

ALBERTA ENERGY AND UTILITIES BOARD

Calgary, Alberta

**ATCO GAS - SOUTH AND ATCO GAS - NORTH
DIVISIONS OF ATCO GAS AND PIPELINES LTD.
GAS COST RECOVERY RATE ADJUSTMENTS**

**Decision 2001-16
Applications No. 2000367 and 2000368
Files No. 5626-45 and 5627-40**

1 THE APPLICATION

By letters dated December 22, 2000 and January 19, 2001, ATCO Gas – South and ATCO Gas – North (collectively, ATCO Gas), Divisions of ATCO Gas and Pipelines Ltd. submitted applications (collectively, the Applications) to the Alberta Energy and Utilities Board (the Board) with proposals for adjustments to their gas cost recovery rates (GCRRs). The applications of January 19, 2001 set out two options for the amendment to the GCRR. One option, Option A, allowed for an annualized GCRR that combined winter and summer periods from February 1, 2001 to January 31, 2002, inclusive. The second option, Option B, was for an adjustment to the current winter period GCRR, ending March 31, 2001.

Under Option A, for ATCO Gas – South, the GCRR in effect for the winter period would be increased by \$3.318/gigajoule (GJ) from \$6.496/GJ approved on an interim refundable basis in Order U2000-308, dated October 27, 2000 to \$9.814/GJ. ATCO Gas - South also requested this rate apply to the summer period, increasing that rate by \$4.229/GJ from \$5.585/GJ approved on an interim refundable basis in Order U2000-225, dated June 23, 2000. Included in Option A were financing charges amounting to \$0.088/GJ that ATCO Gas estimated would be the costs of borrowing required for the purchase of gas supplies over the extended period. Under Option B, the GCRR in effect for the winter period would be increased by \$8.063/GJ to \$14.559/GJ but would not include financing charges.

Under Option A, for ATCO Gas – North, the GCRR in effect for the winter period would be increased by \$2.999/GJ from \$5.773/GJ approved on an interim refundable basis in Order U2000-307, dated October 27, 2000 to \$8.772/GJ. ATCO Gas – North also requested this rate apply to the summer period, increasing that rate by \$2.999/GJ from \$5.773/GJ approved on an interim refundable basis in Order U2000-298, dated October 10, 2000. Included in Option A were financing charges amounting to \$0.082/GJ that ATCO Gas estimated would be the costs of borrowing required for the purchase of gas supplies over the extended period. Under Option B, the GCRR in effect for the winter period would be increased by \$7.339/GJ to \$13.112/GJ but would not include financing charges.

Subsequently, by letter dated January 23, 2001 ATCO Gas applied for approval of Option A on an interim refundable basis, effective from January 24, 2001.

The Applications were filed in accordance with a previous direction issued by the Board in respect of ATCO Gas' deferred gas account (DGA) procedures, under which natural gas supply costs incurred are reconciled with amounts recovered through the GCRR for each of the winter

and summer periods. The purpose of the DGA is to account for and give effect only to over or under recoveries of the cost of natural gas and to provide evidence that ATCO Gas' customers pay neither more nor less than the actual cost of natural gas incurred. With the objective to minimize the balance in each of the winter and summer period DGAs, the Board directed that ATCO Gas should apply to the Board for an adjustment in a GCRR should a significant change in gas supply costs occur during a period. The Board specified that the tolerance level for the determination of mid-period adjustments should be, relative to forecasted natural gas costs in the initial application regarding the applicable winter or summer period GCRR, the greater of $\pm 3\%$ or $\pm \$2,000,000$.

GCRRs have been determined separately for winter and summer periods and are included in ATCO Gas' rate schedules as Rider "F", which is applicable to all sales service rates for the recovery of natural gas costs. A winter period includes the months of November through March and a summer period includes the months of April through October.

