



## **ATCO GAS**

(A Division of ATCO Gas and Pipelines Ltd.)

**2009-2010 Unaccounted for Gas Rates – Rider "D"**

**October 23, 2009**



**ALBERTA UTILITIES COMMISSION**

Decision 2009-183 ATCO Gas (A Division of ATCO Gas and Pipelines Ltd.)

2009-2010 Unaccounted for Gas Rates – Rider “D”

Application No. 1605369

Proceeding ID. 282

October 23, 2009

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Alberta Utilities Commission  
Fifth Avenue Place, 4th Floor, 425 - 1 Street SW  
Calgary, Alberta  
T2P 3L8

Telephone: (403) 592-8845

Fax: (403) 592-4406

Web site: [www.auc.ab.ca](http://www.auc.ab.ca)

## Contents

<b>1</b>	<b>INTRODUCTION.....</b>	<b>1</b>
<b>2</b>	<b>UFG CALCULATION .....</b>	<b>2</b>
2.1	Background and UFG Data and Calculation Method .....	2
2.2	UFG.....	2
2.3	Corrections to Data Used in the UFG Calculation.....	3
2.4	Commission Findings .....	3
<b>3</b>	<b>COMPARISON OF CALENDAR YEAR AND SUMMER TO SUMMER CALCULATIONS .....</b>	<b>4</b>
3.1	Commission Finding .....	4
<b>4</b>	<b>ORDER .....</b>	<b>4</b>
	<b>APPENDIX 1 – PROCEEDING PARTICIPANTS.....</b>	<b>5</b>

## List of Tables

<b>Table 1.</b>	<b>Physical UFG Rates .....</b>	<b>2</b>
<b>Table 2.</b>	<b>Comparison of Prior Year’s UFG Adjustments Past and Current Application... </b>	<b>3</b>



# ALBERTA UTILITIES COMMISSION

Calgary Alberta

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RATES – RIDER “D”**

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## 1 INTRODUCTION

1. By letter dated August 18, 2009, ATCO Gas (AG), a division of ATCO Gas and Pipelines Ltd., filed an Application (the Application) with the Alberta Utilities Commission (AUC or Commission) respecting the determination of unaccounted for gas (UFG) charges (Rider “D”) for each of the North and South service territories for the 2009/2010 gas year. In the Application AG requested approval, effective November 1, 2009, of the applied for Rider “D” rates and Rate Schedules as follows:

	North	South
AG (retailer delivery service customers delivering gas off the AG distribution systems)	0.245%	0.457%

2. AG also requested approval for the discontinuation of the requirement for AG to provide summer to summer calculations in future Rider “D” applications.

3. The Panel assigned to deal with the Application consisted of Ms. Carolyn Dahl Rees, Vice-Chair.

4. The Commission served Notice of the Application by electronic mail on August 20, 2009 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 September 29, 2009.

5. 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, 2009 the CCA indicated it had no objection to the Application. AG was the only party to submit argument.

6. 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 CALCULATION

### 2.1 Background and UFG Data and Calculation Method

7. Charges for UFG are recovered in kind for all gas delivered to Retailers off the distribution system. In previous applications, the North and South systems utilized different calculation methods for the calculation of UFG, which was then recovered through a Rider “D” charge. The historical practice to calculate UFG established in Decision 2003-042,<sup>1</sup> referred to as the Blended Method, used a three-year (calendar) average of the combined UFG of the North and South systems of AG and ATCO Pipelines (AP), with a one-year lag, which was then allocated on the ratio of 2.5:1 (AG:AP). This methodology gradually changed as physical data became available for the North and South portions of the AP and AG systems. Using a calendar average of physical measurement data to determine UFG is known as the Physical Method.

8. In Decision 2008-105<sup>2</sup> AP and AG received approval for Rider “D” UFG (and Fuel Gas for AP) charges for the 2008/2009 gas year commencing November 1, 2008 and expiring October 31, 2009. Decision 2008-105 approved the Physical Method, using three years of physical data, in calculating Rider “D” for AG and AP for the South. The North, however, only had two years of physical data available and Rider “D” for the North was approved using an average of one year of historical Blended Method data from the combined AP and AG systems using a 1:1 ratio and two-years of actual physical measurement data. The reliance on the historical blended method necessitated a joint application for both AP and AG in connection with the 2008-2009 Rider “D” application.

9. In the current Application AG stated that physical measurement data was now available for both the South and the North for the full three year period used to calculate Rider “D” for both AP and AG. Accordingly, the historical blended method was no longer required to be used. AG stated that, as a result, a joint AP and AG application was also no longer necessary.

### 2.2 UFG

10. For the present Application for the 2009/2010 gas year, AG used physical measurement data from January 2006 to December 2008 in the UFG calculation for both the North and the South which was averaged to determine the UFG percentages for both the North and the South shown in Table 1.

Table 1. Physical UFG Rates<sup>3</sup>

	2008	2007	2006	Average UFG %
AGN UFG	0.341%	0.385%	0.008%	0.245%
AGS UFG	0.737%	0.361%	0.274%	0.457%

Source: Application paragraph 6

<sup>1</sup> Decision 2003-042 – ATCO Pipelines North Unaccounted-For-Gas Allocation Methodology (Application No. 1286668) (Released: May 29, 2003).

