE FEE PAYABLE**

A Deemed Value of Natural Gas Rate will be applied to the energy delivered to Delivery Service Customers for the determination of municipal franchise fee payable by Customers in municipalities designated as Method "C" municipalities on Rider "A" of these Rate Schedules.

FOR ALL RATES:

The "Deemed Value" is an amount equal to the Gas flow Through Rate specified on the DSP Rider "F".

Effective by Decision 2009-045 (Errata)
On Consumption May 1, 2009
This Replaces Rider “G”
Previously Effective January 1, 2008

**ATCO GAS AND PIPELINES LTD. - NORTH
RIDER “G” SURCHARGE TO ALL DELIVERY SERVICE RATES**

To be applied to the fixed charge, variable charge and demand charges to all customers unless otherwise specified by specific contracts or the Commission, effective May 1, 2009.

For All Delivery Service Rates the amount is equal to:

34.03%

Effective by Decision 2008-117
On Consumption December 1, 2008

**ATCO GAS AND PIPELINES LTD. - NORTH
RIDER "H" INTERIM PLACEHOLDER RIDER**

To be applied to the fixed charge, variable charge and demand charges to all customers unless otherwise specified by specific contracts or the Commission, effective December 1, 2008 to November 30, 2009.

For All Delivery Service Rates the amount is equal to:

2.36%

Effective by Decision 2009-178
On Consumption November 1, 2009

**ATCO GAS AND PIPELINES LTD. - NORTH
RIDER "S" INTERIM SHORTFALL RIDER**

To be applied to the fixed charge, variable charge and demand charges to all customers unless otherwise specified by specific contracts or the Commission, effective November 1, 2009 to April 30, 2010.

For All Delivery Service Rates the amount is equal to:

8.74%

Effective by Decision 2009-093
On Consumption July 1, 2009

**ATCO GAS AND PIPELINES LTD. - NORTH
RIDER "W" WEATHER DEFERRAL ACCOUNT RIDER**

To be applied to Low Use customers unless otherwise specified by specific contracts or the Commission, effective July 1, 2009 to June 30, 2010.

Low Use Delivery Rate

\$0.075 per GJ Credit

Effective by Decision 2009-178
On Consumption November 1, 2009
This Replaces Low Use Delivery Service
Previously Effective July 1, 2009

ATCO GAS AND PIPELINES LTD. - NORTH LOW USE DELIVERY SERVICE

Available to all Customers using less than 8,000 GJ per year, except those customers who utilize the Company's facilities for emergency service only.

CHARGES:

Fixed Charge:	\$0.605 per Day
Variable Charge:	\$1.012 per GJ
Delivery Rate Surcharge:	Rider "G"
Interim Placeholder Rider:	Rider "H"
Interim Shortfall Rider:	Rider "S"
Weather Deferral Account Rider:	Rider "W"

ADDITIONAL CHARGES:

For Low Use Delivery Service customers that obtain gas services from Retailers the following additional charges will apply.

Unaccounted For Gas:	Rider "D"
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Effective by Decision 2009-178
On Consumption November 1, 2009
This Replaces High Use Delivery Service
Previously Effective May 1, 2009
High Use Page 1 of 2

ATCO GAS AND PIPELINES LTD. - NORTH HIGH USE DELIVERY SERVICE

Available to all Customers using 8,000 GJ or more per year on an annual contract, except those customers who utilize the Company's facilities for emergency service only.

CHARGES:

Fixed Charge:	\$.671 per Day
Demand Charge:	\$0.280 per GJ per Day of 24 Hr. Billing Demand
Variable Charge:	\$0.000 per GJ
Delivery Rate Surcharge:	Rider "G"
Interim Placeholder Rider:	Rider "H"
Interim Shortfall Rider:	Rider "S"

DETERMINATION OF BILLING DEMAND:

The Billing Demand shall be the greater of:

1. The greatest amount of gas in GJ delivered in any consecutive 24 hour billing 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 shall be divided by 2, **or**
2. The Nominated Demand.

