



ATCO Gas North and ATCO Gas South

2003-2004 Interim Rate Application

**2003-2004 General Rate Application
Phase I**

Cost Awards

ALBERTA ENERGY AND UTILITIES BOARD

Utility Cost Order 2004-11: ATCO Gas North and ATCO Gas South
2003-2004 Interim Rate Application
2003-2004 General Rate Application, Phase I
Application Nos. 1275466 and 1284374

Published by

Alberta Energy and Utilities Board
640 – 5 Avenue SW
Calgary, Alberta
T2P 3G4

Telephone: (403) 297-8311
Fax: (403) 297-7040

Web site: www.eub.gov.ab.ca

Contents

- 1 INTRODUCTION..... 1**
- 2 VIEWS OF THE BOARD – AUTHORITY TO AWARD COSTS..... 2**
- 3 VIEWS OF THE BOARD – ASSESSMENT 2**
 - 3.1 City of Calgary (Calgary) 2**
 - 3.2 ATCO Gas North and South (ATCO)..... 3**
 - 3.3 Remaining Participants 3**
- 4 GST..... 3**
- 5 ORDER 3**
- APPENDIX A – Summary of Costs Claimed and Awarded..... 5**
- APPENDIX B – Summary of Costs Claimed and Awarded..... 5**

ALBERTA ENERGY AND UTILITIES BOARD

Calgary, Alberta

**ATCO Gas North and South
2003/2004 Interim Rate Application
2003/2004 General Rate Application, Phase I**

**Utility Cost Order 2004-11
Application Nos.: 1284374 and 1275466
File No.:8000-1275466-01**

1 INTRODUCTION

By letter dated August 2, 2002, ATCO Gas (ATCO or the Company), a division of ATCO Gas and Pipelines Ltd., filed Phase I of a 2003/2004 General Rate Application (GRA) with the Alberta Energy and Utilities Board (the Board or EUB).

Notice of Hearing for the GRA was mailed to all interested parties on September 6, 2002 and published on September 12, 2002. The Public Notice indicated that the hearing would be split between locations in Edmonton and Calgary and would commence at the Board's offices in Edmonton on March 4, 2003. Parties were advised by mail on February 19, 2003 that the hearing would continue in Edmonton until Friday, March 14, 2003, and reconvene at Govier Hall in Calgary on Monday, March 17, 2003.

On November 27, 2002, ATCO filed an application (the Application) with the Board requesting approval of proposed rates on an interim refundable basis.

By letter dated February 27, 2003, the Board indicated that the commencement date of the hearing had been revised to Monday March 10, 2003, and that the hearing would continue in Edmonton until Friday, March 21, 2003, reconvening in Calgary on Monday, March 24, 2003.

The public hearing was convened in Edmonton on March 10, 2003 before Board members Mr. B. T. McManus Q.C. (Chair), Mr. G. J. Miller, and Mr. J. I. Douglas, FCA. The hearing was completed on March 26, 2003. During the hearing, the Board heard submissions from parties with respect to the need for provision of 2002 actual data by ATCO, and the nature and extent of the information that would be required. By letter dated March 14, 2003, the Board directed ATCO to file an update to all GRA schedules and tables that included a forecast, incorporating 2002 actual data. The Board requested submission of this information, incorporating comparative variance analysis and explanations, by April 22, 2003.

In the March 14 letter, the Board confirmed that the hearing would be re-convened on Tuesday, May 20, 2003. By letter dated April 15, 2003, the Board established the dates for an information request process with respect to the April 22, 2003 submission. ATCO filed its submission with respect to 2002 actual data on April 22, 2003, the hearing re-convened in Govier Hall in Calgary on Tuesday, May 20, 2003 and concluded on Wednesday, May 21, 2003. Parties filed written argument and reply on June 9, 2003 and July 3, 2003, respectively. Accordingly, the Board considers that July 3, 2003 was the close of record for this proceeding.

On December 24, 2002 the Board issued Decision [2002-115](#) with respect to the Interim Rate Application and on October 1, 2003 issued Decision [2003-072](#) with respect to Phase I of the GRA.

2 VIEWS 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 contribute positively 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. 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 utility proceeding are generally passed on to customers, it is the Board's duty to ensure that customers receive fair value for a party's 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 \$1,421,126.94 including actual GST of \$42,230.83 with respect to the Proceeding.

