



**AltaGas Utilities Inc.**

**2018-2019 Unaccounted-For Gas Rider E and Rider H**

**October 25, 2018**

**Alberta Utilities Commission**

Decision 23740-D01-2018

AltaGas Utilities Inc.

2018-2019 Unaccounted-For Gas Rider E and Rider H  
Proceeding 23740

October 25, 2018

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## **1 Decision summary**

1. For the reasons set out in this decision, the Alberta Utilities Commission approves AltaGas Utilities Inc.'s rate riders E and H as filed, effective November 1, 2018. Both riders are designed to recover the amounts associated with unaccounted-for gas (UFG). Rider E recovers the amount of UFG associated with producer transportation service and Rider H recovers the amount of UFG associated with Natural Gas Settlement System (NGSS) processes.

## **2 Introduction and procedural background**

2. On July 16, 2018, AltaGas filed an application with the Commission requesting approval for annual adjustments to its 2018-2019 UFG Rate Riders E and H, effective November 1, 2018. AltaGas proposed reducing Rider E to 1.04 per cent from 1.12 per cent, and reducing Rider H to 1.05 per cent from 1.14 per cent.<sup>1</sup>

3. The Commission issued a notice of application on July 17, 2018, directing interested parties to file a statement of intent to participate (SIP) by July 31, 2018. The Commission received a SIP from the Consumers' Coalition of Alberta (CCA) on August 2, 2018. The CCA stated that it would like the opportunity to test the application with a process of written information requests (IRs) before commenting on whether it objects to the application.

4. On August 8, 2018, the Commission issued a letter outlining process steps for the application. The letter provided for IRs and responses to IRs, and submissions regarding the need for further process with a due date of September 12, 2018.

5. On September 12, 2018, the Commission received submissions on the need for further process from AltaGas and the CCA. AltaGas submitted that there is sufficient information on the record to enable the Commission to fully assess the application and requested that the Commission close the record for this proceeding. The CCA advised that it wished to proceed to argument and reply argument.

6. On September 14, 2018, the Commission issued a letter outlining updated process steps for the application. The letter provided for argument and reply argument with due dates of September 21, 2018, and September 28, 2018, respectively.

7. The Commission considers the record for this proceeding to have closed on September 28, 2018, when reply arguments were filed.

8. In reaching the determinations set out within this decision, the Commission has considered all relevant materials comprising the record of this proceeding.

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<sup>1</sup> Exhibit 23740-X0003, application, page 1.

Accordingly, reference in this decision to specific parts of the record are intended to assist the reader in understanding the Commission's reasoning relating to a particular matter and should not be taken as an indication that the Commission did not consider all relevant portions of the record with respect to a particular matter.

### 3 Background

9. Rider E and Rider H are designed to recover the amounts associated with UFG. Before the implementation of Rule 028: *Natural Gas Settlement System Code*, and AltaGas's NGSS, Rider E was used to calculate all of AltaGas's UFG. Rule 028 came into effect on April 4, 2011, and in Decision 2013-367,<sup>2</sup> the Commission approved the implementation of a new UFG rate rider, Rider H, for 2012-2013 at 1.26 per cent.<sup>3</sup> In that decision, the Commission accepted that, as a consequence of the implementation of Rule 028 and AltaGas's NGSS, AltaGas required two separate UFG rate riders: Rider H for NGSS processes, and Rider E for producer transportation service.<sup>4</sup>

10. In Decision 2011-425,<sup>5</sup> in response to concerns that AltaGas's efforts had not resulted in a reduction to UFG levels, the Commission directed AltaGas to provide the following information in its next UFG application:

- (a) monthly receipt and delivery volumes for the past five years and UFG percentage loss or gain
- (b) a clear and detailed explanation of the seasonal difference in UFG rates, and the specific reasons for negative UFG amounts in any month during the period when this UFG rate is in effect
- (c) the reasons for any increases/decreases in UFG for AltaGas and what additional steps AltaGas is taking to reduce UFG in its next UFG application
- (d) explanation of all capital projects and operation and maintenance programs that have been initiated over the last five years and any forecast initiatives designed to improve UFG data and potentially reduce UFG amounts.<sup>6</sup>