ATCO Gas' reconciliation of actual gas costs and actual gas cost recoveries for the 1999/2000 winter period resulted in gas costs for that period being over-recovered by \$26,000 by ATCO Gas – South and under-recovered by \$3,076,000 by ATCO Gas – North. ATCO Gas' reconciliation of actual gas costs and actual gas cost recoveries for the 2000 summer period resulted in gas costs for that period being under-recovered by \$1,537,000 by ATCO Gas – South and by \$2,603,000 by ATCO Gas – North. These balances are reflected in the calculation of the proposed GCRRs determined under Option A. The winter balances only are included in the GCRRs determined under Option B. Determination of the GCRRs by ATCO Gas under Option A and Option B for both ATCO Gas – South and ATCO Gas – North are attached herewith as Appendices 1 to 4. As a result of using gas forecasts at February 2, 2001, instead of at January 5, 2001 and an extension of the 2000/2001 winter period to April 30, 2001, the Option B GCRRs set out in Appendices 3 and 4 have been reduced to \$12.451/GJ (from \$14.559/GJ) and \$10.522/GJ (from \$13.112/GJ) for ATCO Gas – South and ATCO Gas – North, respectively. ATCO Gas calculated the reduced GCRRs pursuant to information request (IR) NCC-ATCO.1(c).

Ordinarily the Board would require timely public notice of an application and consider representations from interested parties before issuing an order on a matter. However, the Board considered the Applications to be urgent, given ATCO Gas' projected deficits in the DGAs that would otherwise occur in light of the significant increase in the market price for natural gas since the beginning of the 2000/2001 winter period. Consequently, the Board considered it appropriate to deal expeditiously with the Applications and issued Orders U2001-001 and U2001-002, each dated January 24, 2001, approving Option A on an interim refundable basis effective January 24, 2001. The Board considered that interim approval was in the public interest in that it served to mitigate future rate shock by decreasing the deficit amounts accumulating in the DGAs.

However, the Board recognized that there were new and unresolved issues pertaining to ATCO Gas' proposed annualized GCRR and related DGA procedures under Option A, as well as objections submitted by certain parties. The Board therefore convened a hearing for ATCO Gas to hear submissions from interested parties concerning the appropriateness of using Option A or Option B. The Board published Notice of the Hearing in daily newspapers having a general

circulation in ATCO Gas' service areas and also served the Notice on the intervenors and interested parties registered on the mailing lists of ATCO Gas' last GCRR applications.

The Applications were considered by the Board at a public hearing in Edmonton, Alberta on February 14 and 15, 2001 and in Calgary, Alberta on February 16, 2001 before Board Members B.T. McManus, Q.C., B.F. Bietz, Ph.D., and G.J. Miller. Those who appeared at the hearing are shown in Appendix 5, attached to this Decision, together with the related abbreviations used herein. In addition, the Board received written submissions from the Interfaith Coalition for Justice in the Workplace, the Alberta New Democrats and Poverty in Action.

2 BOARD FINDINGS

Prior to the hearing, the Board clarified its intention to only address the specific issues related to the selection of the appropriate GCRR for ATCO Gas, proposed as Options A and B. However, during the course of the proceeding, the Board heard a number of submissions regarding a variety of DGA issues including the use of storage, the use of hedging, production levels for company-owned supplies, and other DGA procedures. As indicated in correspondence prior to the hearing, and in its opening remarks, those other relevant issues will be considered in subsequent hearings that are planned for April 2001.

The Board will direct its findings to certain issues of concern raised during the hearing:

- Determination of the GCRR, including customer choice, fairness and potential cross-subsidization of rate classes
- Use of storage for the 2001/2002 winter period
- Financing costs
- Impact of customers exiting the ATCO Gas sales service portfolios to other sources of supply
- Conditions under Option A (the framework)

Determination of the GCRR

The Board was urged by parties to consider a variety of alternatives in addition to the Options A and B put forth in the Applications. The alternatives were generally formulated in response to either a desire to allow for customer choice, to avoid the possibility of cross-subsidization of one rate class by another, or to avoid financing costs.

