



## **AltaGas Utilities Inc.**

### **Interim Refundable Rates & Harmonization of Bonnyville Service Area's Rates**

**November 25, 2003**

**ALBERTA ENERGY AND UTILITIES BOARD**

Decision 2003-090: AltaGas Utilities Inc. Interim Refundable Rates  
and Harmonization of Bonnyville Service Area's Rates  
Application No. 1315409

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# **ALBERTA ENERGY AND UTILITIES BOARD**

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**Calgary Alberta**

## **ALTAGAS UTILITIES INC. INTERIM REFUNDABLE RATES AND HARMONIZATION OF BONNYVILLE SERVICE AREA'S RATES**

**Decision 2003-090  
Application No. 1315409  
File No. 1402-13**

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### **1 INTRODUCTION**

The Alberta Energy and Utilities Board (EUB or the Board) received an application (the Application) from AltaGas Utilities Inc. (AUI, AltaGas or the Company) by letter dated September 29, 2003, requesting approval of interim refundable rates with respect to the 2003/2004 General Rate Application (No. 1305995). AltaGas requested permission from the Board to implement interim refundable rates that provide relief to customers served under Rates 2/12 and 3/13; and approval of a harmonization of Bonnyville Service Area's rates.

The Board provided Notice of the Application to all interested parties and published it in local newspapers on October 15, 2003. Any party wishing to provide a submission was to do so by October 21, 2003.

The Board received the following submissions from intervenors that expressed either support for or no opposition to the Application.

- On October 1, 2003, a letter from the Municipal and Gas Co-op Intervenors and the Bonnyville Municipal Intervenors expressed support for the interim rates and the need for harmonizing the Company's rate schedules.
- In an October 2, 2003 letter, the Energy Users Association of Alberta (EUAA) indicated that it did not oppose this Application on the understanding that the proposed rates are interim and refundable, while also suggesting a need for work on 2004 COSS to begin shortly.
- By letter dated October 7, 2003, the Alberta Urban Municipalities Association (AUMA) advised AltaGas Utilities that, "[Mr. Bryan] and Mr. Robert Bruggeman, as consultants, have recommended to the AUMA ... support for the proposed interim rate adjustments for 2003/2004." On November 21, 2003, AUMA filed a letter with the Board in support of the proposed interim rate adjustments for 2003/2004.
- On October 8, 2003, AUI received comments from Mr. Jim Graves, representing the Alexander First Nation. Mr. Graves noted in his letter that if the Company would be willing to work with Alexander First Nation, that a mutual understanding and agreement was possible. Subsequently, on October 14, 2003, AltaGas Utilities met with Mr. Graves and legal counsel and by telephone conversation, the Company was able to address their concerns, which required clarifying that the Company's proposal was on an interim and refundable basis. To this, the Company believes that the Alexander First Nation's issues have been addressed based on the fact that the Alexander First Nation ratified the 2000-

2002 GRA Memorandum, which was also addressed in their correspondence of October 8, 2003.

- On October 21, 2003, AltaGas Utilities received a letter from the Public Institutional Consumers of Alberta (PICA) indicating that “PICA supports AltaGas’s request for interim rates, including the proposed rate relief to Rates 2/12 and 3/13 and the harmonization of rates for the Bonnyville District service area.”

The Board received submissions from the Consumers’ Coalition of Alberta (CCA) dated October 2, 2003 and October 21, 2003, outlining its opposition to AUI’s interim refundable rates application. In response to CCA’s submissions, AUI filed submissions on October 6, 2003 and October 21, 2003.

The Board considers the record with respect to this application closed on November 21, 2003, the date on which the Board received confirmation of AUMA’s letter in support of the proposed interim rate adjustments.

## **2 BACKGROUND**

AltaGas filed an application on May 22, 2003, requesting approval of interim refundable rates, and terms and conditions of service for the Bonnyville service area. The new rates would affect Rate 1 and Rate 2 customers and would be identical to those being used in the balance of the AltaGas service area. The Board, in Decision 2003-052, dated July 2, 2003, denied the application. The Board agreed with the submission of the Consumers’ Coalition of Alberta that rate increases, then decreases, could result from the application. The Board also determined that since the prior period Phase II was still being negotiated it would be premature to approve postage stamp rates.

