



# ATCO Gas

## 2008 Interim Rates

ALBERTA ENERGY AND UTILITIES BOARD  
Decision 2007-105: ATCO Gas  
2008 Interim Rates  
Application No. 1544977

December 19, 2007

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## **1 INTRODUCTION**

ATCO Gas (AG) filed an application (Application) on November 5, 2007, with the Alberta Energy and Utilities Board (EUB or Board) for approval of interim refundable rates for ATCO Gas North (North) and ATCO Gas South (South) effective January 1, 2008. AG also requested approval for the following riders:

- 2008 Rider G (North) of 5.85%
- 2008 Rider J (South) of 4.20%

The Board issued Notice of Application on November 16, 2007 to interested parties on the AG 2008-2009 General Rate Application (GRA) mailing list. The Board invited interested parties to submit a Statement of Intent to Participate (SIP) and comments with respect to the proposed interim rates by November 26, 2007. AG was directed to file any response to intervenor comments by December 3, 2007.

To better understand the rate impacts on customers, the Board directed AG to update Schedule B of the Application, using current rates effective September 1, 2007 and the proposed interim rates effective January 1, 2008.

The Board received SIPs from the following parties:

- Alberta Sugar Beet Growers (ASBG)
- Consumers Coalition of Alberta (CCA)
- Potato Growers of Alberta (PGA)
- City of Edmonton (Edmonton)
- Public Institutional Consumers of Alberta (PICA)
- Shell Energy North America (Shell)
- City of Calgary (Calgary)
- Office of the Utilities Consumer Advocate (UCA)
- BP

Detailed comments regarding the Application were filed by CCA, UCA, PICA, Calgary and Edmonton. AG's reply comments were filed with the Board on December 3, 2007.

The panel assigned to preside over the proceeding consisted of Mr. B. T. McManus, Q.C., (Presiding Member), Ms. C. Dahl Rees, LL.B. (Member), and Mr. M. W. Edwards (Acting Member). For the purposes of this Decision, the Board considers the record to have closed on December 3, 2007.

## 2 PARTICULARS OF THE APPLICATION

AG noted that it filed a 2008-2009 GRA on November 2, 2007 (Application No. 1544779), which projected a \$26.3 million and a \$17.2 million shortfall in 2008 for the North and South respectively. Further, AG submitted that since the revised rates associated with the GRA would likely not be implemented until the fourth quarter of 2008, the 2008 shortfalls and associated time lag could result in rate shock, unless a portion of the revenue shortfall was recovered in interim rates.

AG proposed an interim rate increase of 50% of the respective forecast 2008 revenue shortfalls for the North and South, and considered that this percentage would be in the range of historic approvals for interim rate increases. AG noted that the proposed interim rate increases would result in the following impacts for North and South residential customers:

Table 1. Impact of Interim Rates on Customers using 120 GJ per Year

Customer	Annual Usage	Delivery Charges		Annual Rate Impact
		Rates Effective September 1, 2007	Proposed Rates January 1, 2008	
Residential - North	120 GJ	\$348	\$363	\$15
Residential - South	120 GJ	\$335	\$336	\$1

## 3 VIEWS OF THE INTERVENERS

### UCA

The UCA questioned whether or not AG had met its burden of proof in requesting interim rates, as AG did not address the Board's well-defined two part test outlined in Decision [2005-099](#).<sup>1</sup>

The UCA noted that AG expected a decision with respect to its 2008-2009 GRA by the fourth quarter of 2008,<sup>2</sup> well within the fiscal year in question, indicating to the UCA that AG would not suffer financial hardship. As well, AG had not addressed its ability to "continue safe utility operations without the interim adjustment" and therefore AG would not be hindered in delivering safe utility operations absent the requested interim rate increase. Moreover, AG had not addressed the Board-identified test that the revenue shortfall should be material and probable.