11. In Decision 2012-292,<sup>7</sup> the Commission recognized AltaGas's efforts undertaken to understand and manage its UFG levels. The Commission stated that more accurate data and improved detection of UFG will assist the Commission in understanding the source(s) of AltaGas's UFG. AltaGas was directed to continue to provide the following information in its next UFG application:

- (a) monthly receipt and delivery volumes and UFG percentage loss or gain from the most current month available back to June 2002
- (b) a clear and detailed explanation of the seasonal difference in UFG rates, and the specific reasons for negative UFG amounts in any month

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<sup>2</sup> Decision 2013-367: AltaGas Utilities Inc., Application Requesting a New Rate Rider H (Unaccounted-For Gas) for Compliance with AUC Rule 028, Proceeding 2721, Application 1609767-1, September 27, 2013.

<sup>3</sup> Decision 2013-367, paragraph 18.

<sup>4</sup> Decision 2013-396, page 2.

<sup>5</sup> Decision 2011-425: AltaGas Utilities Inc., 2011-2012 Rate Rider "E" – Unaccounted-For Gas, Proceeding 1423, Application 1607636-1, October 27, 2011.

<sup>6</sup> Decision 2011-425, paragraph 19.

<sup>7</sup> Decision 2012-292: AltaGas Utilities Inc., 2012-2013 Rate Rider "E" – Unaccounted-For Gas, Proceeding 2133, Application 1608828-1, October 30, 2012, paragraph 32.

- (c) the reasons for any increases/decreases in AUI's UFG and details of the additional steps AltaGas is taking to reduce UFG.<sup>8</sup>

12. In the last five decisions (i.e., Decision 2013-396,<sup>9</sup> Decision 2014-291,<sup>10</sup> Decision 20806-D01-2015,<sup>11</sup> Decision 21822-D01-2016<sup>12</sup> and Decision 22809-D01-2017<sup>13</sup>) the Commission stated that while not all of the causes of UFG can be eliminated, it would expect that the percentages will be reduced over time due to AltaGas's initiatives to reduce UFG. The Commission directed AltaGas to continue with its commitment to quantify the causes of UFG, to provide reasons for any increases/decreases in AltaGas's UFG, to continue to take action to reduce UFG fluctuations and UFG amounts overall, and to continue to provide historical monthly data.<sup>14</sup>

13. In Decision 22809-D01-2017, the Commission directed AltaGas to continue to provide UFG adjustments and explanations, broken down by region, and insights gained from the regional analysis.<sup>15</sup>

## 4 Discussion of issues

### 4.1 UFG calculations and Rider E and Rider H amounts

14. In the current application, AltaGas did not propose any change to its approved methodology for calculating riders E and H. Rider E is calculated using the most recent five-year arithmetic average of the annual UFG percentages, based on system receipts. Rider H is similarly calculated using the most recent five-year arithmetic average of the annual UFG percentages, but it uses system deliveries in the calculation, as required by Rule 028.<sup>16</sup>

15. AltaGas included five-year historical average calculations in the application as Schedule B (for Rider E) and Schedule D (for Rider H). The five-year average calculations for riders E and H are reproduced in tables 1 and 2 below:

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<sup>8</sup> At paragraph 33 of Decision 2012-292, the Commission considered that the information requested in the fourth direction from Decision 2011-425 (i.e., part (d) of paragraph 5 above) is effectively captured under part (c) of paragraphs 5 and 6 above, particularly in light of the capital projects and operation and maintenance programs that were approved in Decision 2012-091: AltaGas Utilities Inc., 2010-2012 General Rate Application – Phase I, Proceeding 904, Application 1606694-1, April 9, 2012.

<sup>9</sup> Decision 2013-396: AltaGas Utilities Inc., 2013-2014 Rider E and Rider H (Unaccounted-For Gas), Proceeding 2815, Application 1609896-1, October 31, 2013.

<sup>10</sup> Decision 2014-291: AltaGas Utilities Inc., 2014-2015 Unaccounted-For Gas Rider E and Rider H, Proceeding 3369, Application 1610779-1, October 22, 2014.