The Board received a letter dated September 29, 2003 letter from AltaGas, requesting approval of the Memorandum of Agreement (MOA) and Negotiated Settlement Brief (the Agreement) reached with customers for the Phase II portion of the 2000-2002 General Rate Application (Phase II) for AUI and Bonnyville Gas Company Limited.

## **3 DETAILS OF THE APPLICATION**

On September 29, 2003, AltaGas filed a letter with the Board requesting approval of the MOA and Negotiated Settlement Brief reached with customers for the Phase II portion of the 2000/2001/2002 General Rate Application for AUI and Bonnyville Gas Company Limited. While in support of the MOA, AltaGas noted that some customers served under Rates 2/12 and 3/13, expressed concern with the continuation of existing Rates 2/12 and 3/13 through 2003 and 2004. AltaGas submitted that the Public Institutional Consumers of Alberta asked that some relief be provided to the customers served under Rates 2/12 and 3/13. The Company requested the following changes to Rates 2/12 and 3/13:

Rate	Fixed Charge	Base Energy Charge	Demand Charge
2/12	No change.	A reduction from \$0.725 per gigajoule (GJ) to \$0.675 per GJ, a reduction of \$0.050 per GJ.	Not applicable.
3/13	A reduction from \$525 per month to \$357, a difference of \$150 per month.	A reduction from \$0.046 per GJ to \$0.028 per GJ, a reduction of \$0.018 per GJ.	No change.

On an annualized basis, this represents a reduction in Rate 2/12 revenues of \$58,000 and a reduction in Rate 3/13 revenues of \$151,800 based on 2004 forecast billing determinants.

To offset the reduction in Rate 2/12 and Rate 3/13, AltaGas requested that interim refundable rates include an increase to the base energy charge of Rate 1/11. The Company indicated that the requested adjustment to Rate 1/11, based on 2004's forecast billing determinants, is an additional 1.5 cents per GJ to the base energy charge. This adjustment to Rate 1/11 offsets the decrease in revenue to Rates 2/12 and 2/13, basically keeping the Company's revenue deficiency forecast in 2003/2004 constant. AUI provided additional detail in terms of impact to forecast revenues by class in Appendix A(Proposed Interim Rate Adjustment & 2004 Revenue Reconciliation) of this decision.

The Company proposed that these interim rates come into effect November 1, 2003.

The Company also proposed the harmonization of rates for the Bonnyville District service area. Currently, the Company's customers served in this service area are charged rates approved by Board Decision U98059. On May 22, 2003, AltaGas applied to the Board for approval to have the same set of rates applied throughout the Company's service areas. However, by Decision 2003-052, dated July 2, 2003, the Board denied AltaGas' request. The Company submitted that different circumstances exist today, as outlined below, which require the Board to take the change in circumstances into consideration:

- a. The harmonization of rates would provide relief to Rate 2/12 customers in the Bonnyville service area. The existing Rate 2/12 base energy charge is \$0.698 per GJ. Harmonization of rates would reduce the rate to \$0.675 per GJ, a reduction of 2.3 cents per GJ.
- b. The harmonization of rates would provide the same level of relief to Rate 3/13 customers in the Bonnyville service area as those in other service areas. The existing Rate 3/13 is the same in the Bonnyville service area and thus harmonizing the rates will provide the same level of relief as specified above, under Section 1 of this Application.
- c. At the time of the previous filing for rate harmonization in May 2003, there existed the possibility of a significant rate reduction to Rate 1 customers by way of the 2000/2001/2002 Phase II GRA. However, the Company and Customers recently filed a 2000/2001/2002 – Phase II GRA – Memorandum of Agreement with the Board. The MOA requested that the Board allow the rates that were in place during the 2000/2001/2002 test period, in combination with the refund of

revenue excesses and gains as determined in the Phase 1 Decision 2002-067, to be considered final on the basis that the rates with the refund were just and reasonable. Although the 2003/2004 revenue requirements have yet to be tested, the Company forecasted revenue deficiencies in both test years. Therefore, the likelihood of significant short-term rate fluctuation resulting from a sudden drop and then increase to Rate 1 customers has diminished substantially.