PROVIDED that for a Customer who elects to take service only during the summer period, the Billing Demand for each billing period shall be the greatest amount of gas in GJ in any consecutive 24 hours in that billing period.

In the first contract year, the Company shall estimate the Billing Demand from information provided by the Customer.

NOMINATED DEMAND:

A Customer whose maximum consumption exceeds 4,500 GJ for any 24 hour period in the winter period must nominate in writing twelve months in advance of each contract year the maximum consumption for any 24 hour period in the winter period in that contract year (the "Nominated Demand"). The Company reserves the right to restrict the amount of gas in GJ delivered in the winter period to the Nominated Demand and to restrict the amount of gas in GJ delivered in any one hour to **5%** of the Nominated Demand.

ADDITIONAL CHARGES:

For High Use Delivery Service customers that obtain gas services from Retailers the following additional charges will apply.

Unaccounted For Gas:

Rider "D"

Gas Imbalances:**Settlement of Monthly Imbalance Quantity when Based on Daily Information:**

Magnitude of Imbalance Quantity	Reasons for Imbalance Quantity	Settlement by Company	Price
<5%	Overdeliveries	N/A	N/A
	Underdeliveries	N/A	N/A
>5%	Overdeliveries	Purchase	75% of the Average Daily AECO "C" Prices for that Month
	Underdeliveries	Sale	130% of the Average Daily AECO "C" Prices for that Month

Settlement of Imbalance Quantity Arising from Adjustments:

When the Customer's Account is put out of balance by actual adjustments, the Customer is required to bring the account into balance by providing 1/25 of the imbalance amount on a daily basis over a 25-day period.

Effective by Decision 2007-059
On Consumption September 1, 2007
This Replaces Rate 8
Previously Effective January 1, 2006

**ATCO GAS AND PIPELINES LTD. - NORTH
EMERGENCY DELIVERY SERVICE**

CHARGES:

AUTHORIZED:

Fixed Charge: \$15.00 per Day

Variable Charge: Variable Charge of Low Use DSP Delivery Service

Gas Cost Recovery: Highest cost of Gas purchased by the DSP on the Day of Sale,
with a minimum price of the DSP Rider "F".

UNAUTHORIZED:

Fixed Charge: \$125.00 per Day

Gas Cost Recovery: Five (5) times the DSP Rider "F", with a minimum price of the
highest cost of Gas purchased by the DSP on the Day of Sale.

Effective by Decision 2007-059
On Consumption September 1, 2007
This Replaces Rate 9
Previously Effective January 1, 2006

**ATCO GAS AND PIPELINES LTD. - NORTH
UNMETERED GAS LIGHT SERVICE**

Applicable to all Customers with Company installed and approved gas lights.

CHARGES:

Fixed Charge: \$0.090 per Mantle per Day

APPENDIX 3

ATCO GAS AND PIPELINES LTD.

ATCO GAS SOUTH

RATE SCHEDULES

November 1, 2009

Effective November 1, 2009

**ATCO GAS AND PIPELINES LTD. - SOUTH
RATE SCHEDULES****INDEX**

	Page
<u>Conditions</u>	
General Conditions	3
<u>Riders</u>	
Rider "A" Municipal Franchise Fee	4
Rider "B" Municipal Property Tax and Specific Costs.....	5
Rider "D" Unaccounted For Gas	6
Rider "E" Deemed Value of Gas	7
Rider "G" Company Owned Production	8
Rider "H" Company Owned Storage.....	9
Rider "I" Irrigation Company Owned Storage	10
Rider "J" Surcharge to Delivery Service Rates	11
Rider "K" Interim Placeholder Rider	12
Rider "S" Interim Shortfall Rider	13
<u>Delivery Service Rates</u>	
Low Use Delivery Service	14
High Use Delivery Service	15
Irrigation Delivery Service	16
<u>Other Service Rates</u>	
Emergency Delivery Service.....	18
Unmetered Gas Light Service.....	19

Effective by Decision 2007-059
On Consumption September 1, 2007
This Replaces General Conditions
Previously Effective May 4, 2004

ATCO GAS AND PIPELINES LTD. - SOUTH GENERAL CONDITIONS

1. **Approval of Alberta Utilities Commission:**

Changes in Rates from time to time are subject to approval by the Alberta Utilities Commission (Commission) for the Province of Alberta.

