



**ATCO Gas North
ATCO Gas South
AltaGas Utilities Inc.**

**GRR Methodology and Gas Rate
Unbundling – Compliance Filing
For the Period July – September 2003**

Cost Awards

ALBERTA ENERGY AND UTILITIES BOARD

Utility Cost Order 2004-10 ATCO Gas North, ATCO Gas South, AltaGas Utilities Inc.
GCCR Methodology and Gas Rate Unbundling Compliance Filing
For the Period July - September 2003
Application No.: 8010-000032

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ALBERTA ENERGY AND UTILITIES BOARD

Calgary, Alberta

**ATCO Gas North, ATCO Gas South
AltaGas Utilities Inc.
GRR Methodology and Gas Rate Unbundling
Compliance Filing (July - September 2003)**

**Utility Cost Order 2004-10
Application No. 8010-000032
File No. 8000-8010-000032**

1 INTRODUCTION

On October 30, 2001, the Alberta Energy and Utilities Board (the "Board") issued [Decision 2001- 75](#) setting out its findings with respect to the methodology for managing utility gas supply portfolios and determining gas cost recovery rates ("GRR"). In the Decision, the Board dealt specifically with its expectations for determination of the GRR and gas rate unbundling on a going forward basis. In particular, the Board directed the utilities to administer and adjust the GRR on a monthly basis, commencing April 1, 2002.

In the Decision, the Board directed natural gas utilities to file by February 1, 2002:

- a mock GRR for the February 2002 period, for review by the Board and interested parties. This mock GRR was to provide an example of the methodology and format for the filing of actual GRRs, using values from the month of February 2002 for exposition purposes only.
- a proposed exit notice provision for their regulated gas rates that is as short as can be facilitated administratively; and
- interim delivery rates, based on the transfer of direct gas supply costs from utility cost of service to the GRR.

On March 21, 2002, the Board issued the following Decisions with respect to GRR Methodology and Gas Rate Unbundling - Compliance Filing:

- 1) [Decision 2002-034](#), ATCO Gas South;
- 2) [Decision 2002-035](#), ATCO Gas North;
- 3) [Decision 2002-036](#), AltaGas Utilities Inc.

On June 13, 2002 the Board issued a schedule to interested parties detailing the deadlines for intervenor cost claims as they relate to the monthly GRR filings, as shown below.

Months	Cost Filing Deadline
January, February, March (2002)	July 30, 2002
April, May, June (2002)	July 30, 2002
July, August, September (2002)	October 30, 2002
October, November, December (2002)	January 30, 2003

The Board continues to apply these deadlines for the monthly filings in 2003, accordingly, this Cost Order will deal with costs incurred for July, August, and September, 2003.

2 VEIWS OF THE BOARD – Authority to Award Costs

The Board's authority to award costs is derived from section 68 of the *Public Utilities Board Act*, R.S.A. 2000, c. P-45, which states in part:

- (1) The costs of and incidental to any proceeding before the Board, except as otherwise provided for in this Act, are in the discretion of the Board, and may be fixed in any case at a sum certain or may be taxed.
- ...
- (3) The Board may order by whom or to whom any costs are to be paid, and by whom they are to be taxed and allowed.

When assessing a cost claim pursuant to section 68, the Board is guided by Part 5 of its *Rules of Practice*, AR 101/2001 and by the principles and policies expressed in [Guide 31B, Guidelines for Utility Cost Claims](#) (Guide 31B). Before exercising its discretion to award costs, the Board must consider the effectiveness of a participant's contribution to the process, its relevance to the issues, and whether the costs claimed are fair and reasonable in light of the scope and nature of the issues in question.

In the Board's view, the responsibility to positively contribute to the process is inherent in the choice to intervene in a proceeding. The Board expects that those who choose to participate will prepare and present a position that is reasonable in light of the issues arising in the proceeding and necessary for the determination of those issues. When determining a cost award, the Board will consider if the participant acted responsibly in the proceeding and contributed to a better understanding of the issues before the Board. The determination of those issues and, to the extent reasonably possible, the Board will be mindful of participants' will to co-operate with the Board and other participants to promote an efficient and cost-effective proceeding.

As the costs of a proceeding are generally passed on to customers, it is the Board's duty to ensure that customers receive fair value for their contribution. As such, the Board only approves those costs that are reasonable and directly and necessarily related to the party's participation in the proceeding.

