



ATCO Gas

Amendment to Decision 2005-039
2003/2004 General Rate Application
Impact of the Retail Transfer and ITBS Volume Forecast

March 1, 2006

ALBERTA ENERGY AND UTILITIES BOARD

Decision 2006-016: ATCO Gas
Amendment to Decision 2005-039
2003/2004 General Rate Application
Impact of the Retail Transfer and ITBS Volume Forecast
Application No. 1403050 and 1355457

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ALBERTA ENERGY AND UTILITIES BOARD

Calgary Alberta

ATCO GAS AMENDMENT TO DECISION 2005-039 2003/2004 GENERAL RATE APPLICATION IMPACT OF THE RETAIL TRANSFER AND ITBS VOLUME FORECAST

Decision 2006-016
Application No. 1403050 and 1355457

1 INTRODUCTION

On July 30, 2004, ATCO Gas (AG) filed an application with the Board addressing the impact, on the 2003/2004 revenue requirement, of the transfer of the retail function to Direct Energy Regulated Services (DERS), and the customer care volume forecasts for services provided by I-Tek Business Services Ltd. (ITBS) for 2003 and 2004.

On April 29, 2005 the Board issued Decision [2005-037](#)¹ dealing with the matters raised by an ATCO Electric (AE) application dealing with similar matters for AE.

On May 3, 2005 the Board issued Decision [2005-039](#)² dealing with the matters raised by AG's application.

On May 2, 2005, AE, AG and ATCO Pipelines (AP) (collectively the ATCO Utilities or ATCO) applied to the Board for approval of certain Customer Care and Billing (CC&B) Master Services Agreements (CC&B MSAs), approval of certain Information Technology (IT) Renewal Master Services Agreements (IT Renewal MSAs) and approval of an extension to the period covered by the benchmarking project (Application 1398892). Application 1398892 had been filed with the agreement of the Collaborative Process Committee³ (CPC) which has been working towards arranging for a market based benchmarking of ATCO's contracts with I-Tek and ITBS for some time in the Benchmarking Collaborative Process.

On May 26, 2005 AE/AG filed a letter seeking clarification to the Board's directions in Decisions [2005-037](#) and [2005-039](#) given the ongoing Benchmarking Collaborative Process, and an extension of the June 1, 2005 filing date for certain material set out in the Decisions.

¹ Decision 2005-037 – ATCO Electric Ltd. 2003/2004 General Tariff Application Impact of the Retail Transfer and ITBS Volume Forecast, dated April 29, 2006

² Decision 2005-039 – ATCO Gas 2003/2004 General Rate Application Impact of the Retail Transfer and ITBS Volume Forecast, dated May 3, 2005

³ Interested parties represented on the CPC included Alberta Association of Municipal Districts & Counties, Alberta Federation REA's Ltd., Alberta Irrigation Projects Association, Consumers Coalition of Alberta, Public Institutional Consumers of Alberta, Municipal Interveners, the Federation of Alberta Gas Co-ops Ltd, Gas Alberta Inc, Aboriginal Communities, Canadian Forest Products, Industrial Power Consumers and Cogenerators Association of Alberta, City of Calgary, City of Edmonton, Board observers and ATCO

In the letter AE/AG requested that:

Because of our difficulties in interpreting Decisions 2005-037 and 2005-039, and because the directive to provide (IT volumes) came as such a surprise to us, we believe the Board may have simply missed the fact that there had been a previous agreement on the definition of IT volumes in Decision 2004-057, which the Board approved. If that is the case, perhaps the Board would consider clarifying the directions concerning IT volumes. [Parenthesis added]

On June 3, 2005 the Board issued a letter providing an extension of the filing date until the matters raised in the AE/AG letter were dealt with. The Board requested that each of AE/AG provide the portions of each Decision that require amendment and the proposed amendments by June 8, 2005. The Board gave members of the CPC an opportunity to respond to AE/AG and AE/AG an opportunity to reply to any submissions. Ultimately the following process was followed:

AE/AG Submission on Required Amendments	June 8, 2005
CPC Members Submission	July 4, 2005
AE/AG Reply	July 15, 2005

Subsequently, ATCO advised Board staff that it was preparing a Benchmarking volumes template that it would fill in for actual and forecast volumes and total costs based on the unit prices in the MSAs. The volumes template would be filed in the AE 2005-2006 General Tariff Application (GTA) and AG 2005-2007 General Rate Application (GRA) providing parties with an opportunity to test the volumes template and 2003-2004 actual volumes and 2005-2006 forecast volumes.