2. **Special Contracts:**

Unless varied by the Commission, service to Customers under Special Contracts shall be subject to the terms and conditions thereof. A special contract is required for all Customers with annual requirements in excess of 500,000 GJ.

3. **Specific Facilities Conditions:**

The Rates do not include extra costs incurred by the Company and payable by the Customer for Special Facilities or conditions requested by the Customer at the Point of Delivery.

4. **Winter Period - Summer Period:**

The winter period is the five calendar months from November 1 to March 31, and the summer period is the seven calendar months from April 1 to October 31.

5. **Late Payment Charge:**

When accounts are not paid in full on or before the due date, the Company will apply a 1% penalty on the amount due. If the payment is not received by the next billing cycle, a 1% penalty will be applied to the balance carried forward (including interest).

6. **Terms and Conditions:**

The Company's Terms and Conditions for Distribution Service Connections and Distribution Access Service apply to all Customers and form part of these Rate Schedules.

7. **DSP Rider F:**

The words "DSP Rider "F" " as they appear on the Rate Schedules, shall mean the Default Supply Provider's Regulated Services Gas Cost Flow-Through Rate for ATCO Gas.

Effective by Decision 2009-113
On Consumption September 8, 2009
This Replaces Rider "A"
Previously Effective July 28, 2009

ATCO GAS AND PIPELINES LTD. - SOUTH
ATCO GAS – SOUTH AND ATCO PIPELINES - SOUTH
RIDER "A" TO ALL RATES
AND ANY OTHER RIDERS THERETO

All charges under the Rates, including any charges under other Riders, to Customers situated within the communities listed on this Rider "A" are subject to the addition of the percentage shown. The percentage shown is to be applied as an addition to the billings calculated under the Rates including charges as allowed under other Riders in effect.

Method A. - Applied to gross revenues excluding Rider "G" and the Market Value portion of Rider "H".

Method C. - Applied to gross revenues and Rider "E".

<u>Municipality</u>	<u>%</u>	<u>Method</u>	<u>Municipality</u>	<u>%</u>	<u>Method</u>	<u>Municipality</u>	<u>%</u>	<u>Method</u>
Calgary**	11.11	C	Claresholm	10.00	A	Lomond	20.00	A
Lethbridge	32.30	A	Coaldale	11.30	A	Longview	16.00	A
Acme	20.00	A	Coalhurst	12.44	A	Magrath	11.18	A
Airdrie	29.60	A	Cochrane	23.00	A	Milk River	30.00	A
Banff	31.20	A	Coutts	20.00	A	Nanton	13.00	A
Banff Park	5.25	C	Cowley	13.79	A	Nobleford	0.00	A
Barnwell	13.00	A	Cremona	27.00	A	Okotoks	5.25	C
Barons	14.97	A	Crossfield	11.23	A	Olds	27.50	A
Bassano	20.00	A	Crowsnest Pass	15.00	A	Penhold	18.00	A
Beiseker	11.18	A	Delburne	21.60	A	Picture Butte	6.00	C
Big Valley	5.26	C	Didsbury	20.00	A	Raymond	5.00	A
Black Diamond	14.00	A	Duchess	12.67	A	Rockyford	28.00	A
Bow Island	10.50	A	Elnora	16.00	A	Rosemary	14.78	A
Bowden	22.00	A	Foremost	21.00	A	Standard	11.34	A
Brooks	18.00	A	Fort Macleod	12.50	A	Stavely	11.18	A
Burdett	12.00	A	Glenwood	5.26	C	Stirling	5.00	A
Canmore	22.10	A	Granum	8.50	A	Strathmore	11.18	A
Carbon	15.07	A	High River	13.00	A	Taber *	5.26	C
Cardston	15.00	A	Hill Spring	21.52	A	Trochu	14.20	A
Carmangay	15.97	A	Hussar	13.74	A	Turner Valley	10.00	A
Carstairs	25.00	A	Innisfail	5.26	C	Vauxhall	5.26	C
Champion	15.01	A	Irricana	11.18	A	Vulcan	15.00	A
			Linden	15.23	A			

* Includes a \$75,000 maximum annual allowable assessment on any individual metered account.