3 VIEWS OF THE BOARD – Assessment

3.1 City of Calgary (Calgary)

The Board has reviewed the cost claim submitted by Calgary and notes that the costs incurred by Gannett Fleming, Inc. includes 5.50 hours for support staff at an hourly rate of \$60.00. Guide 31B sets out that support staff are entitled to an hourly wage of \$45.00. The Board notes that justification was not provided for this rate and accordingly does not find it reasonable to approve an hourly wage for support staff above the Scale of Costs. The Board finds it reasonable to

reduce Gannett Fleming Inc.'s costs by \$82.50 [$\$330.00 - (5.50 \times \$45.00)$], as reflected in Appendix "B" attached.

3.2 ATCO Gas North and South (ATCO)

Upon review of ATCO's cost claim, the Board notes that Towers Perrin included a basic administration charge of \$1,015.67 in addition to the hourly charge by various administrative staff. Although Guide 31B recognizes claims for secretarial or clerical services, it is not the Board's practice to recognize a flat administration fee to which specific details cannot be provided. Accordingly, the Board disallows this portion of Towers Perrin's claim. The reduction to this portion of ATCO's claim will be applied according to its allocation between North and South, as reflected in Appendices "A" and "B" attached.

3.3 Remaining Participants

The Board has reviewed the costs submitted by the remaining participants, bearing in mind the principles specified in the Board's *Scale of Costs* set out in Appendix D to [Guide 31B](#). The Board finds that the participation of the interveners was, for the most part, effective and of assistance in reviewing the Application. The Board notes the scope and complexity of the issues before it and the extent of the examination thereof. The Board also notes that the claims for professional fees and other claims were in accordance with the *Scale of Costs*. Accordingly, the Board considers the claims for fees and disbursements for all participants to be reasonable as outlined in Appendix "A" to this Order in the total amount of \$652,243.56 and as outlined in Appendix "B" to this Order in the total amount of \$744,547.28.

4 GST

In accordance with the Board's treatment of the GST on cost awards, ATCO is required to pay only that portion of the GST paid by interveners that may not be recoverable through the GST credit mechanism, accordingly, where parties are eligible for a GST credit, the Board has reduced this particular portion of their claim. Eligible GST approved by the Board amounts to \$9,919.58 as shown in column (d) of Appendix "A" and \$15,921.77 as shown in column (d) of Appendix "B". The GST allowed by the Board may also be charged against each Applicant's respective 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. 1985, c. E-15.

5 ORDER

THEREFORE, for and subject to the reasons set out in this Order, the Alberta Energy and Utilities Board, pursuant to the provisions of the *Public Utilities Board Act* and regulations thereunder, HEREBY ORDERS AS FOLLOWS:

1. ATCO Gas North shall pay intervener costs in the amount of \$419,129.64, as set out in column (e) of Appendix "A".

2. ATCO Gas North's external costs in the amount of \$236,591.96, as set out in column (e) of Appendix "A", are approved.
3. ATCO Gas North shall record in its Hearing Cost Reserve Account the allowed external applicant and intervener costs in the amount of \$655,721.60, as set out in column (e) of Appendix "A".
4. ATCO Gas South shall pay intervener costs in the amount of \$511,325.07, as set out in column (e) of Appendix "B".
5. ATCO Gas South's external costs in the amount of \$236,592.63, as set out in column (e) of Appendix "B", are approved.
6. ATCO Gas South shall record in its Hearing Cost Reserve Account the allowed external applicant and intervener costs in the amount of \$747,917.70, as set out in column (e) of Appendix "B".

Dated in Calgary, Alberta on 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



"UCO 2004-11
Appendix A (AGN 2004-11)

APPENDIX B – SUMMARY OF COSTS CLAIMED AND AWARDED



"UCO 2004-11
Appendix B (AGS 2004-11)

[\(Back to Table of Contents\)](#)