With respect to customer choice, the Board heard from Calgary, the MI and others that the Board should allow for customer choice. While Calgary was generally opposed to Option A as proposed by ATCO Gas, Calgary proposed a methodology whereby customers would be able to choose either Option A or Option B. The MI generally favoured Option A but suggested that customers should be able to choose either option. The City of Edmonton, the CCA and individuals representing either themselves or low/fixed income customers advocated the implementation of Option A. ATCO Gas also indicated that Option A was the University of Alberta's (U of A) preference. A variety of parties supported the notion of customer choice, although most parties indicated a first preference for one option or the other.

With respect to cross-subsidization, the Board notes that the AIPA, the PICA and the FGA suggested that Option B, ending on either March 31 or April 30, is preferred by virtually all of the customers they represent. These customer groups argued that they would be cross-subsidizing other customers if the Board approved Option A for all customers. The Board notes that ATCO Gas recognized the seasonal distinction of irrigation customers and that ATCO Gas was committed to trying to mitigate that particular situation. The Board also recognizes that Rate 5 customers are seasonal and that other customers have load factors that would be better suited to Option B.

The Board notes that there was no consensus agreement among interested parties as to the preferred option, there is no single option that will meet the needs of all customers, and that there are administrative and time constraints with respect to allowing for customer choice. Based on these factors the Board finds that Option A best meets the requirements for Rate 1 customers and the U of A, and Option B best meets the needs for ATCO Gas – South Rates 3 and 5 customers, and for ATCO Gas – North Rate 3, 4, 5, 6, and 7 customers, given the unique circumstance of historically high gas prices that have occurred during this winter season. The Board would normally wish to accommodate customer choice for all rate classes, but accepts the ATCO Gas position that added administrative cost and effort might exceed the benefits of allowing for customer choice. The Board also notes that customers wishing to defer the immediate impact of higher gas costs, and that qualify, have the option of using ATCO Gas' Payment Equalization Plan. The Board considers that this may be of particular interest to Rate 3 customers.

Therefore, the Board finds that Option A should continue to apply to Rate 1 customers and the U of A. The GRRs under Option A will remain at the absolute amounts previously approved by Orders U2001-001 and U2001-002, although the Board recognizes that some of the underlying costs might have changed. The Board notes that there are updated forecasts of gas prices and of financing amounts that could lead to an 'adjusted' GRR under this Option; however, the Board prefers to leave the existing GRRs in place for Rate 1 customers and the U of A. The Board considers that this will provide some measure of rate stability to those customers and should also allow ATCO Gas to recover the DGA under-recovery balance sooner than it would if the GRRs were reduced, thereby avoiding some financing costs that ATCO Gas might otherwise incur. The Board expects that ATCO Gas will apply for an adjusted GRR to replace the Option A GRR as soon as it appears that the DGA balance is approaching zero, or within the historical tolerance limits.

The Board also finds that Option B should apply to sales service customers in all other rate classes using GRRs determined by ATCO Gas. The GRRs under Option B will be determined using the forecasts of gas prices on February 2, 2001, as set out in Appendices 3 and 4. In addition the Board will extend the recovery period under Option B (for the 2000/2001 winter period only), which would normally end on March 31, 2001, for one month to April 30, 2001.

The Board wants to assure parties that the usual end of period DGA reconciliation will be conducted. That DGA reconciliation will also allow for further review and scrutiny of the allocation of the DGA balance between Option A and Option B customers. The Board notes for

example, that Option B should not include any summer amounts; those should be included in the 2001 summer period GRRs that will be effective May 1, 2001.