** Exemption available on Rider "E" portion of natural gas feedstock quantities used by an electrical generation plant whose primary fuel source is natural gas, for the commercial sale of electricity or used by a district energy plant for combined heat and power production, if deemed by the City of Calgary to be a qualifying facility.

Effective by Decision 2009-075
On Consumption July 28, 2009
This Replaces Rider "B"
Previously Effective March 1, 2009

**ATCO GAS AND PIPELINES LTD. – SOUTH
ATCO GAS – SOUTH AND ATCO PIPELINES - SOUTH
RIDER "B" TO ALL RATES
AND ANY OTHER RIDERS THERETO**

This Rider is applicable to Customers resident in municipalities that receive a property tax under the Municipal Government Act or receive payment for specific costs which are not generally incurred by the Company. This Rider is the estimated percentage of gross revenue required to provide for the tax payable or specific cost incurred each year. To the extent that this percentage may be more or less than that required to pay the tax or specific cost, the percentage of gross revenue provided in the Rider will be adjusted on the 1st of February each year.

The percentage is to be applied as an addition to the billings calculated under the Rates including charges as allowed under other Riders in effect with respect to the following municipalities:

Banff
Redwood Meadows (Siksika Nation)
Bow Island
Foremost
Rosemary
Turner Valley
Canmore
Elnora
Linden
Brooks
Granum
Milk River
Trochu
Claresholm
Lomond
Nanton
Bassano
Nobleford
Didsbury
Olds
Carstairs
Airdrie
Cardston
Penhold
Raymond
Coutts
Crowsnest Pass
Vulcan
Stirling

By Decision 2009-183
Effective November 1, 2009 to October 31, 2010
This Replaces Rider “D”
Previously Effective November 1, 2008

ATCO GAS AND PIPELINES LTD. - SOUTH
ATCO GAS – SOUTH
RIDER “D” TO RETAILER DELIVERY SERVICE RATES FOR THE RECOVERY OF
UNACCOUNTED FOR GAS (UFG)

All Retailer Delivery Service Customers delivering gas off the ATCO Gas South distribution system will be assessed a distribution UFG charge of 0.457 % at the Point of Delivery. The UFG assessment will be made up “In-Kind” from each Customer Account.

Effective by Decision 2007-059
On Consumption September 1, 2007
This Replaces Rider “E”
Previously Effective May 4, 2004

**ATCO GAS AND PIPELINES LTD. - SOUTH
RIDER “E” TO DELIVERY SERVICE RATES
FOR THE DETERMINATION OF THE “DEEMED VALUE OF NATURAL GAS”
FOR CALCULATION OF MUNICIPAL FRANCHISE FEE PAYABLE**

A Deemed Value of Natural Gas Rate will be applied to the energy delivered to Delivery Service Customers for the determination of municipal franchise fee payable by Customers in municipalities designated as Method “C” municipalities on Rider “A” of these Rate Schedules.

FOR ALL RATES:

The “Deemed Value” is an amount equal to the Gas Cost flow Through Rate specified on the DSP Rider “F”.

Effective by Order U2008-213
On Consumption on and after July 1, 2008

**ATCO GAS AND PIPELINES LTD. - SOUTH
RIDER "G" TO ALL RATES
FOR CREDITING OR DEBITING COMPANY OWNED PRODUCTION RELATED
BENEFITS/COSTS**

To be applied to the energy delivered to all Delivery Service customers unless otherwise specified by specific contracts or the Commission.