ATCO Gas North
2003-2004 GRA
1275466 and 1284374

Summary of Total Costs Claimed and 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	\$46,148.70	\$0.00	\$46,148.70	\$0.00	\$46,148.70
Bennett Jones	\$176,782.58	\$174,837.00	\$1,945.58	\$0.00	\$176,782.58
Foster Associates, Inc.	\$8,708.91	\$8,708.91	\$0.00	\$0.00	\$8,708.91
McDaniel & Associates Consulting Ltd.	\$964.60	\$725.75	\$238.85	\$0.00	\$964.60
Towers Perrin	\$4,495.34	\$3,204.33	\$782.84	\$0.00	\$3,987.17
Sub-total	\$237,100.13	\$187,475.99	\$49,115.97	\$0.00	\$236,591.96
INTERVENERS					
Aboriginal Communities					
A.O. Ackroyd, Q.C.	\$3,600.00	\$3,600.00	\$0.00	\$0.00	\$3,600.00
Graves Engineering Corporation	\$3,615.00	\$3,615.00	\$0.00	\$0.00	\$3,615.00
Sub-total	\$7,215.00	\$7,215.00	\$0.00	\$0.00	\$7,215.00
Alberta Urban Municipalities Association					
Bryan & Company	\$51,526.24	\$42,662.50	\$5,492.86	\$3,370.88	\$51,526.24
Robert L. Bruggeman Regulatory Consulting Ltd.	\$45,095.22	\$41,940.00	\$211.16	\$2,944.06	\$45,095.22
City of Edmonton	\$1,550.00	\$1,550.00	\$0.00	\$0.00	\$1,550.00
Christopher Sheard	\$3,478.04	\$3,200.00	\$50.50	\$227.54	\$3,478.04
Sub-total	\$101,649.49	\$89,352.50	\$5,754.52	\$6,542.47	\$101,649.49
Canadian Forest Products Ltd.					
Lewis L. Manning	\$30,149.79	\$28,500.00	\$1,649.79	\$0.00	\$30,149.79
Trisuvan Services Ltd.	\$10,070.00	\$10,070.00	\$0.00	\$0.00	\$10,070.00
Sub-total	\$40,219.79	\$38,570.00	\$1,649.79	\$0.00	\$40,219.79

ATCO Gas North
2003-2004 GRA
1275466 and 1284374

Summary of Total Costs Claimed and Awarded

	Total Amount Claimed (a)	Total Fees Awarded (b)	Total Disbursements Awarded (c)	Total GST Awarded (d)	Total Amount Awarded (e)
Consumers Coalition of Alberta					
Wachowich & Company	\$21,927.75	\$20,021.88	\$481.68	\$1,424.20	\$21,927.75
Professional Regulatory Services Inc.	\$29,851.54	\$27,800.00	\$98.64	\$1,952.91	\$29,851.54
Sub-total	\$51,779.29	\$47,821.88	\$580.31	\$3,377.11	\$51,779.29
ENMAX Energy Corporation					
Stikeman Elliot	\$216.00	\$216.00	\$0.00	\$0.00	\$216.00
McCarthy Tetrault	\$458.00	\$458.00	\$0.00	\$0.00	\$458.00
Altitude Energy Services Inc.	\$2,092.50	\$2,092.50	\$0.00	\$0.00	\$2,092.50
Altitude Enerservices Ltd.	\$540.00	\$540.00	\$0.00	\$0.00	\$540.00
Sub-total	\$3,306.50	\$3,306.50	\$0.00	\$0.00	\$3,306.50
Federation of Alberta Gas Co-Ops Ltd. & Gas Alberta Inc.					
Campbell Ryder Consulting Group	\$71,630.90	\$66,762.50	\$182.27	\$0.00	\$66,944.77
Brownlee Fryett	\$58,163.15	\$53,812.50	\$545.57	\$0.00	\$54,358.07
Sub-total	\$129,794.05	\$120,575.00	\$727.84	\$0.00	\$121,302.84
Public Institutional Consumers fo Alberta					
Energy Management & Regulatory Consulting Ltd.	\$24,901.04	\$17,720.00	\$7,181.04	\$0.00	\$24,901.04
Liddle Engineering	\$8,100.00	\$8,100.00	\$0.00	\$0.00	\$8,100.00
Optimum Energy Management Inc.	\$32,181.53	\$16,259.38	\$15,922.16	\$0.00	\$32,181.53
Nancy McKenzie	\$28,474.17	\$27,876.88	\$597.29	\$0.00	\$28,474.17
Sub-total	\$93,656.73	\$69,956.25	\$23,700.48	\$0.00	\$93,656.73
TOTAL INTERVENER COSTS	\$427,620.85	\$376,797.13	\$32,412.94	\$9,919.58	\$419,129.64
TOTAL COSTS	\$664,720.98	\$564,273.12	\$81,528.91	\$9,919.58	\$655,721.60