- d. The Phase II portion of the 2003/2004 General Rate Application will not contemplate different rates for the Bonnyville service area. The Company has prepared the Phase I portion of the 2003/2004 GRA as a consolidated filing, without any distinction between the Bonnyville service area and the rest of the Company. The Company indicated that it intended to prepare the cost of service study supporting the Phase II portion of the 2003/2004 GRA as a consolidated study. Since the consolidation of the utilities in the 2001 test year, there has been no request from our Customers to treat them separately.

AltaGas stated that the Company and its Customers have discussed this Application and given it significant consideration, with most parties indicating initial support for this proposal.

## **4 VIEWS OF THE PARTIES**

### **4.1 Views of the Applicant**

AltaGas Utilities submitted that it filed the Application to honor a commitment made to the group when settling the issues between the various rate classes in Phase 2 of the 2000/2001/2002 GRA. When those discussions took place, the year 2002 had ended and a 2003/2004 GRA was before the Board. AUI suggested that it was argued and accepted that the untested evidence appeared to suggest that Rates 2 and 3 might be paying more than their fair share of the costs.

Consequently, the majority of the group<sup>1</sup>, including those other than the CCA that represent Rate 1 customers, concluded that the most sensible solution would be to try to provide limited temporary relief to Rates 2 and 3 on an interim refundable basis. AltaGas noted that there is support from those representing elected local governments, customers in all Rates 1, 2, 3 and 4, and, in fact, the vast majority of AltaGas Utilities' customers.

AUI submitted that the vast majority of AltaGas Utilities' customers have either expressed support, or at least, no objection to our proposal for interim refundable rates.

Only one customer interest group, the Consumers Coalition of Alberta (CCA), has expressed opposition to the proposal for interim refundable adjustments to existing rates although they do not object to the harmonization of the Bonnyville service area rates.

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<sup>1</sup> The Customer Groups involved in Phase II of the 2000/2001/2002 GRA negotiations are: the Municipal and Gas Co-op Intervenors & Bonnyville Municipal Intervenors, the Alberta Urban Municipalities Association, the Public Institutional Consumers of Alberta, the Consumers Coalition of Alberta, the Energy Users Association of Alberta, and Alexander First Nation.

In its October 6, 2003 submission, AltaGas Utilities objected to the comments of the CCA that *“If the Company wishes to wrap up the 2002 Phase 2, and address the concerns of the Rate 2/12 and 3/13 customers, it should provide interim funding on its own, without asking other customers for such financing.”* AltaGas argued that this was a complete misrepresentation of the process and the result. The Company submitted that the application reflects the consensus of the group on how best to deal with potential rate issues between customer classes. AUI argued that the CCA submission, in fact, conflicts with the consensus of those representing the vast majority of the customers on the system. The Company submitted that it had an obligation to the group, based on the consensus view, to bring this application forward on behalf of the group. AUI argued that if it were being brought for the Company's benefit there are many large, and essentially uncontested, revenue deficiency items for which the Company would seek relief on an interim refundable basis.

#### **4.2 Views of the Consumers Coalition of Alberta**

In its October 2, 2003 submission, CCA argued that the Application is not typical in that AUI does not seek recovery of any portion of its forecast revenue deficiency as filed in its 2003/04 GRA. Instead, CCA noted that AUI sought to realign rates and revenues collected between customer classes, the result of which is that there is no additional revenue flowing to the Company. CCA argued that the impact of AUI's proposed rate realignment is to increase rates for Rate 1/11 by a total of \$209,800. The benefit of this increase is to provide rate relief to Rate 2/12 of \$58,000 and Rate 3/13 of \$151,800.

In the 2002 COSS, CCA noted that AUI had filed for a revenue/cost ratio (RC ratio) for Rates 2/12 and Rates 3/13 of 114.89% and 115.64%, respectively. CCA suggested that had there been a rate hearing, the Company would have fully supported its Phase II rate application, and the resulting RC ratios as being reasonable. However, as shown in Appendix B (CCA Interim Refundable Rates Assessment), CCA submitted that the impact of the rate realignment is that it reduces the RC ratio for Rate 3/13 from 115.64% proposed in the 2002 COSS and 124.92% under existing rates to 106.2%. On the other hand, for Rates 2/12, it increases the RC ratio from 114.89% proposed in the 2002 COSS to 120.4%.