<sup>2</sup> Decision 2008-105 – ATCO Pipelines and ATCO Gas Divisions of ATCO Gas and Pipelines Ltd 2008-2009 Unaccounted for Gas and Fuel Gas Rates – Rider “D” and Load Balancing Deferral Account Rider “F”, (Application No. 1583677, Proceeding ID. 96) (Released October 28, 2008).

<sup>3</sup> Application, page 2, paragraph 6.

### 2.3 Corrections to Data Used in the UFG Calculation

11. In Decision 2008-105 the Commission expressed concerns over the size and volume of adjustments.<sup>4</sup> Corrections to the data utilized in the calculation of UFG are necessary as meters are read and as errors are identified and subsequently corrected. The number of these data corrections has been substantially reduced from the previous application as illustrated in Table 2 below.

Table 2. Comparison of Prior Year’s UFG Adjustments Past and Current Application<sup>5</sup>

	AGS	AGN
2008/2009 Application 1583677 <sup>6</sup>		
2005	180	N/A
2006	270	1,351
Total	450	1,351
2009/2010 Application 1605370 <sup>7</sup>		
2006	6	N/A
2007	38	329
Total	44	329
Percentage of Prior Year’s Total	10%	24%

### 2.4 Commission Findings

12. The Commission notes the improvement since Decision 2008-105 with respect to the nature and extent of the data adjustments necessary to calculate UFG. As a consequence of what appears to be a more stable and accurate measurement system, the Commission did not submit any interrogatories on this issue. The Commission also notes AG’s response in CCA-AG-1(c) which stated:

...The historical UFG shows that annual UFG fluctuations are a normal occurrence. The current ATCO Gas South UFG for 2008 is well within historical ranges.

13. The Commission notes that none of the interveners opposed the application or the calculation of UFG or Rider “D”.

14. The Commission has reviewed the calculation of Rider “D” and considers that it has been calculated in accordance with the methodologies approved and the directions provided in Decisions 2003-042 and 2008-105 and accordingly approves the applied for UFG rates as shown in [Appendix 2](#).

<sup>4</sup> Decision 2008-105, page 5.

<sup>5</sup> Calculated using the absolute value of adjustments.

<sup>6</sup> 2008/2009 Application 1583677 Tables 3.4 to 3.6. All numbers in Terrajoules.

<sup>7</sup> 2009/2010 Application 1605370 Tables 3.1 to 3.4. All numbers in Terrajoules.

### 3 COMPARISON OF CALENDAR YEAR AND SUMMER TO SUMMER CALCULATIONS

15. In [Decision 2007-081](#)<sup>8</sup> the Board directed both AP and AG:

...to determine whether in future years a decrease in variability would warrant a change to summer to summer UFG calculations.

16. AG provided summer to summer data in the Application and stated that:

There may have been a potential advantage of a summer to summer UFG calculation when AG was using unbilled consumption estimates in its calculations. However, the UFG calculations for 2007 and going forward do not use unbilled consumption estimates. Rather, the Daily Forecasting and Settlement System (“DFSS”) is used to allocate consumption on a daily basis. This significantly reduces the issues associated with relying on monthly unbilled estimates and obviates the need to move to a summer to summer UFG calculation. It is not clear that using a summer to summer calculation will be any more accurate than a calendar year calculation.<sup>9</sup>

#### 3.1 Commission Finding

17. The Commission agrees with AG’s submission that with the changeover to physical measurement for UFG and the utilization of DFSS that it is unlikely that a summer to summer calculation will be any more or less accurate as compared to a calendar year measurement. On this basis the Commission approves AG’s request to discontinue providing summer to summer calculations. The approved method to determine the UFG will continue using the calendar year data.

### 4 ORDER

18. IT IS HEREBY ORDERED THAT:

Effective November 1, 2009, the applied for Rider “D” rates, as included in Appendix 2 of this Decision, shall be applied to all Retailer Delivery Service Accounts in the ATCO Gas North and South service territories respectively. This Rider “D” shall be effective until October 31, 2010.

Dated in Calgary, Alberta on October 23, 2009.

#### ALBERTA UTILITIES COMMISSION

*(original signed by)*

Carolyn Dahl Rees  
Vice-Chair

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<sup>8</sup> Decision 2007-081 – ATCO Pipelines and ATCO Gas 2007-2008 Unaccounted for Gas and Fuel Gas Rates – Rider “D” (Application No. 1523144; Proceeding ID. 6) (Released: October 23, 2007).

<sup>9</sup> Application, page 6.



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

Name of Organization (Abbreviation) Counsel or Representative (APPLICANTS)
ATCO Gas (AG) M. Bayley
BP Canada Energy Company (BP) C.G.Worthy
Canadian Association of Petroleum Producers (CAPP) R. Fairbairn
Consumers Coalition of Alberta (CCA) J.A. Wachowich
EnCana Corporation R.K. Powell
Nexen Marketing D. White
Office of the Utilities Consumer Advocate (UCA) G. Hill

Alberta Utilities Commission
Commission Panel C. Dahl Rees, Vice-Chair
Commission Staff B. McNulty (Commission Counsel) J. Thygesen, C.A., M.B.A. R. Armstrong, P.Eng. D. R. Weir D. Mitchell

**APPENDIX 2 – ATCO GAS RIDER “D”**

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

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.

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.