



ATCO Gas

2003-2004 General Rate Application Phase II
Rates as Final Compliance Filing

July 26, 2006

ALBERTA ENERGY AND UTILITIES BOARD

Decision 2006-078: ATCO Gas
2003-2004 General Rate Application Phase II
Rates as Final Compliance Filing
Application No. 1470234

July 26, 2006

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ALBERTA ENERGY AND UTILITIES BOARD

Calgary Alberta

**ATCO GAS
2003-2004 GENERAL RATE APPLICATION
PHASE II
RATES AS FINAL COMPLIANCE FILING**

**Decision 2006-078
Application No. 1470234**

1 INTRODUCTION

The Alberta Energy and Utilities Board (Board) received a compliance application (Application) from ATCO Gas on July 14, 2006 for the approval of interim rates and rate riders as directed in Decision 2006-062.

The interim rates in the Application were proposed to be effective commencing August 1, 2006.

The rate riders were proposed to be effective from August 1, 2006 until December 31, 2006, and are intended to adjust the interim rates in place for the period January 1, 2005 through July 31, 2006.

In the Application ATCO Gas noted that it would require a decision from the Board by July 26, 2006 in order to implement the new interim rates and riders effective from August 1, 2006, as ordered by the Board in Decision 2006-062.

The Board established a process for interested parties to provide comments by July 19, 2006 and for ATCO Gas to respond by July 21, 2006.

On July 18, 2006 ATCO Gas filed an update to its Application to correct an error. The Board subsequently extended the deadline for interested parties to file comments until July 20, 2006 and for ATCO Gas to maintain the prior response schedule of July 21, 2006.

Comments were received from The City of Calgary (Calgary), Alberta Urban Municipalities of Alberta and the City of Edmonton (AUMA/Edmonton), Alberta Irrigation Projects Association (AIPA) and the Consumers' Coalition of Alberta (CCA).

The Board considers that the record for this portion of the Application closed on July 21, 2006, with the receipt of comments from ATCO Gas.

2 BACKGROUND

In Decision 2006-062¹ the Board issued the following order:

IT IS HEREBY ORDERED THAT:

- (1) The interim rates that were in place for 2003 and 2004 for ATCO Gas, attached in Appendix 1, are hereby approved as final for both the North and the South.
- (2) ATCO Gas prepare and file by July 14, 2006, both North and South submissions, for interim rate adjustments to be effective August 1, 2006, to bring the interim rates to the 95/105% thresholds associated with the Decision 2000-16 methodology while ensuring that no rate group experiences a rate increase in excess of 10% of the rates currently in place.
- (3) ATCO Gas prepare and file by July 14, 2006, both North and South submissions, for rate riders to be effective from August 1, 2006 until December 31, 2006. These rate riders shall recover an amount in respect of a rate adjustment to interim rates for the January 1, 2005 through July 31, 2006 time period which will have the effect of bringing the interim rates for such period to the 95/105% thresholds associated with the Decision 2000-16 methodology subject to the limitation that no rate group experiences a rate increase over interim rates in excess of 10% of the rates currently in place for the January 1, 2005 to July 31, 2006 time period.

This Application deals with Order 2 and Order 3.

3 ISSUES

The Board will review the proposed interim rates and rate riders in the following sections.

3.1 Interim Rates

The Board will address the North and South separately.

3.1.1 South

Consistent with Table 6 and Table 10 of Decision 2006-062, ATCO Gas summarized the adjusted revenue required to meet the 95/105% thresholds as shown in Table 1.

Table 1. ATCO Gas South Adjusted 95/105% Revenue

Rate	COSS (\$*000)	2004 Revenue (\$*1000)	Revenue to Cost Ratio	Adjusted Revenue to Cost Ratio	Adjusted Revenue (\$*1000)
1	164,838	163,562	99.2%	99.5%	164,011
3	11,099	11,757	105.9%	105.0%	11,654
5	962	908	94.4%	95.0%	914
13	<u>6,409</u>	<u>7,081</u>	110.5%	105.0%	<u>6,729</u>
	183,308	183,308			183,308

¹ ATCO Gas General Rate Application Phase II Part 1 – 2003-2004 Final Rates issued June 27, 2006

ATCO Gas utilized the adjusted revenue from Table 1, in conjunction with the Decision 2000-016 COSS methodology² to design proposed new interim rates that would be effective August 1, 2006. The proposed rates are shown in Table 2.

Table 2. ATCO Gas South Proposed New Interim Rates Effective August 1, 2006

Rate	Fixed (\$/month)	Variable (\$/GJ)	Demand (\$/month/GJ of 24 hr demand)
1	13.72	1.152	
3	132.00	0.168	6.068
13	220.00	0.168	5.657
5	36.50	0.775	

ATCO Gas noted that an adjustment to Rider J, which was approved in Decision 2006-064³ would be required in association with the proposed new interim rates as the new interim rates, in conjunction with the previously approved 20.52% rider, would otherwise result in an over-collection of the approved 2006 revenue requirement. Therefore, ATCO Gas proposed that, in addition to implementing the proposed rates, Rider J should be concurrently decreased from 20.52% to 17.77% effective August 1, 2006.

ATCO Gas indicated that South Rate 1 customers would see a 1% increase⁴ with Rate 5 seeing a very minor change.

AIPA expressed a concern with the Rate 5⁵ rate structure and proposed an alternative. Instead of the ATCO Gas proposal of \$36.50/month and \$0.775/GJ, AIPA considered that \$18.85/month and \$0.962/GJ would collect equivalent revenue, but would be more consistent with the methodology established in Decision 2000-16, which AIPA noted as follows:⁶

CWNG set the fixed charge for Rate 5 to recover approximately 40% of the customer costs allocated in the COS study. CWNG observed that the circumstances resulting from the increase in costs allocated to Rate 5, together with the proposed increase in rate level, should allow the Board to approve the proposed rate although it was outside the normal 95% - 105% tolerance guidelines. In reaching this conclusion, CWNG noted that the rate continues to be administered as a summer use only rate with no costs related to coincident demands being allocated to that rate. Furthermore, because many customers under Rate 5 are only customers during the summer period, use of a twelve month average customer count gives an artificially low allocator for the COS study. As a result, CWNG believed that the practice used to allocate costs in the 1993 COS study and previous COS studies was inappropriate.

² With some exceptions as subsequently noted by AIPA

³ ATCO Gas 2005-2007 General Rate Application Compliance Filing to Decision 2006-004 Part A - Interim Rates ATCO Gas South issued June 27, 2006 approved a surcharge to fixed, variable and demand charges for ATCO Gas South as 20.52% from July 1, 2006 to December 31, 2006

⁴ A South residential customer consuming 130 GJ annually would see an increase of \$3.61 on an annual basis

⁵ Rate 5 is the irrigation rate with gas supply provided by the Default Supply Provider and Rate 18 is the irrigation rate with the gas supply provided by a competitive retailer.

⁶ Decision 2000-16 Canadian Western Natural Gas 1998 GRA Phase II , page 74

AIPA calculated the monthly fixed charge amount of \$18.85/month based upon 40% of the 2004 COSS fixed amount of \$47.12 as provided on page 4 of the Application.

The Board notes that when ATCO Gas determined the Rate 1 rates, it applied the Decision 2000-16 methodology for Rate 1 to determine the fixed cost on the basis of 110% of the direct costs. ATCO Gas then applied this same methodology to Rate 5. In response to the AIPA comments, ATCO Gas submitted that implementation of the AIPA proposal would result in a cross-subsidization from larger irrigation customers to smaller customers. ATCO Gas also considered that the rates it proposed would align more closely with the rate design it anticipates will evolve for irrigation customers in the future.

The Board considers that by adjusting the relationship between the fixed and variable charges, ATCO Gas has proposed a change in rate design methodology that has not been tested at this time. Should ATCO Gas wish to pursue this change subsequently, it can bring it forward in the future.

The Board concurs with AIPA that it would be more appropriate for ATCO Gas to continue with the Decision 2000-016 methodology as described by AIPA at this time rather than modifying it similar to Rate 1. Therefore, the Board approves the adjusted Rate 5 and Rate 18 rates of \$18.85/month and \$0.962/GJ and has made those adjustments in the ATCO Gas South Rate Schedules attached in Appendix 1.

The Board notes that this adjustment creates an impact on the Rider K calculation due to changes in the 2005 and 2006 billing determinants, and has addressed that perspective in Section 3.2.1.

The Board approves the interim rates for ATCO Gas South as attached in Appendix 1, effective August 1, 2006.