While AUI attempts to “directionally<sup>2</sup> address PICA's concern, CCA argued that the effect of the proposal is to worsen the RC ratio of the Rate 2/12. Effectively, CCA submitted that while Rate 2/12 would receive a small break from existing rates (from 126% to 120%), the RC ratio relative to what the Company would have filed as being appropriate in the 2002 COSS increases from 115% to 120%.<sup>3</sup>

CCA also submitted that the mere fact that the RC ratios are in excess of what may be considered “directionally” appropriate does not render the rates unjust or unreasonable. In several Phase II decisions, the Board has accepted the fact that rates are just and reasonable notwithstanding the fact that the RC ratios are outside the plus or minus 5% tolerance limit from unity. CCA argued

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<sup>2</sup> The CCA submission filed October 6, 2003, p. 2 states: “While the Company does not address what it means to states that the rate realignment directionally addresses PICA's concerns, CCA assumed it to mean that it results in a RC ratio within plus or minus 5% of unity.”

<sup>3</sup> The CCA submission filed October 6, 2003, p. 2 states “These calculations are all done using 2002 COSS data. Admittedly, using 2004 data will result in slightly different results. However, considering that Rate 1/12 make up in excess of 92% of total revenues, and will contribute to 92% of total incremental revenues in 2004, CCA concluded that the relative ratios in 2004 should not change much.”



that the proper forum to revisit the RC ratios is in the context of a Phase II Filing. The only evidence CCA notes is available, although untested, is that the RC ratios for Rate 2/12 and Rate 3/13 should be in the range of 115%.

Under interim refundable rates, CCA suggested that if the Board were to conclude that the Rate 2/12 and 3/13 were paying rates in excess of existing rates, these customers will be fully refunded any excess revenues they pay between now and the final determination of the 2003/04 rates. CCA submitted that all AUI has effected is a situation where Rate 1 is used to fund the rate relief to Rates 2/12 and 3/13 on an interim basis. CCA argued that if the Company wishes to wrap up the 2002 Phase II, and address the concerns of the Rate 2/12 and 3/13 customers, it should provide interim funding on its own, without asking other customers for such financing.

CCA also submitted in all the meetings they attended that there was never unanimous consensus<sup>4</sup> that "Rates 2 and 3 might be paying more than their fair share of the costs".

## 5 VIEWS OF THE BOARD

The Board notes that AUI argued that the Application arose from settlement discussions with parties involved in AUI's 2000/2001/2002 Phase II GRA, whereby the majority of customer groups accepted that the untested evidence suggested Rates 2 and 3 customers might be paying more than their fair share of the costs. The Board agrees with the CCA that there was never unanimous consent that Rates 2 and 3 might be paying more than their fair share of the costs, however, that assertion was never argued by AltaGas in its application. The Board is satisfied that the majority of customer groups generally supported or did not contest the application, and that Rate 1 customers were well represented via other customer groups in addition to the CCA. The Board further notes that the CCA took no other issue with regards to AUI's October 6, 2003 reply submission.

The Board notes that AUI indicated that it proposed the interim refundable rates in response to PICA's request for relief to the customers served under Rates 2/12 and 3/13. The Board notes that only the CCA opposed the interim refundable rates, with no interested parties contesting the proposed harmonization of the Bonnyville Service Area's rates portion of the Application. The Board notes that the majority of the customers groups including those that represented Rate 1 customers supported the application.

The Board notes that the CCA submitted that the impact of AUI's proposed rate realignment increases rates for Rate 1/11 customers by a total of \$209,800, with rate relief to Rate 2/12 of \$58,000 and Rate 3/13 of \$151,800. The Board considers that the financial consequence of AUI's application on Rate 1/11 customers is likely minimal when allocating the costs of the rate change of \$209,800 against the total customer base of approximately 719,914.

While AUI attempts to directionally address PICA's concern, the Board notes that the CCA argued that the effect of the proposal is to worsen the RC ratio of the Rate 2/12. Effectively, the Board observes that the CCA asserted that while Rate 2/12 receive a small break from existing

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<sup>4</sup> The CCA submission filed October 21, 2003, p. 1, the CCA stated that "In fact, at the September 26, 2003 meeting, the CCA representative made it clear that the proposal to have Rate 1 customers subsidize Rate 2/3 customers was unacceptable"

rates (from 126% to 120%), the RC ratio relative to what the Company would have filed as being appropriate in the 2002 COSS increases from 115% to 120%.