### Calgary

The City of Calgary submitted that AG failed to provide the Board with enough information to approve the requested increase, recognizing there are several areas of contention (the changes to capital structure being one example). Further, AG's claim of rate shock if a portion of the requested revenue was not recovered did not address the question of whether carrying costs would be satisfactory to address the matter. Therefore, until a process was established which could assist the Board and parties to address these (and other related) matters, it would be premature for the Board to approve AG's application.

<sup>1</sup> Decision 2005-099 – ATCO Gas 2005-2007 General Rate Application Interim Rate Application (Application 1404168) (Released: August 29, 2005)

<sup>2</sup> ATCO Gas November 5, 2007 interim rate letter, p. 2 of 5

## Edmonton

Edmonton noted that if the Board decided to grant an interim increase, consideration should be given to treating North and South equally.

## PICA

While PICA was not opposed to granting an interim increase of 50% of a realistic estimate of AE's 2008 revenue deficiency, PICA considered that AG had not provided sufficient information to make an assessment for purposes of interim rates. Accordingly, PICA submitted that AG should provide further information identifying and quantifying each of the reasons giving rise to the 2008 revenue deficiency.

PICA argued that AG should also explain why increases in capital related costs, if driven by customer growth, were not substantially offset by growth in revenues.

## CCA

In its submission, CCA outlined methods for determining the reasonableness of interim rate applications. The methods included:

1. The requesting utility must demonstrate significant financial harm,
2. A probability is applied to likely increases, and
3. It is in the best interests of customers because of the minimization of rate shock or allowing appropriate pricing signals to customers.

CCA considered that the standard should be set high for interim rate requests because of the lack of process that customers face in review of an application. The CCA also noted that the Board should require that interim rate applications be filed with sufficient time to allow for information requests, intervener evidence and arguments to be filed.

## 4 VIEWS OF THE BOARD

In reviewing the requested interim rate increase, the Board notes the following information:

**Table 2. Proposed Interim Rate Information**

	2008 Shortfall per 2008-2009 GRA (Million)	50% Increase Per Application (Million)	Rate Rider to Recover Shortfall (%)	Annual Impact on Customers (120 GJ/year)
ATCO Gas North	\$26.3	\$13.15	Rider G - 5.85	\$15
ATCO Gas South	\$17.2	\$8.60	Rider J - 4.20	\$1

When evaluating the merits of an interim rate application, the Board 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, and the impact the revenue deficiency has on the financial welfare of the utility, and safe utility operations. In Decision 2005-099, the Board noted the various factors it employed when evaluating an application for an interim rate increase:

The foregoing excerpts reference a number of factors that the Board has employed in evaluating an application for an interim rate increase. 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
- 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.<sup>3</sup>

The UCA and Calgary argued that AG had not fully addressed the Board's two part test provided for in Decision 2005-099 and had not provided enough information to approve the requested increase. Although AG has not reviewed the two part test in a manner that the Board would have preferred in support of the present Application, (and how it would expect AG to file future applications) the Board considers that there is sufficient information in respect of some of the above factors to allow the Board to process this Application. As stated above, the Board may give different weighting to the factors contained in the two part test. On this basis the Board does not agree with the recommendations from the UCA and Calgary that it should not address or approve AG's requested interim rate increase.

The Board notes that both PICA and CCA expressed concern regarding the restricted regulatory process and that a higher standard be applied when evaluating interim rates. Given that interim rates by definition are "interim" until final rates are approved, the Board considers that interim rates are in most circumstances unlikely to be subject to the same scrutiny as would be applied to a GRA, which is consistent with the Board's finding from NGTL's 1996 interim application. In Decision [U96047](#),<sup>4</sup> the Board stated:

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<sup>3</sup> Decision 2005-099, pp. 7 and 8

<sup>4</sup> Decision U96047 – NOVA Gas Transmission Ltd. 1995 GRA Phase II – 1996 Interim Rates (File 1601-1) (Released: May 8, 1996)



Interim rates are generally intended to provide some relief from the detrimental effects of lengthy proceedings on the applicant's financial position and/or to lessen any rate shock which may result from final disposition of an application. The Board also notes that interim rate determinations are, by their nature, expeditious and made on the basis of prima facie evidence which is not fully tested.<sup>5</sup>