Financing costs

The Board notes that there was significant attention paid by many parties regarding ATCO Gas' proposal to recover financing costs through the GRR. The Board notes that this was a component of the framework put forth by ATCO Gas in the Applications. Parties were particularly concerned that all of the details with respect to the interest rate and "Short Term Borrowing Facility Fee" were not available. Certain parties also contended that ATCO Gas should not be permitted to recover its financing costs. ATCO Gas submitted that they should be allowed to recover financing costs as offering Option A to customers was a departure from normal DGA procedures and would result in additional financing costs. The Board notes that the forecast of total financing costs presented by ATCO Gas at the hearing was reduced significantly from the forecast in the Application. This was due to the impact of Government of Alberta rebates and of a forecast reduction to future gas costs. ATCO Gas indicated that financing costs were expected to be as little as one dollar per customer.

The Board considers that the implementation of Option B will further reduce both the DGA under-recovered balance and the total financing cost to ATCO Gas. While the magnitude and timing of the DGA under-recovery is lower, the Board notes that the approach proposed by ATCO Gas is similar to that being used by electric utilities to recover deferred amounts under the Deferral Accounts Deficiency Correction Amendment Regulation under the *Electric Utilities Act*. The Board also notes that the Regulation provides for the approval of a financing rate equal to the Bank of Canada bank rate plus 1.5% and that the financing amount is reviewable by the Board through a final reconciliation.

Therefore, the Board agrees that in the circumstances pertaining to Option A only, it is appropriate to allow ATCO Gas to recover related financing costs through the GRR. The impact of a reduced forecast for gas costs, Government of Alberta rebates and other steps taken to mitigate the financing cost should help to reduce the amount of financing cost incurred by ATCO Gas. The Board encourages ATCO Gas to pursue all reasonable steps to reduce this cost to customers. To that end the Board finds that the "Short Term Borrowing Facility Fee" as originally proposed is no longer required by ATCO Gas. The Board also understands that ATCO Gas has in the past been able to secure short-term funds at rates lower than the interest rate set out in the Regulation (Bank of Canada bank rate plus 1.5%).

Impact of customers exiting the ATCO Gas sales service portfolios to other sources of supply

The Board notes that parties including the MI and the CCA were concerned about the impact of customers exiting from ATCO Gas in favour of an alternative retailer. The specific concern related to exiting customers leaving their portion of the DGA under-recovery with ATCO Gas. Parties were concerned that ATCO Gas would then recover those amounts from remaining customers through the normal DGA procedures. The Board notes ATCO Gas' claim that the costs are relatively small at this point; however, the Board considers that it is inappropriate for customers to exit the system without paying for their portion of under-recovered gas costs. In

typical circumstances, when the DGA is much smaller, the need for an exit fee would not be as compelling. However, in the present circumstances the Board does not consider that it is appropriate to simply pass on costs to remaining customers without attempting to mitigate the impact on these customers.

Therefore the Board directs ATCO Gas to begin recovering an exit fee from customers that gave notice of their intention to leave the ATCO Gas sales service portfolios after January 24, 2001 (the date interim refundable rates were approved) equivalent to the customers' share of the DGA balance. The Board considers that the methodology discussed in the ATCO Gas response to IR NCC-ATCO.17 would be appropriate in these circumstances. Exit fees billed by ATCO Gas would be applied to the DGA account to mitigate the impact on remaining ATCO Gas customers. The Board directs that the exit fee be recovered immediately, beginning with March billings in some cases. To ensure that the appropriate amount is recovered through the exit fee the Board hereby directs ATCO Gas to update the information contained in IR NCC-ATCO.17 (to reflect the Board's findings in the rest of this Decision), or to advise the Board that those amounts remain appropriate.

Gas Storage for 2001/2002 Winter Season

Several intervenors argued that ATCO Gas – South should be directed to utilize gas storage for the upcoming 2001/2002 winter season. ATCO Gas – South agreed that storage would be useful. All parties recognized the importance of an early decision by the Board on this issue given the imminence of the gas injection season and requested that the Board give directions on securing storage capacity. The Board agrees that gas storage would likely benefit the public. Consequently, it directs the parties to initiate preliminary discussions regarding the volumes of gas to be stored and the availability and pricing of such storage.