3.1.2 North

Consistent with Table 5 and Table 9 of Decision 2006-062, ATCO Gas summarized the adjusted revenue required to meet the 95/105% thresholds as shown in Table 3.

Table 3. ATCO Gas North Adjusted 95/105% Revenue

Rate	COSS (\$*000)	2004 Revenue (\$*1000)	Revenue to Cost Ratio	Adjusted Revenue to Cost Ratio	Adjusted Revenue (\$*1000)
1	169,045	165,824	98.1%	99.7%	168,583
3	11,624	14,320	123.2%	105.0%	12,230
13	<u>2,972</u>	<u>3,796</u>	127.7%	105.0%	<u>3,127</u>
	183,641	183,940			183,940

ATCO Gas utilized the adjusted revenue from Table 3, in conjunction with the Decision 2000-016 COSS methodology to design proposed new interim rates that would be effective August 1, 2006. The proposed rates are shown in Table 4.

Table 4. ATCO Gas North Proposed New Interim Rates Effective August 1, 2006

Rate	Fixed (\$/month)	Variable (\$/GJ)	Demand (\$/month/GJ of 24 hr demand)
1	14.37	1.020	
3	154.50	0.024	6.45
13	173.00	0.024	6.030

ATCO Gas noted that an adjustment to Rider G, which was approved in Decision 2005-099⁷ would be required in association with the proposed new interim rates as the new interim rates, in conjunction with the previously approved 9.96% rider, would otherwise result in an under-collection of the approved 2006 revenue requirement. Therefore, ATCO Gas proposed that, in addition to implementing the proposed rates, Rider G should be concurrently increased from 9.96% to 12.24% effective August 1, 2006.

ATCO Gas indicated that North Rate 1 customers would see a 4.2% increase.⁸

The Board approves the interim rates for ATCO Gas North as attached in Appendix 2, effective August 1, 2006.

3.2 Rate Riders

The Board will address the North and South separately.

3.2.1 South

ATCO Gas applied the new interim rates that were developed in Section 3.1 to the billing determinants for the period January 1, 2005 to July 31, 2006 and determined the rider adjustments required for each rate for collection or refund. The results are shown in Table 5.

Table 5. Determination of Rider Recovery Amounts for ATCO Gas South

Rate	Revenue Existing Rates (\$*1000)			Revenue Adjusted New Interim Rates (\$*1000)			Charge/(Refund)
	2005	2006	Total	2005	2006	Total	
1	164,918	100,590	265,508	165,869	101,363	267,232	1,724
3	8,691	4,614	13,305	8,570	4,516	13,086	(219)
13	9,915	6,810	16,725	9,075	6,162	15,237	(1,488)
5	751	454	1,205	761	427	1,188	(17)
	184,275	112,468	296,743	184,275	112,468	296,743	0

With respect to the modification to Rates 5 and 18 discussed in Section 3.1.1, the Board has updated Table 5 as indicated in Table 6 below.

⁷ ATCO Gas 2005-2007 General Rate Application Interim Rate Application issued August 29, 2005 included Rider G of 9.96% applied to all rates effective September 1, 2005

⁸ A North residential customer consuming 130 GJ annually would see an increase of \$13.75 on an annual basis

Table 6. Determination of Rider Recovery Amounts for ATCO Gas South as Updated by the Board for Rate 5 and Rate 18 Modifications

Rate	Revenue Existing Rates (\$*1000)			Revenue Adjusted New Interim Rates (\$*1000)			Charge/(Refund)
	2005	2006	Total	2005	2006	Total	
1	164,918	100,590	265,508	165,891	101,383	267,274	1,766
3	8,691	4,614	13,305	8,571	4,517	13,088	(217)
13	9,915	6,810	16,725	9,076	6,163	15,239	(1,486)
5	751	454	1,205	737	405	1,142	(63)
	184,275	112,468	296,743	184,275	112,468	296,743	0

In association with the charge(refund) shown for each rate in Table 5, ATCO Gas determined the amounts required to deal with the shortfall or over-recovery during the period of time from August 1, 2006 to December 31, 2006 as shown in Table 7.

Table 7. ATCO Gas South Rider K Determination

Rate	Revenue on New Interim Rates Aug-Dec 2006 (\$*1000)	Shortfall (Over-recovery) (\$*1000)	Rider K
1	71,484	1,724	2.41%
3	2,926	(219)	-7.48%
13	4,848	(1,488)	-30.69%
5	351	(17)	-4.84%

With respect to the modification to Rates 5 and 18 discussed in Section 3.1.1, the Board has updated Table 7 as indicated in Table 8 below.

Table 8. ATCO Gas South Rider K Determination as Updated by the Board for Rate 5 and Rate 18 Modifications

Rate	Revenue on New Interim Rates Aug-Dec 2006 (\$*1000)	Shortfall (Over-recovery) (\$*1000)	Rider K
1	71,484	1,766	2.47%
3	2,926	(217)	-7.42%
13	4,848	(1,486)	-30.65%
5	348	(63)	-18.10%

ATCO Gas noted that there have been a number of transfers of customers from Rate 3 to Rate 13 since 2004 and recommended that it would be more equitable if the determination of the rider were based on a combined Rate 3/13 basis. ATCO Gas indicated that this would result in a combined Rider K of -21.96% for Rate 3/13, which ATCO Gas included in the proposed rate schedules. The Board notes that with the changes associated with Rate 5 and Rate 18 the revised combined rate would be -21.91% for Rate 3/13.

AUMA/EDM considered that ATCO Gas had incorrectly administered the Board's directions in Decision 2006-062 and did not consider the cumulative percentage impacts of the combination of the interim rate adjustments plus the rate rider adjustments.

The CCA generally objected to the method used by ATCO in its determination of the proposed rates. The CCA considered it was not appropriate to establish interim rates adjustments without

first going through a rate design phase. The CCA submitted that the interim rates should be established using an across the board method. ATCO Gas disagreed with the CCA view and considered that the CCA position was essentially reflecting disagreement with the orders established by the Board in Decision 2006-062.

The Board concurs with ATCO Gas that Decision 2006-062 established a mechanism to directionally adjust interim rates for the period after 2004 using the Decision 2000-16 methodology. As noted in Decision 2006-062, the Board would normally have made such a rate adjustment late in 2004 or early in 2005 in conjunction with a 2003-2004 Phase II application, however, an application was not received within that time frame. The Board also anticipates that a further assessment to finalize the 2005-2007 rates will be undertaken during the 2005-2007 GRA Phase II process, and notes that ATCO Gas has contemplated that final rates would be established on January 1, 2007 during the final year of the GRA test period.

In addition, the CCA and Calgary expressed similar concerns as those expressed by AUMA/EDM and argued that the net effect of all the changes to rates and riders must be taken into account when a limit of 10% is placed on rate increases. The CCA expressed concern with the magnitude of the proposed Rate 1 fixed charge and submitted the rate decreases for Rate 3 and 13 should “be examined against the Board’s 10% standard.”

Calgary also submitted that symmetry would require that decreases be similarly limited either on a stand alone or cumulative basis.

The Board notes that differing interpretations have arisen as to whether the Board intended that the 10% rate increase threshold referenced in Decision 2006-062 was for each of the interim rate increases and the rate riders or the aggregate combination. The Board’s intention was that it would be an aggregate combination. The aggregate Rate 1 increase for the South would be the sum of 1% for the interim rate increase plus 2.47% for Rider K which equals 3.47%. The Board notes that this increase is well within the 10% threshold.

With respect to Calgary’s comment regarding symmetry, the Board concurs with ATCO Gas that the Rate 3 and 13 customers are sophisticated commercial/industrial customers that will understand they are receiving a short term refund and notes that Decision 2006-062 did not include provisions to limit rate decreases to 10%.

The Board approves the Rider K rate riders for ATCO Gas South as updated by the Board effective from August 1, 2006 to December 31, 2006 as attached in Appendix 1.

3.2.2 North

ATCO Gas applied the new interim rates that were developed in Section 3.1 to the billing determinants for the period January 1, 2005 to July 31, 2006 and determined the rider adjustments required for each rate for collection or refund. The results are shown in Table 7.

Table 9. Determination of Rider Recovery Amounts for ATCO Gas North

Rate	Revenue Existing Rates (\$*1000)			Revenue Adjusted New Interim Rates (\$*1000)			Charge/(Refund)	%
	2005	2006	Total	2005	2006	Total		
1	179,492	113,071	292,563	182,912	115,196	298,108	5,545	1.9%
3	12,317	6,896	19,213	10,226	5,769	15,995	(3,218)	(16.7%)
13	6,967	5,268	12,235	5,639	4,270	9,909	(2,326)	(19.0%)
	198,776	125,235	324,011	198,776	125,235	324,011	0	

In association with the charge(refund) shown for each rate in Table 7, ATCO Gas determined the amounts required to collect the shortfall or over-recovery during the period of time from August 1, 2006 to December 31, 2006 as shown in Table 8.