Company Owned Production Rate Rider (COPRR): \$0.000 per GJ

Effective by Order U2008-213
On Consumption on and after July 1, 2008

**ATCO GAS AND PIPELINES LTD. - SOUTH
RIDER "H" TO ALL RATES EXCEPT FOR IRRIGATION DELIVERY SERVICE
FOR CREDITING OR DEBITING CARBON STORAGE RELATED BENEFITS/COSTS**

To be applied to the energy delivered to all Delivery Service customers (except Irrigation Delivery Service customers) unless otherwise specified by specific contracts or the Commission.

Company Owned Storage Rate Rider (COSRR): \$0.000 per GJ

Effective by Order U2008-213
On Consumption on and after July 1, 2008

**ATCO GAS AND PIPELINES LTD. - SOUTH
RIDER "I" FOR IRRIGATION DELIVERY SERVICE
FOR CREDITING CARBON STORAGE RELATED BENEFITS/COSTS**

To be applied to the energy delivered to Irrigation Delivery Service customers unless otherwise specified by specific contracts or the Commission.

Company Owned Storage Rate Rider (COSRR): \$0.000 per GJ

Effective by Decision 2009-045 (Errata)
On Consumption May 1, 2009
This Replaces Rider “J”
Previously Effective January 1, 2008

**ATCO GAS AND PIPELINES LTD. - SOUTH
RIDER “J” SURCHARGE TO ALL DELIVERY SERVICE RATES**

To be applied to the fixed charge, variable charge, production and storage charge and demand charges to all customers unless otherwise specified by specific contracts or the Commission, effective May 1, 2009.

For All Delivery Service Rates the amount is equal to: 12.68%

Effective by Decision 2008-117
On Consumption December 1, 2008

**ATCO GAS AND PIPELINES LTD. - SOUTH
RIDER "K" INTERIM PLACEHOLDER RIDER**

To be applied to the fixed charge, variable charge, production and storage charge and demand charges to all customers unless otherwise specified by specific contracts or the Commission, effective December 1, 2008 to November 30, 2009.

For All Delivery Service Rates the amount is equal to: 2.54%

Effective by Decision 2009-178
On Consumption November 1, 2009

**ATCO GAS AND PIPELINES LTD. - SOUTH
RIDER "S" INTERIM SHORTFALL RIDER**

To be applied to the fixed charge, variable charge, production and storage charge and demand charges to all customers unless otherwise specified by specific contracts or the Commission, effective November 1, 2009 to December 31, 2009.

For All Delivery Service Rates the amount is equal to:

7.29%

Effective by Decision 2009-178
On Consumption November 1, 2009
This Replaces Low Use Delivery Service
Previously Effective May 1, 2009

ATCO GAS AND PIPELINES LTD. – SOUTH LOW USE DELIVERY SERVICE

Available to all customers using less than 8,000 GJ per year except those customers who utilize the Company's facilities for emergency service only.

CHARGES:

Fixed Charge:	\$0.556 per Day
Variable Charge:	\$0.877 per GJ
Production and Storage Charge:	\$0.000 per GJ
COPRR:	Rider "G"
COSRR:	Rider "H"
Delivery Rate Surcharge:	Rider "J"
Interim Placeholder Rider:	Rider "K"
Interim Shortfall Rider:	Rider "S"

ADDITIONAL CHARGES:

For Low Use Delivery Service customers that obtain their gas services from Retailers the following additional charges will apply.

Unaccounted For Gas:	Rider "D"
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Effective by Decision 2009-178
On Consumption November 1, 2009
This Replaces High Use Delivery Service
Previously Effective May 1, 2009
High Use Page 1 of 2

ATCO GAS AND PIPELINES LTD. - SOUTH HIGH USE DELIVERY SERVICE

Available to all customers using 8,000 GJ or more per year on an annual contract except those customers who utilize the Company's facilities for emergency service only.