<sup>11</sup> Decision 20806-D01-2015: AltaGas Utilities Inc., 2015-2016 Unaccounted-For Gas Rate Rider E and Rate Rider H, Proceeding 20806, November 23, 2015.

<sup>12</sup> Decision 21822-D01-2016: AltaGas Utilities Inc., 2016-2017 Unaccounted-For Gas Rate Rider E and Rider H, Proceeding 21822, September 1, 2016.

<sup>13</sup> Decision 22809-D01-2017: AltaGas Utilities Inc., 2017-2018 Unaccounted-For Gas Rider E and Rider H, Proceeding 22809, September 7, 2017.

<sup>14</sup> Decision 2013-396, paragraph 34; Decision 2014-291, paragraph 22; Decision 20806-D01-2015, paragraphs 28-29; Decision 21822-D01-2016, paragraphs 24, 26-27; Decision 22809-D01-2017, paragraphs 23, 25-26.

<sup>15</sup> Decision 22809-D01-2017, paragraph 27.

<sup>16</sup> Exhibit 23740-X0003, application, PDF pages 1-2.

**Table 1. Determination of UFG Rider E percentage for 2018-2019<sup>17</sup>**

Year ending May 31	Annual UFG percentage loss
2014	1.07
2015	1.26
2016	0.88
2017	1.04
2018	0.96
Five-year arithmetic average	1.04

**Table 2. Determination of UFG Rider H percentage for 2018-2019<sup>18</sup>**

Year ending May 31	Annual UFG percentage loss
2014	1.08
2015	1.28
2016	0.89
2017	1.05
2018	0.96
Five-year arithmetic average	1.05

16. The Commission has compiled tables 3 and 4 below to show the last 10 years of approved amounts for UFG recovery through Rider E, and the last six years of approved amounts for UFG recovery through Rider H, using the most recent five-year arithmetic averages of the annual UFG percentages. Rider H has only six years of approved amounts for UFG recovery because, as set out in Section 3 of this decision, it was first approved for the 2012-2013 period.

**Table 3. AltaGas Rider E – approved UFG amounts on an annual basis from 2008 to 2018**

Year	Commission-approved five-year UFG average percentage loss
2008-2009	0.82
2009-2010	0.86
2010-2011	0.97
2011-2012	1.21
2012-2013	1.24
2013-2014	1.28
2014-2015	1.31
2015-2016	1.30
2016-2017	1.15
2017-2018	1.12
<b>2018-2019 (proposed)</b>	<b>1.04</b>

<sup>17</sup> Exhibit 23740-X0003, application, Schedule B, page 5.

<sup>18</sup> Exhibit 22809-X0003, application, Schedule D, page 7.



**Table 4. AltaGas Rider H – approved UFG amounts on an annual basis from 2012 to 2018**

Year	Commission-approved five-year UFG average percentage loss
2012-2013	1.26
2013-2014	1.30
2014-2015	1.33
2015-2016	1.31
2016-2017	1.16
2017-2018	1.14
<b>2018-2019 (proposed)</b>	<b>1.05</b>

#### 4.2 Compliance with previous Commission directions

17. In the application, AltaGas provided:<sup>19</sup>

- Monthly data for the period from June 2002 to the most recent month, May 2018.<sup>20</sup>
- UFG by region.<sup>21</sup>
- Reasons for increases/decreases in UFG:
  - Operations – physical loss due to line leaks or line hits, purging, theft and venting from relief valves.
  - Measurement – incorrect configuration, documentation, installation, replacement or maintenance activities; and device wear, damage or failure. Measurement effects on UFG vary depending on the size of meter and the problem.
  - Delivery and receipt data – unknown customers and meter failure or error.
  - Other factors – accounting, billing, theft, line purging and facility damages.<sup>22</sup>
- Actions taken to reduce UFG and UFG fluctuations, including automated meter reading (AMR) and the system betterment activities that AltaGas is undertaking through its capital tracker and non-capital tracker programs.<sup>23</sup>

18. AltaGas noted that most of these factors cannot be accurately quantified or forecast due to the unpredictable and generally unforeseen nature of events and circumstances that can affect UFG.<sup>24</sup>

19. AltaGas explained that it assesses the likelihood and effect of each potential source of UFG, and prioritizes remedial actions to maximize the value of operation and maintenance programs and capital investment by concentrating on those items most likely contributing to the

<sup>19</sup> Decision 2013-396, Decision 2014-291, Decision 20806-D01-2015, Decision 21822-D01-2016 and Decision 22809-D01-2017.