The Board agrees with AG that the shortfall amounts of \$26.3 million in the North and \$17.2 million in the South, as forecast in AG's 2008-2009 GRA are material. While AG did not provide a review of contentious issues and associated dollar amounts in its Application, AG indicated the following in Reply:

...that of the 2008 shortfall of \$26.3 million in the north and \$17.2 million in the south, approximately \$9.2 million (or 35% of the shortfall) in the north and \$ 5.1 million (30% of the shortfall) in the south relate to the impact of the 2008 opening property, plant and equipment value as shown in Schedule 1.<sup>6</sup>

The Board expects that the opening balances will be contentious matter, and notes that the amounts are less than the proposed 50% increase.

Further, in the 2008-2009 GRA proceeding, the Board issued a letter dated December 12, 2007 directing AG to use the current common equity percentage of 38% as a placeholder in its 2008 and 2009 revenue requirements until such time as the Alberta Utilities Commission provides further direction on the process to consider AG's request for an increase to the common equity percentage for the test years in question.

AG indicated that it was cognizant of the fact that there will be contentious issues in its 2008-2009 GRA filing, and for this reason only requested an interim increase of 50% of the forecast shortfalls. On balance, the Board is satisfied that AG's forecast revenue deficiency is probable and material and that the 50% adjustment to rates vis-à-vis the projected shortfall, adequately takes into account the quantum associated with contentious issues. Further, the Board notes that the 50% adjustment is being applied to both North and South; affording equal treatment to both entities. Accordingly, AG has provided a sufficient basis to justify the quantum or need factors for approval of AG's 2008 interim rates.

The Board notes that it made the following statement in Decision [2002-115](#):<sup>7</sup>

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.<sup>8</sup>

Promoting rate stability and easing future rate shock by leveling out final rate increases with interim rates is a key consideration for the Board in this Application.

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<sup>5</sup> Decision U96047, p. 4

<sup>6</sup> ATCO Gas Reply Comments p. 2 of 8

<sup>7</sup> Decision 2002-115 – ATCO Gas - 2003/2004 General Rate Application (Application 1284374) (Released: December 24, 2002)

<sup>8</sup> Decision 2002-115, p. 10

In Decision [2007-063](#),<sup>9</sup> the Board approved rate schedules for both North and South effective September 1, 2007, which contained the following riders effective September 1, 2007 to December 31, 2007. The Board has also included the proposed riders effective January 1, 2008 in the following table:

**Table 3. Current and Proposed Riders**

	ATCO Gas North		ATCO Gas South	
	Current Rider G (Sept –Dec 2007) (%)	Proposed Rider G (Jan 1, 2008) (%)	Current Rider J (Sept –Dec 2007) (%)	Proposed Rider J (Jan 1, 2008) (%)
Low Use Service	1.614	5.85	3.851	4.20
High Use Service	1.958	5.85	4.253	4.20
Irrigation Service	n/a	n/a	10.989	4.20

Implementing the proposed interim rates will provide rate stability going into January 2008, as the current riders would be substantially replaced with interim rate riders. AG indicated that on an annual basis the impact to low use service customers would be \$1.00 in the South and \$15.00 in the North. Further, approving interim rates will provide a smooth transition to final rates. On this basis, the Board finds that the proposed interim rate increase will promote rate stability.

While concerns with rate shock may be somewhat reduced for some customers considering the volatility of natural gas prices, the Board agrees with AG that there may be the potential for rate shock if the requested increase in the 2008 revenue requirement is approved by the Board and recovered over a short period of time. To proactively manage this potential, the Board considers that it would be appropriate to approve the interim rates.

In addition, if recovery of approved amounts associated with the 2008-2009 GRA did not occur until late 2008 or 2009, the Board considers that this could potentially result in a small degree of intergenerational inequity. To mitigate such impacts it would be appropriate to approve the interim rate increases.