Table 10. ATCO Gas North Rider H Determination

Rate	Revenue on New Interim Rates Aug-Dec 2006 (\$*1000)	Shortfall (Over-recovery) (\$*1000)	Rider H
1	73,583	5,545	7.54%
3	3,078	(3,218)	-101.55%
13	3,041	(2,326)	-76.49%

ATCO Gas noted that there have been a number of transfers of customers from Rate 3 to Rate 13 since 2004 and recommended that it would be more equitable if the determination of the rider were based on a combined Rate 3/13 basis. ATCO Gas indicated that this would result in a combined Rider H of -90.60% for Rate 3/13, which ATCO Gas included in the proposed rate schedules.

AUMA/EDM considered that ATCO Gas had incorrectly administered the Board's directions in Decision 2006-062 and did not consider the cumulative percentage impacts of the combination of the interim rate adjustments plus the rate rider adjustments.

The CCA generally objected to the method used by ATCO in its determination of the proposed rates. The CCA considered it was not appropriate to establish interim rates adjustments without first going through a rate design phase. The CCA submitted that the interim rates should be established using an across the board method. ATCO Gas disagreed with the CCA view and considered that the CCA position was essentially reflecting disagreement with the orders established by the Board in Decision 2006-062.

The Board concurs with ATCO Gas that Decision 2006-062 established a mechanism to directionally adjust interim rates for the period after 2004 using the Decision 2000-16 methodology. As noted in Decision 2006-062, the Board would normally have made such a rate true-up late in 2004 or early in 2005 in conjunction with a 2003-2004 Phase II application, however, an application was not received within that time frame. The Board also anticipates that a further assessment to finalize the 2005-2007 rates will be undertaken during the 2005-2007 GRA Phase II process, and notes that ATCO Gas has contemplated that final rates would be established on January 1, 2007 during the final year of the GRA test period.

In addition, the CCA and Calgary expressed similar concerns as those expressed by AUMA/EDM and argued that the net effect of all the changes to rates and riders must be taken into account when a limit of 10% is placed on rate increases.

In reply, ATCO Gas indicated:⁹

If the Board agrees with the AUMA/EDM in their interpretation, ATCO Gas believes that the difference over 10% for Rate 1 in the North is only 1.74% and that it would not be significant enough to redesign Rider H to extend the recover period into 2007. For a 130 GJ customer, the 1.74% represents \$2.30 recovered over that 5 month period or 46 cents a month.

The CCA expressed concern with the magnitude of the proposed Rate 1 fixed charge and submitted the rate decreases for Rate 3 and 13 should “be examined against the Board’s 10% standard.”

Calgary also submitted that symmetry would require that decreases be similarly limited either on a stand alone or cumulative basis.

The Board notes that differing interpretations have arisen as to whether the Board intended that the 10% rate increase threshold referenced in Decision 2006-062 was for each of the interim rate increases and the rate riders or the aggregate combination. The Board’s intention was that it would be an aggregate combination. The aggregate Rate 1 increase for the North would be the sum of 4.2% for the interim rate increase plus 7.54% for Rider H which equals 11.74%. The Board notes that this exceeds somewhat the target threshold of 10% as established in Decision 2006-062.

The Board considers that it must now weigh the potential benefits associated with restricting the North increase to an aggregate of 10% at this time versus proceeding with the 11.74% increase proposed in the Application.

The Board notes that the total amount required to be collected through a rider to effect a rate adjustment to interim rates collected between January 1, 2005 through July 31, 2006 to bring such rates within the 95/105% thresholds associated with the Decision 2000-16 methodology could be collected over the August – December 2006 timeframe but would result in an aggregate rate increase for that period of 11.74%. The rate increase could be held to 10% by either not collecting the complete amount flowing from the adjustment or by extending the rider beyond the 5 month period. ATCO Gas considered that the materiality associated with restricting the increase to 10% and extending the rider beyond the 5 month period would be minimal with a reduction for a Rate 1 customer consuming 130 GJ/year being a reduction of \$2.30 over a five month period or \$0.46/month. Any rate adjustment, however, would require further rate recalculations, additional filings and would delay the proposed August 1, 2006 implementation period.

Given the above circumstances, the Board concurs with ATCO Gas that the materiality of making further adjustments for the North does not warrant a further regulatory process associated with ATCO Gas recalculating rates. The Board is also reminded that the 10% limit is merely an arbitrary level designed to restrict undue rate shock. The increase of 11.74%, while slightly in excess of the 10% target, is certainly consistent with the spirit of reasonably limiting

⁹ ATCO Gas reply of July 21, 2006

the rate increase. With these practical considerations in mind, the Board does not consider that any further process is warranted and is prepared to accept the rate schedules as filed.

With respect to Calgary's comment regarding symmetry, the Board concurs with ATCO Gas that the Rate 3 and 13 customers are sophisticated commercial/industrial customers who will understand they are receiving a short term refund and notes that Decision 2006-062 did not include provisions to limit rate decreases to 10%.

The Board approves the Rider H rate riders for ATCO Gas North effective from August 1, 2006 to December 31, 2006 as attached in Appendix 2.

4 ORDER

IT IS HEREBY ORDERED THAT:

- (1) ATCO Gas implement the rate schedules attached as Appendix 1 for ATCO Gas South on an interim basis effective August 1, 2006.
- (2) ATCO Gas implement the rate schedules attached as Appendix 2 for ATCO Gas North on an interim basis effective August 1, 2006.
- (3) ATCO Gas implement Rider K for ATCO Gas South effective from August 1, 2006 to December 31, 2006 as attached in Appendix 1.
- (4) ATCO Gas implement Rider H for ATCO Gas North effective from August 1, 2006 to December 31, 2006 as attached in Appendix 2.

Dated in Calgary, Alberta on July 26, 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

**APPENDIX 1 – ATCO GAS SOUTH INTERIM RATES EFFECTIVE AUGUST 1, 2006
AS ADJUSTED BY THE BOARD**



Appendix 1.doc

(consists of 26 pages)

APPENDIX 2 – ATCO GAS NORTH INTERIM RATES EFFECTIVE AUGUST 1, 2006



ATCO Gas North
Rate Sch Aug 01 06 F

(consists of 24 pages)

ATCO GAS AND PIPELINES LTD.
ATCO GAS SOUTH
RATE SCHEDULES
August 1, 2006

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

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Effective August 1, 2006

Effective By Decision 2004-004
On Consumption May 4, 2004
This Replaces General Conditions
Previously Effective March 28, 2004
General Conditions Page 1 of 2

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 sales 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 or at the Point of Receipt.

4. **Annual Contract:**

The words "annual contract" as they appear on the Rate Schedules, shall mean a twelve month period commencing on the first day of the first month of the contract.

5. **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.

6. **Late Payment Charge:**

When accounts are not paid in full on or before the due date, the amount relating to the current month's charge unpaid by the due date shall be increased by 5% and the increased amount shall become due and payable.

7. **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.

8. **Notification of Service Transfer:**

(a) **Rate1/11:**
As per the Terms and Conditions for Distribution Access Service.

(b) **All Other Rates:**
Customers transferring from Sales Service to Transportation Service or Buy/Sell Service must provide written notice a minimum of 15 working days prior to the upcoming month.

Customers transferring from Transportation Service or Buy/Sell Service to Sales Service must provide written notice a minimum of 15 working days prior to the upcoming month.

Effective August 1, 2006

General Conditions Page 2 of 2

9. Administrative Fees:

An administrative fee of \$5 per customer account is applicable for each enrollment to Rate 11 Retailer Delivery Service.

10. Determination of Points of Receipt and Delivery for Transportation Service:

The Company shall determine specific Point of Receipt and specific Point of Delivery locations and the contract quantities to be accepted and delivered at each point by consultation and agreement with the Customer.

11. Default Service Provider (DSP):

“DSP” as they appear on the Rate Schedules, shall mean Default Service Provider. Effective May 4, 2004 the DSP for the ATCO Gas South service area will be Direct Energy Regulated Services.

12. DSP Rider F:

The words “DSP Rider “F” ” as they appear on the Rate Schedules, shall mean the Direct Energy Regulated Services Gas Cost Flow-Through Rate for ATCO Gas South.