The Board notes submissions by parties that ATCO Gas is acting on its own initiative as to the direction it is following regarding the use of Carbon storage. The Board further notes suggestions that ATCO Gas's regulated storage revenues and expenses should be reviewed in either/both of the ATCO Gas – South 2001/2002 GRA or the ATCO Affiliate proceeding. The Board agrees that the Company is accountable with regard to strategic and operating decisions it is making with regard to the use of Carbon storage, and expects that those matters will be addressed in forthcoming hearings.

Framework Proposed by ATCO Gas

ATCO Gas submitted that certain fundamental conditions must form part of the Board's approval of their proposed Option A in order for them to secure the financing that will be required to purchase gas supplies at their forecasted price levels. These terms included discretion exercised by ATCO Gas, in their best judgement, to increase the GCRR as a result of future increased costs and to change the proposed period of recovery. ATCO Gas envisioned such changes to the GCRR being reviewed and approved by the Board in an expedited manner, which would not include notice to interested parties or any subsequent Board process. ATCO Gas argued that it must have the Board's assurance that all prudently incurred costs associated with the purchase of gas will be recovered from customers. They stated that such assurance, which the framework expedited, was essential if they were to obtain the necessary financing to fund the annualized GCRR. Financing historically high gas costs, they explained, was presently a

daunting exercise in North America's utility environment. However, with respect to the financing provisions of Option A, the Board notes that ATCO Gas no longer viewed Condition 1 of the framework as a condition precedent.

Intervenors objected to ATCO Gas' conditions and framework on the basis that they would tend to fetter the Board's discretion and result in a lack of due process for interested parties. They believed that the Board's existing practice, as reflected in a myriad of past and present decisions, established with great certainty that prudently incurred costs will be recovered in customer rates.

The Board considers that the precise wording of the conditions and framework advanced by ATCO Gas is problematic and will not include that wording in the approval of Option A. The exclusion of customer groups from participation in Board reviews under the framework not only denies customers the opportunity to present their positions but also would deny the Board the benefit of such participation in its deliberations. However, the Board does not object to the "spirit" of the framework proposed by ATCO Gas. It remains the Board's view that prudently incurred gas costs will be recovered by utilities from their customers. This is a fundamental principle of the DGA procedures that have been in operation in Alberta since 1987. In times of urgency the Board is able to act quickly and efficiently as the present application attests. The Board has responded quickly and efficiently to mid-season adjustment applications in the past. The Board will continue to respond to adjustment applications in a similarly expeditious manner.

3 ORDER

THEREFORE, it is hereby ordered that:

For ATCO Gas – South, a Division of ATCO Gas and Pipelines Ltd.:

- (1) For Rate 1 customers, a winter period Gas Cost Recovery Rate of \$9.814/GJ and a summer period Gas Cost Recovery Rate of \$9.814/GJ shall be effective for all consumption on and after January 24, 2001 to January 31, 2002, inclusive, on an interim refundable basis, based on actual or estimated meter readings, unless otherwise changed by the Board,
- (2) For customers in sales service rate classes other than Rate 1, a winter period Gas Cost Recovery Rate of \$12.451/GJ shall be effective for all consumption on and after March 1, 2001 to April 30, 2001 on an interim refundable basis, based on actual or estimated meter readings, unless otherwise changed by the Board,
- (3) Rider "F", as set out in Schedule "A" attached to and forming part of this Decision, is hereby fixed and approved as the Gas Cost Recovery Rate applicable to all sales service rates effective on all metered or estimated consumption on and after March 1, 2001,
- (4) ATCO Gas – South shall implement and begin billing exit fees to customers that gave notice of their intention to leave the ATCO Gas sales service portfolios after January 24, 2001 for the purpose of switching from service that is billed under Rider "F". The Board must confirm the schedule and amount of exit fees prior to them taking effect.