Based on the foregoing, and given that AG has proposed that the interim rates be on a refundable basis, the Board considers that it would be appropriate to approve the 2008 interim rate increases as requested. Typically the Board considers interim rates to be “adjustable” rather than strictly “refundable” as such, in terms of the potential for future credits to some customers and charges to others to take into account the effect of final rates. Therefore the Board approves AG’s 2008 Interim Rates effective January 1, 2008, for ATCO Gas North and ATCO Gas South as shown in [Appendix 1](#) and [Appendix 2](#) respectively of this Decision, on an interim adjustable basis.

<sup>9</sup> Decision 2007-063 – ATCO Gas 2005-2007 General Rate Application Phase II Second Compliance Filing to Decision 2007-026 (Application 1513143) (Released: August 14, 2007)

**5 ORDER**

THEREFORE IT IS ORDERED THAT:

- (1) ATCO Gas rates are approved as filed on an interim adjustable basis, effective January 1, 2008, as shown in Appendix 1 and Appendix 2.

Dated in Calgary, Alberta on December 19, 2007.

**ALBERTA ENERGY AND UTILITIES BOARD**

*(original signed by)*

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

*(original signed by)*

C. Dahl Rees, LL.B.

Member

*(original signed by)*

M. W. Edwards  
Acting Member

## **APPENDIX 1 – ATCO GAS NORTH 2008 INTERIM RATE SCHEDULES**

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Appendix 1 - North  
2008 Interim Rate Scl

(Consists of 13 pages)

## **APPENDIX 2 – ATCO GAS SOUTH 2008 INTERIM RATE SCHEDULES**

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



Appendix 2 - South  
2008 Interim Rate Scl

(Consists of 17 pages)

**APPENDIX 1**

**ATCO GAS AND PIPELINES LTD.**

**ATCO GAS NORTH**

**2008 INTERIM RATE SCHEDULES**

**EFFECTIVE JANUARY 1, 2008**

Effective January 1, 2008

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

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Effective January 1, 2008

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 Energy and Utilities Board:**

Changes in Rates from time to time are subject to approval by the Alberta Energy and Utilities Board for the Province of Alberta.

**2. Special Contracts:**

Unless varied by the Alberta Energy and Utilities Board, 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 January 1, 2008

Effective By Order U2007-135  
On Consumption October 12, 2007  
This Replaces Rider "A"  
Previously Effective October 1, 2007

**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	Eaglesham	5.26	C	Minburn	15.00	A
Red Deer	25.00	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	8.70	C
Lloydminster	7.00	C	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	8.27	C	Girouxville	20.00	A	Provost	13.00	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	Sangudo	9.25	A
Beaverlodge	8.70	C	Holden	0.00	A	Seba Beach	6.00	C
Bentley	0.00	A	Hughenden	10.98	A	Sexsmith	25.00	A
Berwyn	20.00	A	Hythe	8.70	C	Sherwood Park	6.50	C
Bittern Lake	17.68	A	Innisfree	17.50	A	Silver Beach	20.00	A
Blackfalds	19.12	A	Irma	20.00	A	Slave Lake	5.26	C
Bon Accord	25.00	A	Itaska	12.00	A	Spirit River	24.00	A
Breton	12.47	A	Jasper Muni	17.10	A	Stony Plain	17.00	A
Bruderheim	10.00	A	Jasper Ntl Pk	17.10	A	Swan Hills	0.00	A
Caroline	20.00	A	Kitscoty	10.00	A	Sylvan Lake	20.00	A
Chipman	0.00	A	Lacombe	22.00	A	Thorsby	11.69	A
Clive	16.17	A	Lamont	35.00	A	Tofield	10.00	A
Clyde	9.47	A	Lavoy	5.25	C	Vegreville	33.00	A
Cold Lake	13.00	A	Legal	16.60	A	Vermilion	15.00	A
Consort	22.00	A	Lougheed	16.67	A	Veteran	3.00	A
Coronation	10.05	A	Mannville	20.00	A	Viking	21.51	A
Czar	11.84	A	Mayerthorpe	5.00	A	Warburg	8.83	A
Donnelly	30.00	A	McLennan	24.00	A	Whitecourt ***	19.00	A
Drayton	22.00	A	Millet	20.00	A			
Valley***								