13. Transition of Customers to DSP Delivery Service:

The transition of customers to DSP Delivery Service will occur starting on May 4, 2004 on a cycle by cycle basis. The effective date for the rates shown on these rate schedules will be the date of transition to the DSP.

Effective August 1, 2006

Effective By Order U2006-127
On Consumption June 21, 2006
This Replaces Rider "A"
Previously Effective March 24, 2006

**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	7.50	C	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	5.26	C
Barnwell	13.00	A	Cremona	23.00	A	Okotoks	5.25	C
Barons	14.97	A	Crossfield	11.23	A	Olds	6.00	C
Bassano	20.00	A	Crowsnest Pass	5.26	C	Penhold	5.26	C
Beiseker	11.18	A	Delburne	5.26	C	Picture Butte	5.26	C
Big Valley	5.26	C	Didsbury	5.26	C	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	5.26	C	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	5.26	C	Hill Spring	21.52	A	Trochu	14.20	A
Carmangay	15.97	A	Hussar	13.74	A	Turner Valley	10.00	A
Carstairs	5.26	C	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 August 1, 2006

Effective By Order U2006-127
On Consumption March 21, 2006
This Replaces Rider "B"
Previously Effective November 4, 2005

**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

Effective August 1, 2006

Effective by Decision 2005-115
On Transportation November 1, 2005
This Replaces Rider "D"
Previously Effective January 1, 2005

**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 Retailer Delivery Service Customers delivering gas off the ATCO Gas South distribution system will be assessed a distribution UFG charge of 0.768% at the Point of Delivery. The UFG assessment will be made up "In-Kind" from each Customer Account.

Effective August 1, 2006

Effective By Decision 2004-004
On Consumption May 4, 2004
This Replaces Rider "E"
Previously Effective September 1 2000

**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 Recovery specified on the DSP Rider "F".

Effective August 1, 2006

Effective By Order U2002-135
On Consumption on and after July 1, 2006

**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 sold or delivered to all customers unless otherwise specified by specific contracts or the Board.

Company Owned Production Rate Rider (COPRR):

For the period July 1, 2006 to July 31, 2006

\$0.058 per GJ Credit

The difference between gas market prices and gas royalty costs is subject to reconciliation by the Alberta Energy and Utilities Board.

Effective August 1, 2006

Effective By Order U2002-135
On Consumption on and after July 1, 2006

**ATCO GAS AND PIPELINES LTD. - SOUTH
RIDER "H" TO ALL RATES EXCEPT FOR RATE 5 AND 18
FOR CREDITING OR DEBITING CARBON STORAGE RELATED BENEFITS/COSTS**

To be applied to the energy sold or delivered to all customers (except Rate 5 and 18) unless otherwise specified by specific contracts or the Board.

Company Owned Storage Rate Rider (COSRR):

For the period July 1, 2006 to July 31, 2006

\$0.431 per GJ Credit

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

The Carbon Storage related benefits and costs are subject to reconciliation by the Alberta Energy and Utilities Board.

Effective August 1, 2006

Effective By Order U2002-135
On Consumption on and after July 1, 2006

**ATCO GAS AND PIPELINES LTD. - SOUTH
RIDER "I" TO RATE 5 AND RATE 18
FOR CREDITING CARBON STORAGE RELATED BENEFITS/ COSTS**

To be applied to the energy sold or delivered to Rate 5 and Rate 18 customers unless otherwise specified by specific contracts or the Board.

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

The Carbon Storage related benefits and costs are subject to reconciliation by the Alberta Energy and Utilities Board.

Effective August 1, 2006

Effective By
On Consumption August 1, 2006
This Replaces Rider "J"
Previously Effective July 1, 2006

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

Applicable to the fixed, variable and demand charges in ATCO Gas South Delivery Service Rates 1, 11, 3, 13, 13B, 5 and 18. Effective on all consumption from August 1, 2006 to December 31, 2006.

Surcharge to Fixed Charge, Variable Charge and Demand Charge 17.77%

Effective August 1, 2006

Effective By
On Consumption August 1, 2006

**ATCO GAS AND PIPELINES LTD. - SOUTH
RIDER "K" SURCHARGE TO DELIVERY SERVICE RATES**

Applicable to the fixed, variable and demand charges in ATCO Gas South Delivery Service Rates 1, 11, 3, 13, 13B, 5 and 18. Effective on all consumption from August 1, 2006 to December 31, 2006.

Surcharge to Fixed and Variable Charge - Delivery Service Rates 1 and 11	2.47%
Surcharge to Fixed and Variable Charge - Delivery Service Rates 5 and 18	-18.10%
Surcharge to Fixed Variable and Demand Charge - Delivery Service Rates 3, 13 and 13B	-21.91%

Effective August 1, 2006

Effective By
On Consumption August 1, 2006
This Replaces Rate 1
Previously Effective July 1, 2006

**ATCO GAS AND PIPELINES LTD. – SOUTH
RATE NO. 1 – DSP DELIVERY SERVICE**

Available to all customers using less than 8,000 GJ per year except those customers who do not purchase their total natural gas requirements from the DSP or who utilize the Company's facilities only for standby, peaking or emergency service.

CHARGES:

Fixed Charge:	\$0.451 per Day
Variable Charge:	\$1.152 per GJ
COPRR:	Rider "G"
COSRR:	Rider "H"
Delivery Rate Surcharge:	Rider "J"
Delivery Rate Surcharge:	Rider "K"

Effective August 1, 2006

Effective By
On Consumption August 1, 2006
This Replaces Rate 3
Previously Effective July 1, 2006

**ATCO GAS AND PIPELINES LTD. - SOUTH
RATE NO. 3 DSP DELIVERY SERVICE - LARGE USE**

Available to all customers using 8,000 GJ or more per year on an annual contract except those customers who do not purchase their total natural gas requirements from the DSP or who utilize the Company's facilities only for standby, peaking or emergency service.

CHARGES:

Fixed Charge:	\$4.340 per Day
Demand Charge:	\$0.199 per Day per GJ of 24 Hr. Billing Demand
Variable Charge:	\$0.168 per GJ
COPRR:	Rider "G"
COSRR:	Rider "H"
Delivery Rate Surcharge:	Rider "J"
Delivery Rate Surcharge:	Rider "K"

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 August 1, 2006

Effective By
On Consumption August 1, 2006
This Replaces Rate 5
Previously Effective July 1, 2006

**ATCO GAS AND PIPELINES LTD. - SOUTH
RATE NO. 5 – DSP DELIVERY SERVICE - IRRIGATION PUMPING**

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

CHARGES:

Fixed Charge:	\$0.620 per Day
Variable Charge:	\$0.962 per GJ
COPRR:	Rider "G"
COSRR:	Rider "I"
Delivery Rate Surcharge:	Rider "J"
Delivery Rate Surcharge:	Rider "K"

Effective August 1, 2006

Effective By Order U2005-371
On Consumption January 1, 2006
This Replaces Rate 7
Previously Effective August 1, 2005

**ATCO GAS AND PIPELINES LTD. - SOUTH
RATE NO. 7 - STANDBY, PEAKING AND EMERGENCY DELIVERY SERVICE**

A. STANDBY AND PEAKING SERVICE

Available to all customers on an annual contract.

CHARGES:

Fixed Charge: Fixed Charge of Rate No. 3

Demand Charge: Demand Charge of Rate No. 3

Variable Charge:

Winter Period 1.3 times the Variable Charge of Rate No. 3 and Riders "G" and "H"
Summer Period Variable Charge of Rate No. 3 and Riders "G" and "H"

Minimum Monthly Charge: Fixed Charge and Demand Charge

DETERMINATION OF BILLING DEMAND:

The Billing Demand shall be the greater of the greatest amount of gas in GJ delivered in any consecutive 24-hour period during the current Billing Demand Period provided that the greatest amount of gas delivered in any consecutive 24 hours in the summer period shall be divided by 2, or the Nominated Demand.

NOMINATED DEMAND:

All customers must nominate in writing twelve months in advance of each contract year the maximum consumption required for any 24-hour period in that contract year (the "Nominated Demand"). For the first contract year, the Company may accept a nomination less than twelve months in advance of the contract year. The Company reserves the right to restrict the amount of gas in GJ delivered in any one hour to **5%** of the Nominated Demand.

B. EMERGENCY SERVICE (Available only to Retailer Delivery Service)

(i) **Authorized Sales**
Fixed Charge: \$15.00 per Day

Variable Charge: Variable Charge of Rate No. 1.

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".