For ATCO Gas – North, a Division of ATCO Gas and Pipelines Ltd.:

- (1) For Rate 1 customers and the University of Alberta, a winter period Gas Cost Recovery Rate of \$8.772/GJ and a summer period Gas Cost Recovery Rate of \$8.772/GJ shall be effective for all consumption on and after January 24, 2001 to January 31, 2002, inclusive, on an interim refundable basis, based on actual or estimated meter readings, unless otherwise changed by the Board,
- (2) For customers in sales service rate classes other than Rate 1 and the University of Alberta, a winter period Gas Cost Recovery Rate of \$10.522/GJ shall be effective for all consumption on and after March 1, 2001 to April 30, 2001 on an interim refundable basis, based on actual or estimated meter readings, unless otherwise changed by the Board,
- (3) Rider "F", as set out in Schedule "B" attached to and forming part of this Decision, is hereby fixed and approved as the Gas Cost Recovery Rate applicable to all sales service rates effective on all metered or estimated consumption on and after March 1, 2001,
- (4) ATCO Gas – North shall implement and begin billing exit fees to customers that gave notice of their intention to leave the ATCO Gas sales service portfolios after January 24, 2001 for the purpose of switching from service that is billed under Rider "F". The Board must confirm the schedule and amount of exit fees prior to them taking effect.

Dated in Calgary, Alberta on February 28 , 2001.

ALBERTA ENERGY AND UTILITIES BOARD

<original signed by>

B. T. McManus, Q.C.
Presiding Member

B. F. Bietz, Ph.D.
Member

G. J. Miller
Member

Effective on an Interim Refundable Basis by Decision 2001-16
On Consumption On and After March 1, 2001
This Replaces Rider "F"
Previously Effective January 24, 2000

SCHEDULE "A"**ATCO GAS – SOUTH
ADIVISION OF ATCO GAS AND PIPELINES LTD.
SCHEDULE OF RATES, TOLLS AND CHARGES****RIDER "F" TO ALL SALES SERVICE RATES
FOR THE RECOVERY OF GAS COSTS**

To be applied to the energy sold to all sales service rates unless otherwise specified by specific contracts.

The recovery of Gas Costs is subject to reconciliation based on actual experienced Gas Costs as approved by the Alberta Energy and Utilities Board.

Gas Cost Recovery Rate:

For Customers in Rate 1:

The Gas Cost Recovery Rate for the period
January 24, 2001 to January 31, 2002 shall be \$9.814 per GJ

For Sales Service Customers other than in Rate 1, the Gas Cost
Recovery Rate shall be:

November 1 to March 31 \$6.496 per GJ

For Sales Service Customers other than in Rate 1, the Gas Cost
Recovery rate above shall be increased for the period:

January 24, 2001 to February 28, 2001 by \$3.318 per GJ
March 1, 2001 to March 31, 2001 by \$5.955 per GJ
April 1, 2001 to April 30, 2001 \$12.451 per GJ

Effective on an Interim Refundable Basis by Decision 2001-16
On Consumption On and After March 1, 2001
This Replaces Rider "F"
Previously Effective January 24, 2000

SCHEDULE "B"

**ATCO GAS – NORTH
ADIVISION OF ATCO GAS AND PIPELINES LTD.
SCHEDULE OF RATES, TOLLS AND CHARGES**

**RIDER "F" TO ALL SALES SERVICE RATES
FOR THE RECOVERY OF GAS COSTS**

To be applied to the energy sold to all sales service rates unless otherwise specified by specific contracts.

The recovery of Gas Costs is subject to reconciliation based on actual experienced Gas Costs as approved by the Alberta Energy and Utilities Board.

