



ATCO Gas

Errata to Decision 2003-108 2003 Gas Rate Unbundling

January 16, 2004

ALBERTA ENERGY AND UTILITIES BOARD

Decision 2004-004: ATCO Gas

Errata to Decision 2003-108, 2003 Gas Rate Unbundling

Application No. 1303682

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The Alberta Energy and Utilities Board (Board) issued Decision 2003-108 (the Decision) on December 18, 2003. The Decision dealt with the 2003 Gas Rate Unbundling Application filed by ATCO Gas on June 6, 2003.

By letter dated December 23, 2003 (attached as Appendix 1), ATCO Gas drew the Board's attention to an apparent error in the body of the Decision. Details of the error and the Board's correction thereof are set out in the following paragraphs.

Decision 2003-108

At page 38, Section 4.2, the Decision states:

With respect to labour costs, interveners proposed adjustments in respect gas portfolio planning, production, storage and similar regulated functions. The Board notes that ATCO Gas acknowledged that there were 11 FTEs that would be redeployed to other duties including load balancing and load settlement, which is a subject of the Retail Services and GUA Compliance Application. The Board is not persuaded that it is reasonable, for the purposes of interim rates, to assume that all 11 FTEs are required to be redeployed from performing portfolio management activities to other PSP functions. The Board considers that it would be appropriate to assume that one of the 11 FTEs is required to be deployed to other PSP functions. The remaining FTEs will have to be justified through the ATCO Gas Retailer Service and GUA Compliance proceeding. The Board will therefore reduce the proposed interim rates by \$350,000 in respect of labour costs.

At page 52, Section 5, the Decision states:

ATCO Gas noted that the costs associated with portfolio planning were currently charged to the GCRR and would therefore not impact distribution rates. ATCO Gas had identified this as a reduction related to the Retail Sale in Exhibit 54.

As noted by ATCO Gas in its letter, the effect of the Board's determination, as noted at page 38, was to require a reduction to the interim rate of \$350,000 for each of ATCO Gas South and ATCO Gas North. However, ATCO Gas pointed out that these costs, as noted in the Decision at page 52, had already been removed from proposed interim distribution rates and were being recovered in the gas cost recovery rate (GCRR). The Board acknowledges that the reduction to the rates, based on the activities of the 11 FTEs, referred to at page 38, constitutes an error.

However, the Board also notes that, while it considered certain specific matters in a preliminary way so as to provide guidance in setting a fair and reasonable level for interim unbundled rates, a full review of the specific matters, with a complete testing of related evidence, may produce significantly different results. Furthermore, the exercise to determine the level of interim rates was not comprehensive and might well have identified other costs to be unbundled. In summary,

as the exercise to determine interim rates was not exhaustive, the evidence filed was not fully tested, and since the rates determined will be ultimately reconciled, the Board does not agree with ATCO Gas that an adjustment to the interim rates is essential.

Notwithstanding the foregoing comments, the Board recognizes that, since the rates have not yet been put into effect, there will be no administrative burden to the utility, and from a customer's perspective, no unnecessary adjustment to rates, if a correction is made at this time. Therefore, the Board directs ATCO Gas to incorporate an adjustment to the fixed charge component of the distribution rate in the amount of \$350,000 to the rates of both ATCO Gas North and ATCO Gas South. Accordingly, Order No.2 in the Decision will be amended.

ORDER NO. 2 presently reads as follows:

- ATCO Gas North and ATCO Gas South shall file rate schedules setting out the interim rates as approved in this Decision for acknowledgement by the Board indicating the date that the rates are implemented.

ORDER NO. 2 is hereby amended as follows:

- ATCO Gas North and ATCO Gas South shall file rate schedules setting out the interim rates as approved in Decision 2003-108 and adjusted by this Errata to the Decision, for acknowledgement by the Board, indicating the date that the rates are implemented.

Dated in Calgary, Alberta on January 16, 2004.

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)

W. K. Taylor
Acting Member

APPENDIX 1 – DECEMBER 23, 2003 LETTER



"Appendix 1 -
Decision 2003-108 Er

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December 23, 2003

Via Email and Courier

Alberta Energy and Utilities Board
640 - 5 Avenue S.W.
Calgary, AB T2P 3G4

**Attention: Mr. Brian McNulty
Law Branch**

Dear Sirs:

Re: ATCO Gas - 2003 Gas Rate Unbundling - Decision 2003-108

ATCO Gas is in receipt of the Board's Decision 2003-108. Although ATCO Gas has not completed its review of the Decision, ATCO Gas has noticed what appears to be an error on the face of the Decision. ATCO Gas respectfully seeks the Board's clarification of this matter without the need to launch a formal Review and Variance procedure.

In Section 4.2 of the Decision respecting the "*Level of Interim Rates*" at page 38, the Board directed that the proposed interim rates be reduced by \$350,000 in respect of labour costs. The context of the Board's direction related to labour cost adjustments proposed by interveners "...in respect of gas portfolio planning, production, storage and similar related functions".

ATCO Gas' concern is that these costs had already been excluded from the proposed interim distribution rates. This fact appears to have been recognized by the Board later in the Decision, at page 52, Section 5 "*Principles for Retail Sale Adjustments*" under the subheading "*Labour Costs*" where the Board accurately reflected ATCO Gas' position as follows:

ATCO Gas noted that the costs associated with portfolio planning were currently charged to the GRR and would therefore not impact distribution rates. ATCO Gas had identified this as a reduction related to the Retail Sale in Exhibit 54. [emphasis supplied]

The effect of the Board's direction is to require a reduction of the ATCO Gas South and ATCO Gas North interim rates by an amount of approximately \$700,000 which had already been removed from proposed interim distribution rates.

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ATCO Gas appreciates the fact that the Board has expedited its decision in the 2003 Gas Rate Unbundling Application. In the circumstances, however, there appears to be a simple error on the face of the Decision which warrants correction.

ATCO Gas respectfully requests that the Board confirm that a further reduction of \$700,000 as detailed more fully above need not be made to the level of interim rates and that the fixed charge component of those interim rates may be increased accordingly.

Should you have any questions please do not hesitate to contact the undersigned or Mr. Ralph Trovato at (780) 420-7341.

Yours truly,

BENNETT JONES LLP

"Original Signed By"

L. E. Smith

LES/ts

cc: Interested Parties – 2003 Gas Rate Unbundling Proceeding
Ralph Trovato – ATCO Gas