(ii) **Unauthorized Sales**
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 August 1, 2006

Effective By Decision U2005-371
On Consumption January 1, 2006
This Replaces Rate 8
Previously Effective January 1, 1994

**ATCO GAS AND PIPELINES LTD. - SOUTH
RATE NO. 8 - UNMETERED GAS LIGHT SERVICE**

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

Fixed Charge: \$0.090 per Mantle per Day

Effective August 1, 2006

Effective By Decision E93098
On Consumption January 1, 1994
This Replaces Rate 40
Previously Effective January 1, 1992

ATCO GAS AND PIPELINES LTD. - SOUTH RATE NO. 40 BUY/SELL SALES

Available on contract for the provision of firm Buy/Sell service. The exact services rendered, together with terms and conditions of the service shall be negotiated and submitted to the Alberta Energy and Utilities Board for approval in each case.

CHARGES:

Transportation Charges:

As per the applicable Rate Schedule

PLUS

The Cost of Gas Supply acquired for the Customer

PLUS

An Administrative Fee as negotiated and approved by the Board

The Administrative Fee is a charge negotiated between the Company and the Customer for the Company to arrange for and administer the gas supply contracts dedicated to the Customer. The fee will depend on the services required by the Customer including the type and number of contracts delivering Gas dedicated to the Customer.

Effective August 1, 2006

Effective By Decision E95112
On Consumption November 1, 1995
This Replaces Rate 41
Previously Effective February 1, 1995

**ATCO GAS AND PIPELINES LTD. - SOUTH
RATE NO. 41 BUY/SELL SERVICE FOR NATURAL GAS
SUPPLIED BY AN INDUSTRIAL END-USER FOR SALE TO COMPANY**

Available under an Annual Contract for Gas supplied and sold by Customer to Company provided that:

- (i) The Customer is an Industrial End-User who is provided with Gas Sales Service by Company under Rate 1 or 3.
- (ii) The Customer has executed a Core Buy/Sell Gas Purchase Contract with the Company for Buy/Sell service which is subject to the provisions of this Rate Schedule and incorporates the Company's Buy/Sell Regulations as amended from time to time and approved by the Alberta Energy and Utilities Board.
- (iii) The Gas is delivered by Customer to Company at a mutually acceptable Point of Delivery on Company's Gas Pipeline System.

ANNUAL QUANTITY:

The Annual Quantity of Gas to be delivered by Customer and purchased by Company during the Contract Year shall be the actual consumption by Customer during the 12 months ended March 31 immediately preceding the Contract Year. If such quantity will not be representative of the Contract Year, a mutually acceptable forecast will be used.

MAXIMUM DAILY QUANTITY:

The Maximum Daily Quantity that Customer shall be obligated to deliver to Company on any day shall equal the Annual Quantity divided by the product of the Load Factor and the number of days in the Contract Year. The Load Factor to be used for calculation of the Maximum Daily Quantity shall be forty percent (40%).

PRICE PAYABLE BY COMPANY:

The price payable for Gas purchased by Company from Customer shall be:

November 1 to March 31
April 1 to October 31

Rider "F"
Rider "F"

FAILURE OF SUPPLY:

In the event of a failure of Customer's supply pursuant to Clause 5.6 of Article A-V of the Buy/Sell Regulations, the applicable charge to Customer shall be 130% of the highest cost of Gas purchased by Company on the Day of the failure, less the Price Payable by Company.

Effective August 1, 2006

Effective By Decision U96062
On Consumption November 1, 1996

**ATCO GAS AND PIPELINES LTD. - SOUTH
RATE NO. 43 BUY/SELL SERVICE FOR NATURAL GAS
SUPPLIED BY A CORE END-USER FOR SALE TO COMPANY**

Available under an Annual Contract for Gas supplied and sold by Customer to Company provided that:

- (i) The Customer is a Core End-User who is provided with Gas Sales Service by Company under Rate 1 or 3 or is a Rate 5 Customer consuming less than 500,000 GJ per year.
- (ii) The Customer has executed a Core Buy/Sell Gas Purchase Agreement with the Company for Buy/Sell service which is subject to the provisions of this Rate Schedule and incorporates the Company's Core Market Buy/Sell Regulations as amended from time to time and approved by the Alberta Energy and Utilities Board.
- (iii) The Gas is delivered by Customer to Company at the Carbon Sales interconnection and/or any other TransCanada/Company interconnection designated by Company from time to time.

ANNUAL QUANTITY:

Annual Quantity of Gas to be delivered by Customer and purchased by Company during the Contract Year shall be the estimated normalized annual consumption by Customer.

MAXIMUM DAILY QUANTITY:

The Maximum Daily Quantity that Customer shall be obligated to deliver to Company on any day shall equal the Annual Quantity divided by the product of the Load Factor and the number of days in the Contract Year. The Load Factor to be used for calculation of the Maximum Daily Quantity shall be fifty three percent (53%).

PRICE PAYABLE BY COMPANY:

The monthly price payable for Gas purchased by Company from Customer shall be:

The average price of monthly intra-Alberta Gas bought and sold for the delivery Month on the TransCanada transmission system, based on agreements made during the Month immediately prior to the delivery Month, as reported by the delivery Month's Canadian Gas Price Reporter, published by Canadian Enerdata Ltd., or its successor, in the "Monthly Canadian and U.S. natural gas price summary" table, in the column containing the delivery Month, on the line "Alberta Spot Price - AECO C/N.I.T. C\$/GJ", or any words or phrases used in substitution therefore.

FAILURE OF SUPPLY:

In the event of a failure of Customer's supply pursuant to Clause 5.6 of Article A-V of the Core Buy/Sell Regulations the applicable charge to Customer shall be 130% of the highest cost of Gas purchased by Company on the Day of the failure, less the Price Payable by Company.

Effective August 1, 2006

Effective By
On Consumption August 1, 2006
This Replaces Rate 11
Previously Effective July 1, 2006

**ATCO GAS AND PIPELINES LTD. - SOUTH
RATE NO. 11 RETAILER DELIVERY SERVICE**

Available to all Customers using less than 8,000 GJ per year and purchase their natural gas requirements from a Retailer.

CHARGES:

Fixed Charge:	\$0.451 per Day
Variable Charge:	\$1.152 per GJ
COPRR:	Rider "G"
COSRR:	Rider "H"
Unaccounted For Gas:	Rider "D"
Delivery Rate Surcharge:	Rider "J"
Delivery Rate Surcharge:	Rider "K"

Effective August 1, 2006

Effective By
On Transportation August 1, 2006
This Replaces Rate 13
Previously Effective July 1, 2006
Rate 13 Page 1 of 2

ATCO GAS AND PIPELINES LTD. - SOUTH RATE NO. 13 RETAILER DELIVERY SERVICE

Available to all Customers using 8,000 GJ or more per year and purchase their natural gas requirements from a Retailer provided that:

- (i) The Customer has the exclusive contractual control of Gas flows at the Point of Delivery.
- (ii) The Customer has executed an Annual Contract with the Company which is subject to the provisions of this Rate Schedule and incorporates the Company's Natural Gas Transmission Transportation Service Regulations (Regulations) as amended from time to time and approved by the Alberta Energy and Utilities Board.

A. FIRM SERVICE CHARGES AT EACH POINT OF DELIVERY

Fixed Charge:	\$220.00 per Month
Variable Charge:	\$0.168 per GJ
Demand Charge:	\$5.657 per Month per GJ of 24 Hr. Billing Demand
COPRR:	Rider "G"
COSRR:	Rider "H"
Unaccounted For Gas:	Rider "D"
Delivery Rate Surcharge:	Rider "J"
Delivery Rate Surcharge:	Rider "K"

B. OVERRUN SERVICE

CHARGES AT POINT OF DELIVERY:

Provided Company accepts a Customer's Nomination at the Point of Delivery in excess of 110% of the Customer's Nominated Demand, the charge for the amount of gas in excess of 110% of the Nominated Demand shall be:

Variable Charge:	\$0.279 per GJ
Unaccounted For Gas:	Rider "D"

Effective August 1, 2006

Rate 13 Page 2 of 2

C. UNAUTHORIZED SERVICES

CHARGES AT POINT OF DELIVERY:

For all gas taken in excess of 110% of the Customer's Nominated Demand where Company has refused to accept a Nomination or where Company has advised the Customer to curtail service to 110% of the Nominated Demand, the charge shall be:

Charges as per: Rate 7 B (ii)

D. APPLICABLE to "A", "B" or "C"

NOMINATED DEMAND:

The Nominated Demand will be as specified in the Regulations and the Firm Service Agreement (FSA).