Gas Cost Recovery Rate:

For Customers in Rate 1, and the U of A:

The Gas Cost Recovery Rate for the period
January 24, 2001 to January 31, 2002 shall be \$8.772 per GJ

For Sales Service Customers other than in Rate 1 and the U of A,
the Gas Cost Recovery Rate shall be:

November 1 to March 31 \$5.773 per GJ

For Sales Service Customers other than in Rate 1 and the U of A,
the Gas Cost Recovery rate above shall be increased for the period:

January 24, 2001 to February 28, 2001 by \$2.999 per GJ
March 1, 2001 to March 31, 2001 by \$4.749 per GJ
April 1, 2001 to April 30, 2001 \$10.522 per GJ

APPENDIX 1

ATCO GAS – SOUTH
A DIVISION OF ATCO GAS AND PIPELINES LTD.

Option A
Adjusted Gas Cost Recovery Rate
Effective January 24, 2001

<u>Line</u>	<u>Description</u>	<u>Units</u>	<u>Amount</u>
1	Cumulative 2000 summer period DGA deficit balance	\$,000	1,537
2	Cumulative 1999/2000 winter period DGA surplus balance		(26)
3	Cumulative under-recoveries, November 1, 2001 to January 31, 2001	\$,000	108,564
4	Cumulative forecast combined DGA deficit balances, January 31, 2001	\$,000	110,075
5	Net gas cost forecast February 1, 2001 to January 31, 2002	\$,000	806,919
6	Net gas supply expense (line 4 plus line 5)	\$,000	916,994
7	Transition costs	\$,000	-
8	Excess sales revenue	\$,000	-
9	Exchange service	\$,000	-
10	Storage arbitrage sales	\$,000	8,247
11	Net gas cost recovery, February 1, 2001 to January 31, 2002 (line 6 less lines 7 to 10)	\$,000	908,747
12	Forecast sales, February 1, 2001 to January 31, 2002	TJ	93,432
13	Forecast transportation imbalance sales	TJ	-
14	Adjusted sales (line 12 plus 1.3 x line 13)	TJ	93,432
15	GCCR before financing recovery (line 11 divided by line 14)	\$/GJ	9.726
16	Total financing costs	\$,000	8,172
17	GCCR component for financing recovery (line 16 divided by line 14)	\$/GJ	0.088
18	Total adjusted GCCR, effective January 24, 2001 to January 31, 2002	\$/GJ	9.814

APPENDIX 2

ATCO GAS – NORTH
A DIVISION OF ATCO GAS AND PIPELINES LTD.

Option A
Adjusted Gas Cost Recovery Rate
Effective January 24, 2001

<u>Line</u>	<u>Description</u>	<u>Units</u>	<u>Amount</u>
1	Cumulative 2000 summer period DGA deficit balance	\$,000	2,603
2	Cumulative 1999/2000 winter period DGA surplus balance		3,076
3	Cumulative under-recoveries, November 1, 2001 to January 31, 2001	\$,000	149,521
4	Cumulative forecast combined DGA deficit balances, January 31, 2001	\$,000	155,200
5	Net gas cost forecast February 1, 2001 to January 31, 2002	\$,000	811,988
6	Net gas supply expense (line 4 plus line 5)	\$,000	967,188
7	Transition costs	\$,000	-
8	Excess sales revenue	\$,000	47
9	Exchange service	\$,000	600
10	Balancing charges	\$,000	-
11	Net gas cost recovery, February 1, 2001 to January 31, 2002 (line 6 less lines 7 to 10)	\$,000	966,541
12	Forecast sales, February 1, 2001 to January 31, 2002	TJ	111,221
13	Forecast transportation imbalance sales	TJ	-
14	Adjusted sales (line 12 plus 1.3 x line 13)	TJ	111,221
15	GCCR before financing recovery (line 11 divided by line 14)	\$/GJ	8.690
16	Total financing costs	\$,000	9,036
17	GCCR component for financing recovery (line 16 divided by line 14)	\$/GJ	0.082
18	Total adjusted GCCR, effective January 24, 2001 to January 31, 2002	\$/GJ	8.772

APPENDIX 3

ATCO GAS – SOUTH
A DIVISION OF ATCO GAS AND PIPELINES LTD.