The Board considers that comparing the RC ratios for the interim refundable rates versus the proposed 2002 rates ignores the fact that AUI and its customers, including the CCA, reached a negotiated settlement on the 2000/2001/20002 rates, and accepted the continuation of existing rates as approved in Decisions U96116 and U98059. Therefore, the Board gives little weight to this argument.

The Board considers an RC ratio within a 5% tolerance limit of unity per rate class to be a reasonable objective, but recognizes that a cost of service study involves a certain degree of judgment, and rates that fall outside of this 95% to 105% range for the RC ratios of various rates may be also be appropriate. In Decision U96116, the Board stated that:

In more recent decisions, the Board has also considered the revenue to cost ratios for the customer/demand/commodity components of the rates. Where rates or rate components have fallen outside this band, the Board has generally approved the rate if it constituted a move towards the band. This is in the interests of a degree of rate stability. Therefore, for rate classes where cost is the primary rate design criterion, the Board considers it appropriate to amend rate proposals that deviate significantly from cost.<sup>5</sup>

The Board agrees with AUI that the proposed interim refundable rates directionally address both the concerns of PICA and the Board objective of moving rates towards RC ratios within 5% of unity.

The Board also considers that the application only increases Rate 1/11 customers by a total of \$209,800 with rate relief to Rate 2/12 of \$58,000 and Rate 3/13 of \$151,800. The Board recognizes that the RC ratio for Rate 1 customers increases from existing rates of 100.19% to 101.01% maintaining these rates well within the tolerance range of 5% from unity. The Board is of the view that as these rates are interim refundable, parties may raise any objections to the appropriateness of these rates in the 2003/2004 Phase II GRA proceeding. The Board does however agree with the CCA that although directionally correct, the interim refundable rates have not been tested against a cost of service study. Therefore, the Board directs AUI to file a 2004 cost of service study to allow the Board and interested parties an opportunity to evaluate the interim refundable rates before any final determinations of rates are made. The Board accepts AUI's interim refundable rates as filed, and they are approved effective December 1, 2003 (Appendix C- Rate Schedules).

With regards to the Bonnyville service area, the Board notes that AltaGas filed an application on May 22, 2003, requesting approval of interim refundable rates, and terms and conditions of service for the Bonnyville service area that would result in postage stamp rates. The Board notes that the rates would affect Rate 1 and Rate 2 customers and would be identical to those being used in the balance of the AltaGas service area, similar to the AUI's current application. The Board notes that in Decision 2003-052, the Board agreed with the submission of the Consumers' Coalition of Alberta that rate increases, then decreases, could result from the application, and therefore denied the application.

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<sup>5</sup> Decision U96116, p. 3, December 16, 1996. Centra Gas Alberta Inc. 1995/1996 General Rate Application-Phase II

The Board notes that several factors have changed since the Board denied AUI's May 22, 2003 application for harmonization of Bonnyville service area rates. Firstly, the Board notes that the CCA has not contested this application as opposed to AUI's previous postage stamp rate application that resulted in Decision 2003-052. Secondly, as AUI has forecasted revenue deficiencies in both test years, the Board considers its concern regarding rate volatility for rate 1 customers has diminished. The Board concludes that as no customers have contested the realignment of Bonnyville Service Area's rates, and that the harmonization of rates will provide relief to Rate 2/12 and 3/13 customers in the Bonnyville service area as those in other service areas, the harmonizing of Bonnyville Service Area's rates at this time is just and reasonable.

Therefore, for all of the above reasons, the Board hereby approves the Application.

**6 ORDER**

IT IS HEREBY ORDERED THAT:

- (1) AltaGas Utilities Inc. interim refundable rates, as set out in Appendix C, are approved as filed, effective December 1, 2003, until such time as other rates are approved for AltaGas Utilities Inc. by the Board.
- (2) Effective December 1, 2003, harmonization of rates for the Bonnyville District service area, as set out in the Application, are approved and are set at the same rates as the rest of the AltaGas Utilities Inc.'s service areas.
- (3) The Board directs AltaGas Utilities Inc. to file a 2004 Cost of Service Study with its 2003/2004 Phase II General Rate Application.