BILLING DEMAND:

The Billing Demand for any month equals the maximum gas flow in any 24-hour period during the month subject to a minimum amount of 90% of the Nominated Demand and a maximum amount of 110% of the Nominated Demand.

GAS IMBALANCES:

Settlement of Monthly Imbalance Quantity when Based on Daily Information:

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

Settlement of Imbalance Quantity Arising from Adjustments:

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

Effective August 1, 2006

Effective By
On Consumption August 1, 2006
This Replaces Rate 18
Previously Effective July 1, 2006

**ATCO GAS AND PIPELINES LTD. - SOUTH
RATE NO. 18 RETAILER DELIVERY SERVICE – IRRIGATION PUMPING**

Available to all Customers that purchase their natural gas requirements from a Retailer and use natural gas as a fuel for engines pumping irrigation water between April 1 and October 31.

CHARGES:

Fixed Charge:	\$0.620 per Day
Variable Charge:	\$0.962 per GJ
COPRR:	Rider "G"
COSRR:	Rider "I"
Unaccounted For Gas:	Rider "D"
Delivery Rate Surcharge:	Rider "J"
Delivery Rate Surcharge:	Rider "K"

Effective August 1, 2006

Effective By Decision 2000-61
On Consumption September 1, 2000
This Replaces Rate 50
Previously Effective January 1, 1994

**ATCO GAS AND PIPELINES LTD. - SOUTH
RATE NO. 50 BALANCING SERVICE RATE FOR
TRANSPORTATION CUSTOMERS**

Available under contract with any Transportation Rate offered by the Company provided that:

- (i) Customer has executed a transportation service agreement or contract with Company to which this Balancing Service is to apply.
- (ii) Customer contracts for Balancing Service for a minimum term of one contract year or for the term of Customer's transportation agreement if less than one year.

CHARGES:

Variable Charge Applicable at Point(s) of Delivery:

\$0.001 per GJ

For each $\pm 1\%$ increase to monthly
imbalance limit contained in
Customer's Transportation Rate or Contract

ATCO GAS AND PIPELINES LTD.

ATCO GAS NORTH

RATE SCHEDULES

August 1, 2006

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

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Effective August 1, 2006

Effective By Decision 2004-004
On Consumption May 4, 2004
This Replaces General Conditions
Previously Effective March 28, 2004
General Conditions Page 1 of 2

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 sales 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 or at the Point of Receipt.

4. **Annual Contract:**

The words "annual contract" as they appear on the Rate Schedules, shall mean a twelve month period commencing on the first day of the first month of the contract.

5. **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.

6. **Late Payment Charge:**

When accounts are not paid in full on or before the due date, the amount relating to the current month's charge unpaid by the due date shall be increased by 5% and the increased amount shall become due and payable.

7. **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.

8. **Notification of Service Transfer:**

(a) **Rate1/11:**

As per the Terms and Conditions for Distribution Access Service.

(b) **All Other Rates:**

Customers transferring from Sales Service to Transportation Service or Buy/Sell Service must provide written notice a minimum of 15 working days prior to the upcoming month.

Customers transferring from Transportation Service or Buy/Sell Service to Sales Service must provide written notice a minimum of 15 working days prior to the upcoming month.

Effective August 1, 2006

Effective By Decision 2004-004
On Consumption May 4, 2004
This Replaces General Conditions
Previously Effective March 28, 2004
General Conditions Page 2 of 2

9. Administrative Fees:

An administrative fee of \$5 per customer account is applicable for each enrollment to Rate 11 Retailer Delivery Service.

10. Determination of Points of Receipt and Delivery for Transportation Service:

The Company shall determine specific Point of Receipt and specific Point of Delivery locations and the contract quantities to be accepted and delivered at each point by consultation and agreement with the Customer.

11. Default Service Provider (DSP):

"DSP" as they appear on the Rate Schedules, shall mean Default Service Provider. Effective May 4, 2004 the DSP for the ATCO Gas North service area will be Direct Energy Regulated Services.

12. DSP Rider F:

The words "DSP Rider "F" " as they appear on the Rate Schedules, shall mean the Direct Energy Regulated Services Gas Cost Flow-Through Rate for ATCO Gas North.

13. Transition of Customers to DSP Delivery Service:

The transition of customers to DSP Delivery Service will occur starting on May 4, 2004 on a cycle by cycle basis. The effective date for the rates shown on these rate schedules will be the date of transition to the DSP.

Effective August 1, 2006

Effective By Order U2006-80
On Consumption May 12, 2006

This Replaces Rider "A" Previously Effective April 18, 2006

**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	Eglesham	5.26	C	Minburn	15.00	A
Red Deer	22.00	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	5.26	C
St. Albert	5.26	C	Gibbons	30.00	A	Ponoka	17.00	A
Wetaskiwin	8.27	C	Girouxville	20.00	A	Provost	11.00	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	5.25	C
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	5.25	C	Stony Plain	17.00	A
Bruderheim	10.00	A	Kitscoty	10.00	A	Swan Hills	8.16	A
Caroline	20.00	A	Lacombe	22.00	A	Sylvan Lake	20.00	A
Chipman	0.00	A	Lamont	35.00	A	Thorsby	11.69	A
Clive	16.17	A	Lavoy	5.25	C	Tofield	10.00	A
Clyde	9.47	A	Legal	5.26	C	Vegreville	33.00	A
Cold Lake	13.00	A	Lougheed	16.67	A	Vermilion	15.00	A
Consort	22.00	A	Mannville	20.00	A	Veteran	9.73	A
Coronation	10.05	A	Mayerthorpe	5.00	A	Viking	21.51	A
Czar	11.84	A	McLennan	24.00	A	Warburg	8.83	A
Donnelly	30.00	A	Millet	20.00	A	Whitecourt **	5.26	C
Drayton	22.00	A						
Valley***								

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

** The deemed value of natural gas is applied only to Customers using less than 300,000 GJs per year.

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

Effective August 1, 2006

Effective By Order U2006-60
On Consumption April 18, 2006
This Replaces Rider "B"
Previously Effective April 2, 2006

**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	Provost
Blackfalds	Itaska Beach
Edgerton	Viking
Bruderheim	Hardsity
Nampa	
Tofield	
Camrose	
Lamont	
Minburn	
Clive	
Lacombe	
Onoway	
Mundare	
Falher	
Girouxville	
Golden Days	
Warburg	
Ryley	
Ponoka	
Millett	
Stony Plain	

Effective August 1, 2006

Effective By Decision 2005-115
On Transportation November 1, 2005
This Replaces Rider "D"
Previously Effective January 1, 2005

**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 1.480% at the Point of Delivery. The UFG assessment will be made up "In-Kind" from each Customer Account.

Effective August 1, 2006

Effective By Order U2002-136
On Consumption April 1, 2002
This Replaces Rider "E"
Previously Effective January 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 Delivery Service Rates the "Deemed Value" is an amount equal to:

- (a) **For Rate 11:** The "Deemed Value" is an amount equal to the the DSP Rider "F"
- (b) **For Rate 13:** The "Deemed Value" is an amount equal to the DSP Rider "F"
- (c) **For Rate 13B:** The "Deemed Value" is an amount equal to the DSP Rider "F" **less** \$0.090 per GJ

Effective August 1, 2006

Effective By
On Consumption August 1, 2006
This Replaces Rider "G"
Previously Effective September 1, 2005

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

Applicable to the fixed, variable and demand charges in ATCO Gas North Delivery Service Rates 1, 11, 3, 13, and 13B. Effective on all consumption commencing August 1, 2006.

Surcharge to Fixed, Variable and Demand Charge

12.24%

Effective August 1, 2006

Effective By
On Consumption August 1, 2006

**ATCO GAS AND PIPELINES LTD. - NORTH
RIDER "H" SURCHARGE TO DELIVERY SERVICE RATES**

Applicable to the fixed, variable and demand charges in ATCO Gas North Delivery Service Rates 1, 11, 3, 13, and 13B. Effective on all consumption commencing August 1, 2006.

Surcharge to Fixed and Variable Charge - Delivery Service Rates 1 and 11	7.54%
Surcharge to Fixed, Variable and Demand Charge - Delivery Service Rates 3, 13 and 13B	-90.60%

Effective August 1, 2006

Effective By
On Consumption August 1, 2006
This Replaces Rate 1
Previously Effective January 1, 2006

**ATCO GAS AND PIPELINES LTD. - NORTH
RATE NO. 1 DSP DELIVERY SERVICE**

Available to all Customers using less than 8,000 GJ per year, except those Customers who do not purchase their total natural gas requirements from the DSP or who utilize the Company's facilities only for standby, peaking or emergency service.