Order [U2005-376](#),⁴ concerning Application 1398892, was issued on October 7, 2005 and approved an extension of the Benchmarking to encompass all of 2003-2006.

Order U2005-376 indicated that:

The CPC noted that it came to agreement on the CC&B MSAs and IT Renewal MSAs prior to the Board directions outlined in Decisions 2005-037 and 2005-039 (the Retail Impact Decisions). The CPC submitted that directions from the Retail Impact Decisions will be complied with in their entirety and that the responses to the directions will become part of the IT Terms of Reference TOR and CC&B TOR. However, ATCO reserved the right to file a review and variance application (R&V) regarding the Retail Impact Decisions. ATCO agreed that subject to any outcomes or other Board sanctioned changes to the Retail Impact Decisions, the responses to the directions would become part of the terms of reference filed with the Board.⁵

In Order U2005-376 the Board also indicated that:

Based on the foregoing and the consistency of the CC&B MSAs with prior Board decisions, where practical, and in consideration of the extensive efforts of the parties in the collaborative process, the Board will accept the CPC's recommendation and approve,

⁴ Order U2005-376 – ATCO Electric Ltd., ATCO Gas and ATCO Pipelines, Master Services Agreements and Benchmark Extension, dated October 7, 2005

⁵ Order U2005-376, page 5

for the purposes of benchmarking, the ATCO-CIS Clarifying Agreement (Appendix 1), the documents included in Appendix 2, the noted Schedule D and statement of work AE PD00311. However, the Board's approval is subject to any changes that may be required to conform with the Retail Impact Decisions. In addition, the Board notes that changes may be required to the noted documents as a result of the future benchmarking process. If changes are required, the Board expects to receive requests for approval of revised agreements in due course.⁶

Reply argument on AE's 2005-2006 GTA was received on December 20, 2005. Decision 2006-004 ATCO Gas 2005/2007 GRA – Phase I General Rate Application issued on January 27, 2006.

2 ISSUES TO BE RESOLVED IN THIS DECISION

In its letter of June 3, 2005, the Board indicated as follows:

In Decisions 2005-037 and 2005-039, the Board did not intend to force a different interpretation on any clauses in the Terms of Reference reviewed in Decision 2004-057, than that which was agreed to by the parties on the Collaborative Process Committee. Therefore, the Board will seek additional information in order to assess ATCO's indication that Decisions 2005-037 and 2005-039 would alter an agreement that IT pricing was to be benchmarked utilizing only the IT service volumes for the ATCO Utilities.

Accordingly, the Board requests that the members of the Collaborative Process Committee comment by June 10, 2005 on ATCO's indication that agreement had been reached that IT pricing was to be benchmarked utilizing only the IT service volumes for the ATCO Utilities.

If the Collaborative Process Committee agrees that IT pricing was to be benchmarked utilizing only the IT service volumes for the ATCO Utilities, then the Board will consider amending Decisions 2005-037 and 2005-039 appropriately. ATCO should provide the portions of each Decision that in its view require amendment and the proposed amendments by June 8, 2005. Then, the members of the Collaborative Process Committee may also comment by June 10, 2005 on the amendments ATCO proposes.