Option B
Adjusted Winter Period Gas Cost Recovery Rate
Effective March 1, 2001

<u>Line</u>	<u>Description</u>	<u>Units</u>	<u>Amount</u>
1	Forecast 200/2001 Winter period gas cost recoveries (with November , 2000 GCRR and January 24, 2001 adjustment)	\$,000	489,877
2	Total period net gas costs per February 2, 2001 forecast	\$,000	(544,107)
3	Cumulative 1999/2000 winter period DGA surplus balance	\$,000	26
4	Projected total period under-recovery (line 1 plus lines 2 and 3)	\$,000	(54,204)
5	Forecast calendar sales from February 23, 2001 through March 31, 2001	TJ	20,555
6	Forecast transportation imbalance sales	TJ	-
7	Adjusted sales (line 5 plus 1.3 x line 6)	TJ	20,555
8	GCRR increase required	\$/GJ	2.637
9	Adjusted GCRR, January 24, 2001	\$/GJ	9.814
7	Adjusted winter period GCRR (line 8 plus line 9)	\$/GJ	12.451

APPENDIX 4

ATCO GAS – NORTH
A DIVISION OF ATCO GAS AND PIPELINES LTD.

Option B
Adjusted Winter Period Gas Cost Recovery Rate
Effective March 1, 2001

<u>Line</u>	<u>Description</u>	<u>Units</u>	<u>Amount</u>
1	Forecast 200/2001 Winter period gas cost recoveries (with November , 2000 GCRR and January 24, 2001 adjustment)	\$,000	549,809
2	Total period net gas costs per February 2, 2001 forecast	\$,000	(591,071)
3	Cumulative 1999/2000 winter period DGA deficit balance	\$,000	(3,076)
4	Projected total period under-recovery (line 1 plus lines 2 and 3)	\$,000	(44,338)
5	Forecast calendar sales from February 23, 2001 through March 31, 2001	TJ	25,342
6	Forecast transportation imbalance sales	TJ	-
7	Adjusted sales (line 5 plus 1.3 x line 6)	TJ	25,342
8	GCRR increase required	\$/GJ	1.750
9	Adjusted GCRR, January 24, 2001	\$/GJ	8.772
7	Adjusted winter period GCRR (line 8 plus line 9)	\$/GJ	10.522

APPENDIX 5

**ATCO GAS – SOUTH
A DIVISION OF ATCO GAS AND PIPELINES LTD.
THOSE WHO APPEARED AT THE HEARING**

Principals

Applicant:

ATCO Gas - South

L.E. Smith, Q.C.

Bennett Jones Verchere

Witnesses

J. F. Engler

Executive Vice-President

ATCO Gas and Pipelines Ltd.

Ralph Trovato

Manager, Pricing

ATCO Gas

Michael Hagen

Supervisor, Gas Portfolio Planning

ATCO Gas

Intervenors:

Alberta Irrigation Projects Association (AIPA)

J. H. Unryn

Unryn & Associates Ltd.

Alberta Ratepayers' Association (ARA)

R.E. Wolf

City of Calgary (Calgary)

R. B. Brander

Burnett, Duckworth & Palmer LLP

D. Bronconnier

City of Calgary

H. Johnson, C.A.

Stephen Johnson

N. Stewart, P. Eng.

Sproule Associates Limited

City of Edmonton

M. Sherk

Consumers Coalition of Alberta and the Committee
for Residential Utilities (CCA)

J. A. Wachowich
Wachowich & Company

Epcor Energy Services (Alberta) Inc.

H.D. Williamson
Borden Ladner Gervais LLP

Edmonton Federation of Community Leagues

D. Kuchelyma

Federation of Alberta Gas Co-ops and Gas Alberta
Inc., the Samson First Nation and the Town of
Redwater (FGA)

T.D. Marriott
Brownlee Fryett

Municipal Intervenors (MI)

J.A. Bryan, Q.C.
Bryan & Company

North Core Committee (NCC)

N.J. McKenzie

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