CHARGES:

Fixed Charge:	\$0.472 per Day
Variable Charge:	\$1.020 per GJ
Delivery Rate Surcharge:	Rider "G"
Delivery Rate Surcharge:	Rider "H"

Effective August 1, 2006

Effective By
On Consumption August 1, 2006
This Replaces Rate 3
Previously Effective January 1, 2006

ATCO GAS AND PIPELINES LTD. - NORTH RATE NO. 3 DSP DELIVERY SERVICE - LARGE USE

Available to all Customers using 8,000 GJ or more per year on an annual contract except those Customers who do not purchase their total natural gas requirements from the DSP or who utilize the Company's facilities only for standby, peaking or emergency service.

CHARGES:

Fixed Charge: \$5.079 per Day

Demand Charge: \$0.212 per GJ per Day of 24 Hr. Billing Demand

Variable Charge: \$0.024 per GJ

Delivery Rate Surcharge: Rider "G"

Delivery Rate Surcharge: Rider "H"

BILLING DEMAND PERIOD:

The Billing Demand Period shall mean the twelve month period commencing November 1 and ending October 31.

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 Billing Demand Period 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 August 1, 2006

Effective By Order U2005-371
On Consumption January 1, 2006
This Replaces Rate 8
Previously Effective January 1, 2005

**ATCO GAS AND PIPELINES LTD. - NORTH
RATE NO. 8 STANDBY, PEAKING AND EMERGENCY DELIVERY SERVICE**

A. STANDBY AND PEAKING SERVICE

Available to all Customers on an annual contract.

Fixed Charge: Fixed Charge of Rate No. 3

Demand Charge: Demand Charge of Rate No. 3

Variable Charge:

Winter Period 1.3 times the Variable Charge of Rate No. 3 and the DSP Rider "F"
Summer Period Variable Charge of Rate No. 3 And the DSP Rider "F"

BILLING DEMAND PERIOD:

The Billing Demand Period shall mean the twelve month period commencing November 1 and ending October 31.

DETERMINATION OF BILLING DEMAND:

The Billing Demand shall be the greater of the greatest amount of gas in GJ delivered in any consecutive 24 hour billing period during the current Billing Demand Period provided that the greatest amount of gas delivered in any 24 consecutive hours in the summer period shall be divided by 2, or the Nominated Demand.

NOMINATED DEMAND:

All Customers must nominate in writing twelve months in advance of each contract year the maximum consumption required for any 24 hour period in that contract year (the "Nominated Demand"). For the first contract year, the Company may accept a nomination less than twelve months in advance of the contract year. The Company reserves the right to restrict the amount of gas in GJ delivered to the Nominated Demand and to restrict the amount of gas in GJ delivered in any one hour to 5% of the Nominated Demand.

B. EMERGENCY SERVICE (Applicable only to Retailer Delivery Service)

(i) **AUTHORIZED SALES:**

Fixed Charge: \$15.00 per Day

Variable Charge: Variable Charge of Rate No. 1.

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".

(ii) **UNAUTHORIZED SALES:**

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 August 1, 2006

Effective By Decision U2005-371
On Consumption January 1, 2006
This Replaces Rate 9
Previously Effective January 1, 1995

**ATCO GAS AND PIPELINES LTD. - NORTH
RATE NO. 9 UNMETERED GAS LIGHT SERVICE**

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

CHARGES:

Fixed Charge: \$0.090 per Mantle per Day

Effective August 1, 2006

Effective By Decision U97131
On Consumption January 1, 1997
This Replaces Rate 40
Previously Effective January 1, 1995

**ATCO GAS AND PIPELINES LTD. - NORTH
RATE NO. 40 BUY/SELL SALES SERVICE**

Available on contract for the provision of firm Buy/Sell service. The exact services rendered, together with terms and conditions of the service shall be negotiated and submitted to the Alberta Energy and Utilities Board for approval in each case.

CHARGES:

Transportation Charges:

As per the applicable Rate Schedule

PLUS

The Cost of Gas Supply acquired for the Customer

PLUS

An Administrative Fee as negotiated and approved the Board

The Administrative Fee is a charge negotiated between the Company and the Customer for the Company to arrange for and administer the gas supply contracts dedicated to the Customer. The fee will depend on the services required by the Customer including the type and number of contracts delivering Gas dedicated to the Customer.

Effective August 1, 2006

Effective By Decision U97131
On Consumption January 1, 1997
This Replaces Rate 41
Previously Effective January 1, 1995

**ATCO GAS AND PIPELINES LTD. - NORTH
RATE NO. 41 BUY/SELL SERVICE FOR NATURAL GAS
SUPPLIED BY AN INDUSTRIAL END-USER FOR SALE TO COMPANY**

Available under an annual contract for Gas supplied and sold by Customer to Company provided that:

- (i) The Customer is an Industrial End-User who is provided with Gas Sales Service by Company under Rate 1, or 3, or is a Rate 4 Customer consuming less than 500,000 GJ per year.
- (ii) The Customer has executed an Annual Contract with the Company for Buy/Sell service which is subject to the provisions of this Rate Schedule and incorporates the Company's Buy/Sell Regulations as amended from time to time and approved by the Alberta Energy and Utilities Board.
- (iii) The Gas is delivered by Customer to Company at a mutually acceptable Point of Delivery on Company's Gas Pipeline System.

ANNUAL QUANTITY:

The Annual Quantity of Gas to be delivered by Customer and purchased by Company during the Contract Year shall be the actual consumption by Customer during the 12 Months ended March 31 immediately preceding the Contract Year. If such quantity will not be representative of the Contract Year, a mutually acceptable forecast will be used.

MAXIMUM DAILY QUANTITY:

The Maximum Daily Quantity that Customer shall be obligated to deliver to Company on any day shall equal the Annual Quantity divided by the product of the Load Factor and the number of days in the Contract Year. The Load Factor to be used for calculation of the Maximum Daily Quantity shall be forty percent (40%).

PRICE PAYABLE BY COMPANY:

The price payable for Gas purchased by Company from Customer shall be:

November 1 to March 31	Rider "F"
April 1 to October 31	Rider "F"

FAILURE OF SUPPLY:

In the event of a failure of Customer's supply pursuant to Clause 5.6 of Article A-V of the Buy/Sell Regulations the applicable charge to Customer shall be 130% of the highest cost of Gas purchased by Company on the Day of the failure, less the Price Payable by Company.

Effective August 1, 2006

Effective By Decision U97131
On Consumption January 1, 1997
This Replaces Rate 42
Previously Effective November 1, 1996

**ATCO GAS AND PIPELINES LTD. - NORTH
RATE NO. 42 BUY/SELL SERVICE FOR NATURAL GAS
SUPPLIED BY GAS ALBERTA FOR SALE TO COMPANY**

Available under a contract for gas supplied and sold by Gas Alberta (Customer) to Company provided that:

- (i) The Customer is provided with Gas Sales Service by Company under Rate 7.
- (ii) The Customer has executed a contract with the Company for Buy/Sell service which is subject to the provisions of this Rate Schedule and incorporates the Company's Buy/Sell Regulations as amended from time to time and approved by the Alberta Energy and Utilities Board.
- (iii) The Gas is delivered by Customer to Company at mutually acceptable Points of Delivery on Company's Gas Pipeline System as set forth in the Contract.

ANNUAL QUANTITY:

The Annual Quantity of Gas to be delivered by Customer and purchased by Company during the Contract Year shall be the actual consumption by Customer during the 12 Months ended March 31 immediately preceding the Contract Year adjusted for temperature. If such quantity will not be representative of the Contract Year, a mutually acceptable forecast will be used.

MAXIMUM DAILY QUANTITY:

The Maximum Daily Quantity that Customer shall be obligated to deliver to Company on any day shall equal the Annual Quantity divided by the product of the Load Factor and the number of days in the Contract Year. The Load Factor to be used for calculation of the Maximum Daily Quantity shall be forty percent (40%).

PRICE PAYABLE BY COMPANY:

The price payable for Gas purchased by Company from Customer shall be:

November 1 to March 31	Rider "F"
April 1 to October 31	Rider "F"

FAILURE OF SUPPLY:

In the event of a failure of Customer's supply pursuant to Clause 3.7 of Article III of the Contract, the applicable charge to Customer shall be the greater of 30% of Price Payable by Company or Company's incremental cost of replacement Gas.