Various participants submitted cost claims totaling \$4,980.72 including actual GST of \$164.96 with respect to the Proceeding.

3 VIEWS OF THE BOARD – Assessment

3.1 Federation of Alberta Gas Co-ops and Gas Alberta Inc. (FGA)

The Board has reviewed the cost claim submitted by the FGA including the statements of account and justification provided.

With respect to the legal fees, disbursements, and applicable GST incurred by Brownlee Fryett in the amount of \$365.38, the Board finds that there was no direct assistance resulting from Brownlee Fryett's receipt of correspondence from the Board and ATCO Gas on various occasions. In regard to the consulting fees, disbursements, and GST in the amount of \$1,753.06 incurred by Campbell Ryder Consulting Group (Campbell Ryder), the Board notes that neither

Brownlee Fryett nor Campbell Ryder filed submissions of any sort with respect to this application.

Section 55(1) of the Board's Rules of Practice states the Following:

- 55 (1) The Board may award costs, in accordance with the scale of costs, to a participant if the Board is of the opinion that
- (a) the costs are reasonable and directly and necessarily related to the proceeding, and
 - (b) the participant acted responsibly in the proceeding and contributed to a better understanding of the issues before the Board.

While the Board appreciates that the representatives of FGA may have reviewed the application and related correspondence, it questions whether this limited involvement constitutes participation in a proceeding before the Board. Further, the Board is of the view that this limited involvement does not satisfy the criteria established in section 55(1)(b). In that regard, the Board has no way of ascertaining whether FGA acted responsibly in the proceeding and finds that FGA did not contribute to a better understanding of the issues before the Board. The Board can find no justification for passing these costs on to customers given its inability to assess FGA's contribution to the proceeding. For all of the above reasons FGA's claim for costs is denied.

3.2 City of Calgary (Calgary)

The Board has reviewed the cost claim submitted by Calgary which is comprised of legal fees, disbursements, and GST for Burnet, Duckworth & Palmer in the amount of \$784.86 and consulting fees and GST for Peter J. Milne & Associates Inc. in the amount of \$1,123.50. Calgary's cost claim totals \$1,908.18.

It is clear to the Board from the statements of account provided, together with the statement of justification, that Calgary's legal and consultant advisor worked together to address a potential issue with respect to the forecasting of AECO Index Gas which was addressed in its October 9, 2003 letter to the Board and information request to ATCO Gas. The Board finds that both legal and consulting services in this instance have directly assisted the Board with respect to the issues before it and therefore approves Calgary's claim for professional fees and disbursements in full. The Board has adjusted the appropriate GST and awards \$53.51. The total amount awarded to Calgary is \$1,837.01, as shown in Appendix "B" attached.

3.3 Municipal & Gas Co-op Intervenors / Bonnyville Municipal Intervenors (BMI)

The Board has reviewed the cost claim submitted by Campbell Ryder Consulting Group (Campbell Ryder) which consists of professional fees in the amount of \$875.00, expenses of \$16.68, and GST of \$62.42 for a total claim of \$954.10. A review of Campbell Ryder's account and statement of justification reflects services with respect to reviewing the application, correspondence, and its own internal assessments. Other than its cost claim, Campbell Ryder provided the Board with no materials in response to the application.

Again, the Board questions whether this limited involvement constitutes participation in a proceeding and finds that BMI did nothing to contribute to a better understanding of the issues before the Board. As such, the Board denies BMI's claim for costs in this application.

4 GST

In accordance with the Board's treatment of the GST on cost awards, each Applicant is required to pay only that portion of the GST paid by interveners that may not be recoverable through the GST credit mechanism. Eligible GST approved by the Board amounts to \$0.00 as shown in column (d) in Appendix "A", \$53.51 in Appendix "B", and \$0.00 in Appendix "C". The GST allowed by the Board may also be charged against the respective Applicant's Hearing Cost Reserve Account.

The Board emphasizes that its treatment of the GST claimed in no way relieves participants or their lawyers and consultants from their GST obligations pursuant to the *Excise Tax Act*, R.S.C., c. E-15.