Further, if the Collaborative Process Committee has agreed upon the ATCO Utilities IT service volumes to benchmark, the Board would appreciate the Collaborative Process Committee also filing those volumes by June 10, 2005, or a description of how those volumes will be derived. The Board will take these submissions into account in determining the need for an amendment to Decision 2005-037 and 2005-039. [Bold added]

The Board's intention in that letter was to focus on the specific concern that ATCO had set out; that is whether there was an agreement by the CPC in the Benchmarking Collaborative Process to use only utility volumes for the IT Benchmarking.

⁶ Order U2005-376, page 7

In its June 9, 2005 letter filed pursuant to the Board’s direction, ATCO indicated the following specific sections of Decisions [2005-037](#) and [2005-039](#) that in its view required amendment:

Reference	Section Requiring Amendment Decision 2005-037	Proposed Amendment
Page 25	“The Board expects ATCO, in the joint benchmarking filing, to file for each month of 2003 and 2004 all actual IT volumes individually for AG and AE, and in aggregate for other ATCO affiliates given its impact on overall IT pricing.”	Replace “other ATCO affiliates” with “ATCO utilities”

Reference	Section Requiring Amendment Decision 2005-039	Proposed Amendment
Page 35	“The Board expects ATCO, in the joint benchmarking filing, to file for each month of 2003 and 2004 all actual IT volumes individually for AG and AE, and in aggregate for other ATCO affiliates given its impact on overall IT pricing.”	Replace “other ATCO affiliates” with “ATCO utilities”

However, ATCO also made a number of comments that went well beyond the Board’s focused question. ATCO’s comments raised questions such as:

- What exactly the mandate of the Collaborative Process Committee was?
- Whether the Board could in fact make any decisions on benchmarking in Decisions 2005-037 and 2005-039?

Similarly, the non-utility member of CPC, the Consumer Group⁷ (CG) in its July 3, 2005 submission also went well beyond the Board’s focused question.

After reviewing the record, the Board has determined that considerable further process would be required to determine all of the questions raised in the parties’ submissions. Further, the Board considers that an adjudicated setting may not be the most appropriate forum to deal with many of the concerns raised. The Board would prefer to leave most of the matters to be resolved by the Collaborative Process Committee.

Therefore, the Board will not broaden the process beyond the question raised in its June 3, 2005 letter which was based on ATCO’s May 26, 2005 request for clarification. Accordingly this Decision will only consider whether there was an agreement by the CPC in the Benchmarking Collaborative Process to use only utility volumes for the IT Benchmarking and if so, what the proper amendments to Decision [2005-039](#) to reflect that agreement are.

⁷ Customer Group members are: The City of Calgary, FIRM, Industrial Power Consumers Association of Alberta, City of Edmonton, First Nations

3 BOARD DISCUSSION OF ISSUE

In its submission the CG indicated that “The CG recognizes that the Terms of Reference for IT only requires volumes for ATCO Utilities.”⁸

While the CG qualified this recognition, the Board considers that this recognition indicates that there was, as ATCO indicated, agreement by the CPC in the Benchmarking Collaborative Process to use only utility volumes for the IT Benchmarking.

The Board also agrees with AG that the proposed amendment it presented is appropriate to deal with this issue.

Accordingly, the Board amends Decision [2005-039](#) to reflect the Board’s findings in this Decision, as indicated in boldface. Specifically the following Direction on page 35 of Decision 2005-039:

The Board expects ATCO, in the joint benchmarking filing, to file for each month of 2003 and 2004 all actual IT volumes individually for AG and AE, and in aggregate for other ATCO affiliates given its impact on overall IT pricing.

is replaced with:

The Board expects ATCO, in the joint benchmarking filing, to file for each month of 2003 and 2004 all actual IT volumes individually for AG and AE, and in aggregate for other ATCO **utilities** given its impact on overall IT pricing.

Dated in Calgary, Alberta on March 1, 2006.

ALBERTA ENERGY AND UTILITIES BOARD

(original signed by)

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

(original signed by)

J. I. Douglas, FCA
Member

(original signed by)

Gordon J. Miller
Member

⁸ Paragraph 18, CG letter dated July 4, 2005