Effective August 1, 2006

Effective By Decision U97131
On Consumption January 1, 1997
This Replaces Rate 43
Previously Effective November 1, 1996

**ATCO GAS AND PIPELINES LTD. - NORTH
RATE NO. 43 BUY/SELL SERVICE FOR NATURAL GAS
SUPPLIED BY A CORE END-USER FOR SALE TO COMPANY**

Available under an annual contract for Gas supplied and sold by Customer to Company provided that:

- (i) The Customer is a Core End-User who is provided with Gas Sales Service by Company under Rate 1, 3, or 5, or is a Rate 4 Customer consuming less than 500,000 GJ per year.
- (ii) The Customer has executed an Annual Contract with the Company for Buy/Sell service which is subject to the provisions of this Rate Schedule and incorporates the Company's Core Buy/Sell Regulations as amended from time to time and approved by the Alberta Energy and Utilities Board.
- (iii) The Gas is delivered by Customer to Company at the Carbon Sales Interconnection and/or any other TransCanada Transmission / Company interconnection designated by Company from time to time.

ANNUAL QUANTITY:

The Annual Quantity of Gas to be delivered by Customer and purchased by Company during the Contract Year shall be the estimated normalized annual consumption by Customer.

MAXIMUM DAILY QUANTITY:

The Maximum Daily Quantity that Customer shall be obligated to deliver to Company on any day shall equal the Annual Quantity divided by the product of the Load Factor and the number of days in the Contract Year. The Load Factor to be used for calculation of the Maximum Daily Quantity shall be fifty three percent (53%).

PRICE PAYABLE BY COMPANY:

The monthly price payable for Gas purchased by Company from Customer shall be:

The average price of monthly intra-Alberta Gas bought and sold for the delivery Month on the TransCanada Transmission system, based on agreements made during the Month immediately prior to the delivery Month, as reported by the delivery Month's Canadian Gas Price Reporter, published by Canadian Enerdata Ltd., or its successor, in the "Monthly Canadian and U.S. natural gas price summary" table, in the column containing the delivery Month, on the line "Alberta Spot Price - AECO C/N.I.T. C\$/GJ", or any words or phrases used in substitution therefore.

FAILURE OF SUPPLY:

In the event of a failure of Customer's supply pursuant to Clause 5.6 of Article A-V of the Core Buy/Sell Regulations the applicable charge to Customer shall be 130% of the highest cost of Gas purchased by Company on the Day of the failure, less the Price Payable by Company.

Effective August 1, 2006

Effective By
On Consumption August 1, 2006
This Replaces Rate 11
Previously Effective January 1, 2006

**ATCO GAS AND PIPELINES LTD. - NORTH
RATE NO. 11 RETAILER DELIVERY SERVICE**

Available to all Customers using less than 8,000 GJ per year and purchase their natural gas requirements from a Retailer.

CHARGES:

Fixed Charge:	\$0.472 per Day
Variable Charge:	\$1.020 per GJ
Delivery Rate Surcharge:	Rider "G"
Delivery Rate Surcharge:	Rider "H"
Unaccounted For Gas:	Rider "D"

Effective August 1, 2006

Effective By
On Consumption August 1, 2006
This Replaces Rate 13
Previously Effective January 1, 2006
Rate 13 Page 1 of 2

ATCO GAS AND PIPELINES LTD. - NORTH RATE NO. 13 RETAILER DELIVERY SERVICE – LARGE USE

Available to all Customers using 8,000 GJ or more per year and purchase their natural gas requirements from a Retailer provided that:

- (i) The Customer has the exclusive contractual control of Gas flows at the Point of Delivery.
- (ii) The Customer has executed an Annual Contract with the Company which is subject to the provisions of this Rate Schedule and incorporates the Company's Natural Gas Transmission Transportation Service Regulations (Regulations) as amended from time to time and approved by the Alberta Energy and Utilities Board.

A. FIRM SERVICE CHARGES AT EACH POINT OF DELIVERY

Fixed Charge:	\$173.00 per Month
Variable Charge:	\$0.024per GJ
Demand Charge:	\$6.030 per Month per GJ of 24-Hour Billing Demand
Delivery Rate Surcharge:	Rider "G"
Delivery Rate Surcharge:	Rider "H"
Unaccounted For Gas:	Rider "D"

B. OVERRUN SERVICE

CHARGES AT POINT OF DELIVERY:

Provided the Company accepts a Customer's Nomination at the Point of Delivery in excess of 110% of the Customer's Nominated Demand, the charge for the amount of gas in excess of 110% of the Nominated Demand shall be:

Variable Charge:	\$0.297 per GJ
Unaccounted For Gas:	Rider "D"

C. UNAUTHORIZED SERVICES

CHARGES AT POINT OF DELIVERY:

For all gas taken in excess of 110% of the Customer's Nominated Demand where the Company has refused to accept a Nomination or where the Company has advised the Customer to curtail service to 110% of the Nominated Demand, the charge shall be:

Charges as per:	Rate 8 B (ii)
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Effective August 1, 2006

Rate 13 Page 2 of 2

D. APPLICABLE TO "A", "B" or "C"

NOMINATED DEMAND:

The Nominated Demand will be as specified in the Regulations and the Firm Service Agreement (FSR).

BILLING DEMAND:

The Billing Demand for any month equals the maximum gas flow in any 24-hour period during the month subject to a minimum amount of 90% of the Nominated Demand and a maximum amount of 110% of the Nominated Demand.

GAS IMBALANCES:

Settlement of Monthly Imbalance Quantity when Based on Daily Information:

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

Settlement of Imbalance Quantity Arising from Adjustments:

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

Effective August 1, 2006

Effective By
On Consumption August 1, 2006
This Replaces Rate 13B
Previously Effective January 1, 2005
Rate 13B Page 1 of 2

ATCO GAS AND PIPELINES LTD. - NORTH RATE NO. 13B RETAILER DELIVERY SERVICE – LARGE USE

Available to all Customers using 8,000 GJ or more per year and purchase their natural gas requirements from a Retailer provided that:

- (i) The Customer has the exclusive contractual control of Gas flows at the Point of Delivery.
- (ii) The Customer has executed an Annual Contract with the Company which is subject to the provisions of this Rate Schedule and incorporates the Company's Natural Gas Transmission Transportation Service Regulations (Regulations) as amended from time to time and approved by the Alberta Energy and Utilities Board.

CHARGES:

Fixed Charge:	\$154.50 per Month
Demand Charge	\$6.450 Per Month per GJ of 24 Hr. Billing Demand
Variable Charge:	\$0.024 per GJ
Delivery Rate Surcharge:	Rider "G"
Delivery Rate Surcharge:	Rider "H"
Balancing Charge:	\$0.090 per GJ
Unaccounted For Gas:	Rider "D"
Minimum Monthly Charge:	Fixed Charge plus Demand Charge

BILLING DEMAND PERIOD:

The Billing Demand Period shall mean the twelve month period, commencing November 1 and ending October 31.

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 Billing Demand Period 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.

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

Effective August 1, 2006

Rate 13B Page 2 of 2

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.

SETTLEMENT OF MONTHLY IMBALANCE QUANTITY:

The Company shall provide the Customer with a monthly consumption forecast for each month of the next Billing Demand Period two months prior to the commencement of the next Billing Demand Period. The consumption forecast for each month will reflect normalized historical consumption patterns and any actions contemplated by the Customer that will affect historical patterns. For each month during the Billing Demand Period the Customer will deliver the monthly forecast on a 100% Load Factor basis. For each month the difference between the delivered quantity of gas and the actual consumption of gas shall be the Imbalance Quantity.

The Imbalance Quantity for each month shall be settled immediately based upon the Average Daily AECO "C" price for that month. Over-delivery Quantities shall be purchased by the Company, Under-delivery Quantities will be purchased by the Customer.

Effective August 1, 2006

Effective By Decision U97131
On Transportation January 1, 1997
This Replaces Rate 50
Previously Effective January 1, 1995

**ATCO GAS AND PIPELINES LTD. - NORTH
RATE NO. 50 - BALANCING SERVICE RATE FOR
TRANSPORTATION CUSTOMERS**

Available under contract with applicable Transportation Rate offered by the Company provided that:

- (i) Customer has executed a Transportation Agreement or contract with the Company to which this Balancing Service is to apply.
- (ii) Customer contracts for Balancing Service for a minimum term of one contract year or for the term of Customer's transportation agreement if less than one year.

CHARGES:

Variable Charge Applicable at Point(s) of Delivery:

\$0.001 per GJ

For each $\pm 1\%$ increase to monthly
imbalance limit contained in
Customer's Transportation Rate or Contract