Dated in Calgary, Alberta on November 25, 2003.

**ALBERTA ENERGY AND UTILITIES BOARD**

*(original signed by)*

R. G. Lock, P.Eng.  
Presiding Member

*(original signed by)*

Gordon J. Miller  
Board Member

*(original signed by)*

J. G. Gilmour  
Acting Member



## **APPENDIX A - PROPOSED INTERIM RATE ADJUSTMENT & 2004 REVENUE RECONCILIATION**



"Appendix A - AUI  
Interim.xls"

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## **APPENDIX B - CCA INTERIM REFUNDABLE RATES ASSESSMENT**



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assessment of interim  
(Consists of 2 pages)





## APPENDIX C – RATE SCHEDULES



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"Rate No. 13.doc"

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## AltaGas Utilities Inc.

## Appendix "A" - Proposed Interim Rate Adjustment &amp; Revenue Reconciliation

2004 Forecast	Rate No.	Billing Determinants			Existing Rates			Proposed Interim Rates		
		Billings	Volume	Demand	Fixed Charge	Base Energy	Demand Charge	Fixed Charge	Base Energy	Demand Charge
<b>AltaGas Utilities (Excl. Bonnyville District)</b>										
Small General Service	1	681,991	10,790,254		\$ 14.00	\$ 1.293				
Small General Service (Transportation)	11	60	20,085		\$ 14.00	\$ 1.293				
Large General Service	2	1,680	1,125,978		\$ 250.00	\$ 0.725				
Demand-Commodity	3	456	1,667,033	97,644	\$ 525.00	\$ 0.046	\$ 4.650			
Demand-Commodity (Transportation)	13	192	1,245,950	85,860	\$ 525.00	\$ 0.046	\$ 4.650			
Irrigation	4	2,010	131,500		\$ 23.00	\$ 0.857				
		<u>686,389</u>	<u>14,980,800</u>	<u>183,504</u>						
<b>Bonnyville District</b>										
Small General Service	1	37,863	679,619		\$ 14.00	\$ 1.246				
Large General Service	2	84	74,457		\$ 250.00	\$ 0.698				
Demand-Commodity	3	12	21,432	2,076	\$ 525.00	\$ 0.046	\$ 4.650			
		<u>37,959</u>	<u>775,508</u>	<u>2,076</u>						
<b>AltaGas Utilities (Consolidated)</b>										
Small General Service	1	719,854	11,469,873				\$ 14.00	\$ 1.308		
Small General Service (Transportation)	11	60	20,085				\$ 14.00	\$ 1.308		
Large General Service	2	1,764	1,200,435				\$ 250.00	\$ 0.675		
Demand-Commodity	3	468	1,688,465	99,720			\$ 375.00	\$ 0.028	\$ 4.650	
Demand-Commodity (Transportation)	13	192	1,245,950	85,860			\$ 375.00	\$ 0.028	\$ 4.650	
Irrigation	4	2,010	131,500				\$ 23.00	\$ 0.857		
		<u>724,348</u>	<u>15,756,308</u>	<u>185,580</u>						
<b>2004 Revenues</b>										
		<b>At Existing Rates</b>	<b>At Proposed Interim Rates</b>	<b>Change</b>						
<b>AltaGas Utilities (Consolidated)</b>										
Small General Service	1	\$ 24,876,560	\$ 25,080,550	\$ 203,990						
Small General Service (Transportation)	11	\$ 26,810	\$ 27,111	\$ 301						
Large General Service	2	\$ 1,309,305	\$ 1,251,294	\$ (58,011)						
Demand-Commodity	3	\$ 787,067	\$ 686,475	\$ (100,592)						
Demand-Commodity (Transportation)	13	\$ 557,363	\$ 506,136	\$ (51,227)						
Irrigation	4	\$ 158,926	\$ 158,926	\$ -						
		<u>\$ 27,716,030</u>	<u>\$ 27,710,491</u>	<u>\$ (5,539)</u>						

**Per U96116**

	Excl Gas Cots			RC Ratio
	Revenues	RR	Gas	W/Gas Csts
1/12/2021 sgs	21,614,740	21,674,497	0	99.72%
2/12/2022 lgs	1,014,232	990,812	0	102.36%
3 demand - commodity	304,436	309,057	0	98.50%
4/14/2024 irrig	140,185	146,449	0	95.72%
Sub total SALES	23,073,593	23,120,815	0	99.80%
13 Transportation End Use	108,782	110,793		98.18%
10 Transportation Producer	303,510	254,277		119.36%
Sub Total Transportation	412,292	365,070	0	112.94%
	23,485,885	23,485,885	0	100.00%

<b>RATE NO. 1</b>	<b>SMALL GENERAL SERVICE</b>
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**Description:**

Available to all customers except those customers who do not purchase their total natural gas requirements from the Company or who utilize the Company's facilities only for standby, peaking or emergency services.