\* 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 January 1, 2008

Effective By Order U2007-135  
On Consumption October 12, 2007  
This Replaces Rider “B”  
Previously Effective October 1, 2007

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

Effective January 1, 2008

Effective By Decision 2007-081  
On Consumption November 1, 2007  
This Replaces Rider “D”  
Previously Effective September 1, 2007

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

All Delivery Service customers that obtain gas services from Retailers and delivering gas off the ATCO Gas North distribution system will be assessed a distribution UFG charge of -0.054% at the Point of Delivery. The UFG assessment will be made up “In-Kind” from each Customer Account.

Effective January 1, 2008

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 January 1, 2008

Effective By Decision 2007-105  
On Consumption January 1, 2008  
This Replaces Rider “G”  
Previously Effective September 1, 2007

**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 Board, effective January 1, 2008.

For All Delivery Service Rates the amount is equal to:

5.85%

Effective January 1, 2008

Effective By Decision 2007-105  
On Consumption January 1, 2008  
This Replace Rate 1 and Rate 11  
Previously Effective September 1, 2007**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"**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"

Effective January 1, 2008

Effective By Decision 2007-105  
On Consumption January 1, 2008  
This Replaces Rate 3 and Rate 13  
Previously Effective September 1, 2007  
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:**

<b>Fixed Charge:</b>	\$0.671 per Day
<b>Demand Charge:</b>	\$0.280 per GJ per Day of 24 Hr. Billing Demand
<b>Variable Charge:</b>	\$0.000 per GJ
<b>Delivery Rate Surcharge:</b>	Rider "G"

**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.

Effective January 1, 2008

High Use Page 2 of 2

**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:**

<b>Magnitude of Imbalance Quantity</b>	<b>Reasons for Imbalance Quantity</b>	<b>Settlement by Company</b>	<b>Price</b>
<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 January 1, 2008

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 January 1, 2008

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 2**

**ATCO GAS AND PIPELINES LTD.**

**ATCO GAS SOUTH**

**2008 INTERIM RATE SCHEDULES**

**EFFECTIVE JANUARY 1, 2008**

Effective January 1, 2008

## ATCO GAS AND PIPELINES LTD. - SOUTH RATE SCHEDULES

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Effective January 1, 2008

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 Energy and Utilities Board:**

Changes in Rates from time to time are subject to approval by the Alberta Energy and Utilities Board for the Province of Alberta.

2. **Special Contracts:**

Unless varied by the Alberta Energy and Utilities Board, 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 January 1, 2008

Effective By Order U2007-208  
On Consumption October 4, 2007  
This Replaces Rider "A"  
Previously Effective October 1, 2007

**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	5.26	C	Nanton	13.00	A
Banff Park	5.25	C	Cowley	13.79	A	Nobleford	0.00	A
Barnwell	13.00	A	Cremona	25.00	A	Okotoks	5.25	C
Barons	14.97	A	Crossfield	11.23	A	Olds	27.50	A
Bassano	20.00	A	Crowsnest Pass	5.26	C	Penhold	5.26	C
Beiseker	11.18	A	Delburne	21.60	A	Picture Butte	6.00	C
Big Valley	5.26	C	Didsbury	20.00	A	Raymond	11.18	A
Black Diamond	14.00	A	Duchess	12.67	A	Rockyford	23.00	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	11.18	A	Glenwood	5.26	C	Stirling	11.18	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	7.00	C
			Linden	15.23	A			

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

Effective January 1, 2008

Effective By Order U2007-208  
On Consumption October 4, 2007  
This Replaces Rider “B”  
Previously Effective October 1, 2007

**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

Effective January 1, 2008

Effective By Decision 2007-081  
On Consumption November 1, 2007  
This Replaces Rider “D”  
Previously Effective September 1, 2007

**ATCO GAS AND PIPELINES LTD. - SOUTH  
ATCO GAS – SOUTH  
RIDER “D” TO RETAILER DELIVERY RATES FOR THE RECOVERY OF  
UNACCOUNTED FOR GAS AND FUEL GAS**

All Delivery Service customers that obtain gas services from Retailers and delivering gas off the ATCO Gas distribution system will be assessed a distribution UFG charge of 0.155% at the Point of Delivery. The UFG assessment will be made up “In-Kind” from each Customer Account.