5 ORDER

THEREFORE, for the reasons provided above, the Alberta Energy and Utilities Board, pursuant to the provisions of the *Public Utilities Board Act* and regulations hereunder, hereby orders as follows:

1. ATCO Gas North shall pay intervener costs in the amount of \$0.00, as set out in column (e) of Appendix "A".
2. ATCO Gas South shall pay intervener costs in the amount of \$1,837.01, as set out in column (e) of Appendix "B".
3. ATCO Gas South shall record in its Hearing Cost Reserve Account the allowed intervener costs in the amount of \$1,837.01 as set out in column (e) of Appendix "B".
4. AltaGas Utilities Inc. shall pay intervener costs in the amount of \$0.00, as set out in column (e) of Appendix "C".

Dated in Calgary, Alberta this 23rd day of February, 2004.

ALBERTA ENERGY AND UTILITIES BOARD

(Original signed by)

Thomas McGee
Board Member

APPENDIX A – SUMMARY OF COSTS CLAIMED AND AWARDED (AGN)



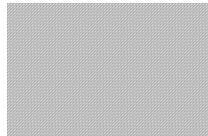
"UCO 2004-10
Appendix A (AGN Mo

APPENDIX B – SUMMARY OF COSTS CLAIMED AND AWARDED (AGS)



"UCO 2004-10
Appendix B (AGS Mo

APPENDIX C – SUMMARY OF COSTS CLAIMED AND AWARDED (ALTAGAS)



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2002/2003 GCRR, COPRR and COSRR Filings
(July - Sept. 2003)

Summary of Costs Awarded

	Total Amount Claimed (a)	Total Fees Awarded (b)	Total Disbursements Awarded (c)	Total GST Awarded (d)	Total Amount Awarded (e)
APPLICANT					
ATCO Gas North					
ATCO Gas North	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Sub-Total	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
INTERVENERS					
Federation of Alberta Gas Co-ops Ltd. & Gas Alberta Inc.					
Campbell Ryder Consulting Group	\$1,753.06	\$0.00	\$0.00	\$0.00	\$0.00
Brownlee Fryett	\$365.38	\$0.00	\$0.00	\$0.00	\$0.00
Sub-total	\$2,118.44	\$0.00	\$0.00	\$0.00	\$0.00
TOTAL INTERVENER COSTS					
TOTAL COSTS	\$2,118.44	\$0.00	\$0.00	\$0.00	\$0.00

2002/2003 GCRR, COPRR and COSRR Filings
(July - Sept. 2003)

Summary of Total Costs Awarded

	Total Amount Claimed (a)	Total Fees Awarded (b)	Total Disbursements Awarded (c)	Total GST Awarded (d)	Total Amount Awarded (e)
APPLICANT					
ATCO Gas South					
ATCO Gas South	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Sub-total	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
INTERVENERS					
The City of Calgary					
Burnet, Duckworth & Palmer	\$784.68	\$725.00	\$8.50	\$22.01	\$755.51
Peter J. Milne & Associates Inc.	\$1,123.50	\$1,050.00	\$0.00	\$31.50	\$1,081.50
Sub-total	\$1,908.18	\$1,775.00	\$8.50	\$53.51	\$1,837.01
TOTAL INTERVENER COSTS	\$1,908.18	\$1,775.00	\$8.50	\$53.51	\$1,837.01
TOTAL COSTS	\$1,908.18	\$1,775.00	\$8.50	\$53.51	\$1,837.01

2002/2003 GCRR , COPRR and COSRR Filings
(July - Sept. 2003)

Summary of Costs Awarded

	Total Amount Claimed (a)	Total Fees Awarded (b)	Total Disbursements Awarded (c)	Total GST Awarded (d)	Total Amount Awarded (e)
APPLICANT					
AltaGas Utilities Inc.					
AltaGas Utilities Inc.	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Sub-total	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
INTERVENERS					
Municipal & Gas Co-op Intervenors, Bonnyville Municipal Intervenors					
Campbell Ryder Consulting Group	\$954.10	\$0.00	\$0.00	\$0.00	\$0.00
Sub-total	\$954.10	\$0.00	\$0.00	\$0.00	\$0.00
TOTAL INTERVENER COSTS	\$954.10	\$0.00	\$0.00	\$0.00	\$0.00
TOTAL COSTS	\$954.10	\$0.00	\$0.00	\$0.00	\$0.00