**Charges:**

Fixed Charge:.....	\$ 14.00/Month
Energy Charge:	
Base.....	\$ 1.308/GJ
Gas Cost Recovery.....	Rate Rider "D"
Minimum Monthly Charge:.....	Fixed Charge

EFFECTIVE DATE: December 1, 2003	REPLACING RATE EFFECTIVE: November 1, 1997	Page 1 of 1 SGS
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AltaGas Utilities Inc.

<b>RATE NO. 2</b>	<b>OPTIONAL LARGE GENERAL SERVICE</b>
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**Description:**

Available to all customers on an annual contract except those customers who do not purchase their total natural gas requirements from the Company or who utilize the Company's facilities only for standby, peaking or emergency services.

**Charges:**

Fixed Charge:.....	\$ 250.00/Month
Energy Charge:	
Base.....	\$ 0.675/GJ
Gas Cost Recovery.....	Rate Rider "D"
Minimum Monthly Charge:.....	Fixed Charge

EFFECTIVE DATE: December 1, 2003	REPLACING RATE EFFECTIVE: November 1, 1997	Page 1 of 1 LGS
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AltaGas Utilities Inc.

<b>RATE NO. 3</b>	<b>OPTIONAL GENERAL SERVICE DEMAND/COMMODITY</b>
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**Description:**

Available on an annual contract, except to those customers who do not purchase their total natural gas requirements from the Company or who utilize the Company's facilities only for standby, peaking or emergency services.

**Charges:**

Fixed Charge:.....	\$ 375.00/Month
Demand Charge:.....	\$ 4.650/Month/GJ of Billing Demand
Energy Charge:	
Base.....	\$ 0.028/GJ
Gas Cost Recovery.....	Rate Rider "D"
Minimum Monthly Charge:.....	Fixed Charge plus Demand Charge

**Determination of Billing Demand:**

The Billing Demand shall be the greater of:

1. 100 GJ, or
2. The Contract Demand, or

EFFECTIVE DATE: December 1, 2003	REPLACING RATE EFFECTIVE: November 1, 1997	Page 1 of 2 OGS-DC
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AltaGas Utilities Inc.

<b>OPTIONAL GENERAL SERVICE DEMAND/COMMODITY</b>	<b>RATE NO. 3</b>
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3. The greatest amount of gas in GJ in any consecutive 24-hour period during the current and preceding eleven billing periods provided that the greatest amount of gas delivered in any 24 consecutive hours in the summer period shall be divided by 2.

Page 2 of 2 OGS-DC	REPLACING RATE EFFECTIVE: November 1, 1997	EFFECTIVE DATE: December 1, 2003
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AltaGas Utilities Inc.

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***Winter Period - Summer Period:***

The winter period is the five meter reading periods ending between November 1 to March 31 and the summer period is the seven meter reading periods ending between April 1 to October 31.

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AltaGas Utilities Inc.

<b>RATE NO. 11</b>	<b>TRANSPORTATION SERVICE FOR NATURAL GAS DELIVERED FROM THE COMPANY'S SYSTEM TO SMALL CORE MARKET END USERS</b>
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**Description:**

Transportation service is available to small core market customers under an Annual Contract for the transportation of natural gas owned by others through the Company's facilities, provided that the Requirements below are met.

**Charges:**

Fixed Charge:.....	\$14.00/Month
Energy Charge:.....	\$1.308/GJ
Minimum Monthly Charge:.....	Fixed Charge

*PLUS*

A provision for Unaccounted-For Gas as per Rider "E" of the Rate Schedules.

This service is not available for standby, peaking or emergency services.