ATCO Gas South
2003-2004 GRA
1275466 and 1284374

Summary of Total Costs Claimed and 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 North	\$46,148.70	\$0.00	\$46,148.70	\$0.00	\$46,148.70
Bennett Jones	\$176,782.58	\$174,837.00	\$1,945.58	\$0.00	\$176,782.58
Foster Associates, Inc.	\$8,708.91	\$8,708.91	\$0.00	\$0.00	\$8,708.91
McDaniel & Associates Consulting Ltd.	\$964.60	\$725.75	\$238.85	\$0.00	\$964.60
Towers Perrin	\$4,495.34	\$3,205.00	\$782.84	\$0.00	\$3,987.84
Sub-total	\$237,100.13	\$187,476.66	\$49,115.97	\$0.00	\$236,592.63
INTERVENERS					
Aboriginal Communities					
A.O. Ackroyd, Q.C.	\$3,600.00	\$3,600.00	\$0.00	\$0.00	\$3,600.00
Graves Engineering Corporation	\$3,615.00	\$3,615.00	\$0.00	\$0.00	\$3,615.00
Sub-total	\$7,215.00	\$7,215.00	\$0.00	\$0.00	\$7,215.00
Alberta Irrigation Projects Association					
Unryn & Associates Ltd.	\$47,874.38	\$47,341.50	\$532.88	\$0.00	\$47,874.38
Sub-total	\$47,874.38	\$47,341.50	\$532.88	\$0.00	\$47,874.38
Alberta Urban Municipalities Association					
Bryan & Company	\$51,526.24	\$42,662.50	\$5,492.86	\$3,370.88	\$51,526.24
Robert L. Bruggeman Regulatory Consulting Ltd.	\$45,095.22	\$41,940.00	\$211.16	\$2,950.58	\$45,101.74
City of Edmonton	\$1,550.00	\$1,550.00	\$0.00	\$0.00	\$1,550.00
Christopher Sheard	\$3,478.92	\$3,200.00	\$51.33	\$227.59	\$3,478.92
Sub-total	\$101,650.37	\$89,352.50	\$5,755.35	\$6,549.05	\$101,656.90
City of Calgary					
Energy Group, Inc.	\$156,756.80	\$144,700.00	\$1,889.73	\$4,397.99	\$150,987.72
Stephens Consulting Ltd.	\$23,042.45	\$21,535.00	\$0.00	\$646.09	\$22,181.09
Gannett Fleming, Inc.	\$34,024.31	\$31,257.66	\$458.26	\$951.54	\$32,667.46
Sub-total	\$213,823.56	\$197,492.66	\$2,347.99	\$5,995.62	\$205,836.27

ATCO Gas South
2003-2004 GRA
1275466 and 1284374

Summary of Total Costs Claimed and Awarded

	Total Amount Claimed (a)	Total Fees Awarded (b)	Total Disbursements Awarded (c)	Total GST Awarded (d)	Total Amount Awarded (e)
Consumers Coalition of Alberta					
Wachowich & Company	\$21,927.75	\$20,021.88	\$481.68	\$1,424.20	\$21,927.75
Professional Regulatory Services Inc.	\$29,851.54	\$27,800.00	\$98.64	\$1,952.91	\$29,851.54
Sub-total	\$51,779.29	\$47,821.88	\$580.31	\$3,377.11	\$51,779.29
ENMAX Energy Corporation					
Stikeman Elliot	\$216.00	\$216.00	\$0.00	\$0.00	\$216.00
McCarthy Tetrault	\$458.00	\$458.00	\$0.00	\$0.00	\$458.00
Altitude Energy Services Inc.	\$2,092.50	\$2,092.50	\$0.00	\$0.00	\$2,092.50
Altitude Enerservices Ltd.	\$540.00	\$540.00	\$0.00	\$0.00	\$540.00
Sub-total	\$3,306.50	\$3,306.50	\$0.00	\$0.00	\$3,306.50
Public Institutional Consumers of Alberta					
Energy Management & Regulatory Consulting Ltd.	\$24,901.04	\$17,720.00	\$7,181.04	\$0.00	\$24,901.04
Liddle Engineering	\$8,100.00	\$8,100.00	\$0.00	\$0.00	\$8,100.00
Optimum Energy Management Inc.	\$32,181.53	\$16,259.38	\$15,922.16	\$0.00	\$32,181.53
Nancy McKenzie	\$28,474.17	\$27,876.88	\$597.29	\$0.00	\$28,474.17
Sub-total	\$93,656.73	\$69,956.25	\$23,700.48	\$0.00	\$93,656.73
TOTAL INTERVENER COSTS	\$519,305.83	\$462,486.29	\$32,917.01	\$15,921.77	\$511,325.07
TOTAL COSTS	\$756,405.96	\$649,962.95	\$82,032.98	\$15,921.77	\$747,917.70