Effective January 1, 2008

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 January 1, 2008

Effective By Decision 2007-059  
On Consumption on and after November 1, 2007

**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 Board.

**Company Owned Production Rate Rider (COPRR):**

For the period November 1, 2007 to November 30, 2007

\$0.027 per GJ Credit

Effective January 1, 2008

Effective By Decision 2007-059  
On Consumption on and after November 1, 2007

**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 Board.

**Company Owned Storage Rate Rider (COSRR):**

For the period November 1, 2007 to November 30, 2007

\$0.149 per GJ Credit

The Market Value portion of the rate shown above is \$0.000 per GJ credit.

Effective January 1, 2008

Effective By Decision 2007-059  
On Consumption on and after September 1, 2007

**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 Board.

**Company Owned Storage Rate Rider (COSRR):** \$0.450 per GJ Credit

Effective January 1, 2008

Effective By Decision 2007-105  
On Consumption January 1, 2008  
This Replaces Rider “J”  
Previously Effective September 1, 2007

**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 Board, effective January 1, 2008.

For All Delivery Service Rates the amount is equal to: 4.20%

Effective January 1, 2008

Effective By Decision 2007-105  
On Consumption January 1, 2008  
This Replaces Rate 1 and Rate 11  
Previously Effective September 1, 2007**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:**

<b>Fixed Charge:</b>	\$0.556 per Day
<b>Variable Charge:</b>	\$.877 per GJ
<b>Production and Storage Charge:</b>	\$.116 per GJ
<b>COPRR:</b>	Rider "G"
<b>COSRR:</b>	Rider "H"
<b>Delivery Rate Surcharge:</b>	Rider "J"

**ADDITIONAL CHARGES:**

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

<b>Unaccounted For Gas:</b>	<b>Rider "D"</b>
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Effective January 1, 2008

Effective By Decision 2007-105  
On Consumption January 1, 2008  
This Replaces Rate 3 and Rate 13  
Previously Effective September 1, 2007  
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:**

<b>Fixed Charge:</b>	\$0.625 per Day
<b>Demand Charge:</b>	\$0.238 per Day per GJ of 24 Hr. Billing Demand
<b>Variable Charge:</b>	\$0.00 per GJ
<b>Production and Storage Charge:</b>	\$.116 per GJ
<b>COPRR:</b>	Rider "G"
<b>COSRR:</b>	Rider "H"
<b>Delivery Rate Surcharge:</b>	Rider "J"

### **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.

Effective January 1, 2008

High Use page 2 of 2

**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:**

<b><u>Magnitude of Imbalance Quantity</u></b>	<b><u>Reasons for Imbalance Quantity</u></b>	<b><u>Settlement by Company</u></b>	<b><u>Price</u></b>
<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 January 1, 2008

Effective By Decision 2007-105  
On Consumption January 1, 2008  
This Replaces Rate 5 and Rate 18  
Previously Effective September 1, 2007**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:**

<b>Fixed Charge:</b>	\$ .933 per Day
<b>Variable Charge:</b>	\$0.787 per GJ
<b>Production and Storage Charge:</b>	\$ .116 per GJ
<b>COPRR:</b>	Rider "G"
<b>COSRR:</b>	Rider "I"
<b>Delivery Rate Surcharge:</b>	Rider "J"

**ADDITIONAL CHARGES:**

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

<b>Unaccounted For Gas:</b>	<b>Rider "D"</b>
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Effective January 1, 2008

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 January 1, 2008

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