**Requirements:**

1. The Gas is delivered by Customer to Company at one of either a NOVA/Company or a NUL/Company or a CWNG/Company interconnection or any other interconnection acceptable to the Company specific to the district where the gas is being consumed.
  - (a) The Company shall determine receipt and delivery locations for transportation service by consultation;
  - (b) Service under Transportation Rates is subject to available system capacity;

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AltaGas Utilities Inc.

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<b>TRANSPORTATION SERVICE FOR NATURAL GAS DELIVERED FROM THE COMPANY'S SYSTEM TO SMALL CORE MARKET END USERS</b>	<b>RATE NO. 11</b>
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**Requirements:** (continued)

- (c) The gas is delivered from the Company's Gas Pipeline System to a Core End-User; and,
- (d) The Customer has the exclusive contractual control of gas flows at the Point of Delivery and contractual control of gas flows at the Point(s) of Receipt.

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AltaGas Utilities Inc.

<b>RATE NO. 12</b>	<b>TRANSPORTATION SERVICE FOR NATURAL GAS          DELIVERED FROM THE COMPANY'S SYSTEM TO          LARGE CORE MARKET END USERS</b>
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**Description:**

Transportation service is available to large core market customers under an Annual Contract for the transportation of natural gas owned by others through the Company's facilities, provided that the Requirements below are met.

**Charges:**

Fixed Charge:..... \$250.00/Month  
 Energy Charge:..... \$0.675/GJ  
 Minimum Monthly Charge:..... Fixed Charge

**PLUS**

A provision for Unaccounted-For Gas as per Rider "E" of the Rate Schedules.

This service is not available for standby, peaking or emergency services.

**Requirements:**

1. The Gas is delivered by Customer to Company at one of either a NOVA/Company or an NUL/Company or a CWNG/Company interconnection or any other interconnection acceptable to the Company specific to the district where the gas is being consumed.
  - (a) The Company shall determine receipt and delivery locations for transportation service by consultation;
  - (b) Service under Transportation Rates is subject to available system capacity;

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AltaGas Utilities Inc.

<b>TRANSPORTATION SERVICE FOR NATURAL GAS DELIVERED FROM THE COMPANY'S SYSTEM TO LARGE CORE MARKET END USERS</b>	<b>RATE NO. 12</b>
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**Requirements:** (continued)

- (c) The gas is delivered from the Company's Gas Pipeline System to a Core End-User; and,
- (d) The Customer has the exclusive contractual control of gas flows at the Point of Delivery and contractual control of gas flows at the Point(s) of Receipt.

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AltaGas Utilities Inc.

<b>RATE NO. 13</b>	<b>TRANSPORTATION SERVICE END USER</b>
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**Description:**

Transportation service is available to customers on contract for the terms specified for the transportation of natural gas owned by others through the Company's facilities.

**Charges:**

Fixed Charge per Month: ..... \$ 375.00/Month

Demand Charge per GJ  
 of Billing Demand per Month: ..... \$4.650/Month/GJ  
 of Billing Demand

Energy Charge per GJ: ..... \$0.028/GJ

PLUS

A provision for Unaccounted-For Gas as per Rider "E" of the Rate Schedules

- a) The minimum monthly charge will be the fixed charge plus demand charge.
- b) The Company and customer shall determine receipt and delivery locations for transportation service by consultation and agreement.
- c) Service under Transportation Rates is subject to available system capacity.
- d) The Company reserves the right to restrict the amount of gas received and delivered to the Contract Demand.

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AltaGas Utilities Inc.

<b>TRANSPORTATION SERVICE END USER</b>	<b>RATE NO. 13</b>
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**Charges:** (continued)

## e) Determination of Billing Demand:

The Billing Demand shall be the greater of:

1. 100 GJ, or
2. The Contract Demand, or
3. The greatest amount of gas in GJ in any consecutive 24-hour period during the current and preceding eleven billing periods provided that the greatest amount of gas delivered in any 24 consecutive hours in the summer period shall be divided by 2.

**Winter Period - Summer Period:**

The winter period is the five meter reading periods ending between November 1 to March 31 and the summer period is the seven meter reading periods ending between April 1 to October 31.

## f) The rates do not include costs payable by the Customer for specific facilities at the point(s) of receipt or delivery provided by the Company for the Customer.

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AltaGas Utilities Inc.