CHARGES:

Fixed Charge:	\$0.625 per Day
Demand Charge:	\$0.238 per Day per GJ of 24 Hr. Billing Demand
Variable Charge:	\$0.00 per GJ
Production and Storage Charge:	\$0.000 per GJ
COPRR:	Rider "G"
COSRR:	Rider "H"
Delivery Rate Surcharge:	Rider "J"
Interim Placeholder Rider:	Rider "K"
Interim Shortfall Rider:	Rider "S"

DETERMINATION OF BILLING DEMAND:

The Billing Demand shall be the greater of:

1. The greatest amount of gas in 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 consecutive 24 hours in the summer period shall be divided by 2, **or**
2. The Nominated Demand

PROVIDED that for a customer who elects to take service only during the summer period, the Billing Demand for each billing period shall be the greatest amount of gas in GJ in any consecutive 24 hours in that billing period.

In the first contract year, the Company shall estimate the Billing Demand from information provided by the customer.

NOMINATED DEMAND:

A customer whose maximum consumption exceeds 4 500 GJ for any 24-hour period in the winter period must nominate in writing twelve months in advance of each contract year the maximum consumption for any 24-hour period in the winter period in that contract year (the "Nominated Demand"). The Company reserves the right to restrict the amount of gas in GJ delivered in the winter period to the Nominated Demand and to restrict the amount of gas in GJ delivered in any one hour to **5%** of the Nominated Demand.

ADDITIONAL CHARGES:

For High Use Delivery Service customers that obtain their gas services from Retailers the following additional charges will apply.

Unaccounted For Gas:**Rider "D"****Gas Imbalances:****Settlement of Monthly Imbalance Quantity when Based on Daily Information:**

<u>Magnitude of Imbalance Quantity</u>	<u>Reasons for Imbalance Quantity</u>	<u>Settlement by Company</u>	<u>Price</u>
<5%	Overdeliveries	N/A	N/A
	Underdeliveries	N/A	N/A
>5%	Overdeliveries	Purchase	75% of the Average Daily AECO "C" prices for that Month
	Underdeliveries	Sale	130% of the Average Daily AECO "C" prices for that Month

Settlement of Imbalance Quantity Arising from Adjustments:

When the Customer's Account is put out of balance by actual adjustments, the Customer is required to bring the account into balance by providing 1/25 of the imbalance amount on a daily basis over a 25-day period.

Effective by Decision 2009-178
On Consumption November 1, 2009
This Replaces Irrigation Delivery Service
Previously Effective May 1, 2009

ATCO GAS AND PIPELINES LTD. - SOUTH IRRIGATION DELIVERY SERVICE

Available to all customers who use natural gas as a fuel for engines pumping irrigation water between April 1 and October 31.

CHARGES:

Fixed Charge:	\$0.933 per Day
Variable Charge:	\$0.787 per GJ
Production and Storage Charge:	\$0.000 per GJ
COPRR:	Rider "G"
COSRR:	Rider "I"
Delivery Rate Surcharge:	Rider "J"
Interim Placeholder Rider:	Rider "K"
Interim Shortfall Rider:	Rider "S"

ADDITIONAL CHARGES:

For Irrigation Delivery Service customers that obtain gas services from Retailers the following additional charges will apply.

Unaccounted For Gas:	Rider "D"
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Effective By Decision 2007-059
On Consumption September 1, 2007
This Replaces Rate 7
Previously Effective January 1, 2005

**ATCO GAS AND PIPELINES LTD. - SOUTH
EMERGENCY DELIVERY SERVICE**

CHARGES:

AUTHORIZED:

Fixed Charge: \$15.00 per Day

Variable Charge: Variable Charge of Low Use Delivery Service

Gas Cost Recovery: Highest cost of Gas purchased by the DSP on the Day of Sale, with a minimum price of the DSP Rider "F".

UNAUTHORIZED:

Fixed Charge: \$125.00 per Day

Gas Cost Recovery: Five (5) times the DSP Rider "F", with a minimum price of the highest cost of Gas purchased by the DSP on the Day of Sale.

Effective By Decision 2007-059
On Consumption September 1, 2007
This Replaces Rate 8
Previously Effective January 1, 2006

**ATCO GAS AND PIPELINES LTD. - SOUTH
UNMETERED GAS LIGHT SERVICE**

Applicable to all Customers with Company installed and approved gas lights.

Fixed Charge: \$0.090 per Mantle per Day