<sup>20</sup> Exhibit 23740-X0001.

<sup>21</sup> Exhibit 23740-X0002.

<sup>22</sup> Exhibit 23740-X0003, paragraphs 1-35.

<sup>23</sup> Exhibit 23740-X0003, paragraphs 5-29.

<sup>24</sup> Exhibit 23740-X0003, application, Schedule E, PDF pages 8-18.

highest rate of gas loss. AltaGas noted that the effect from each of the causes of UFG may fluctuate from year to year.<sup>25</sup>

20. AltaGas provided UFG data separated into north, central and south regions from June 2017 to May 2018.<sup>26</sup> AltaGas also commented on causes for its UFG and any corresponding identified issues, by region.

21. Specifically, AltaGas explained that in the northwest region, the Barrhead/Westlock/Morinville (BWM) area is the major area affecting UFG.

... In the North region, the Barrhead/Westlock/Morinville (BWM) area in the northwest, is the major area affecting UFG. The BWM area is historically a chronic gas loss area requiring high monitoring levels on a monthly basis. There were approximately 56 line leaks repaired on the BWM system from June 15, 2017 to June 14, 2018, compared to 64 leaks repaired from June 15, 2016 to June 14, 2017. The BWM region has NCPE [non-certified polyethylene] pipe with notable leak issues, and expected to be replaced in future as part of the pipe replacement program under AUI's System Betterment MRP [Major Replacement Program].<sup>27</sup>

22. AltaGas stated that there are no unusual occurrences contributing to increased or decreased UFG in the central region, and the UFG is within expected levels and consistent with losses due to the reasons identified by the company.<sup>28</sup>

23. AltaGas explained that the south region is affected by irrigation usage that is sporadic in the summer and in shoulder periods because consumption is not temperature-sensitive. Rather, consumption is dependent on the amount of precipitation that occurs during the period. In addition, receipt meters in this region may experience a high amount of slippage in measurement due to low gas flows through the meters.<sup>29</sup>

24. In its argument, AltaGas submitted that it was directed in Decision 2012-292 to provide historical data (monthly receipt and delivery volumes, and UFG percentage loss or gain from the most current month available) back to June 2002 and that this direction has been carried forward to subsequent UFG decisions. AltaGas explained that the direction to provide monthly historical data originated in the 2012-2013 Rate Rider E UFG proceeding, based on an Office of the Utilities Consumer Advocate request for historical monthly data. AltaGas requested that the direction be revised to require it to provide only the most recent 10 years of monthly historical data in future UFG applications.<sup>30</sup>

#### 4.3 Issues raised by the CCA

25. The CCA did not object to the overall UFG rates proposed by AltaGas. The CCA submitted that the rates did not appear to be unreasonable given past UFG applications and noted that AltaGas was proposing a reduction in UFG rates from the last application. However, the CCA raised three specific concerns. These issues are addressed in the following sections.

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<sup>25</sup> Exhibit 23740-X0003, application, Schedule E, PDF page 8, paragraph 1.

<sup>26</sup> Exhibit 23740-X0002.

<sup>27</sup> Exhibit 23740-X0003, application, Schedule E, PDF page 17, paragraph 33.

<sup>28</sup> Exhibit 23740-X0003, application, Schedule E, PDF page 18, paragraph 34.

<sup>29</sup> Exhibit 23740-X0003, application, Schedule E, PDF page 18, paragraph 35.

<sup>30</sup> Exhibit 23740-X0017, AltaGas argument, paragraphs 8-9.

### 4.3.1 Meter slippage

26. The CCA raised a concern with AltaGas's meter slippage, submitting that AltaGas should be directed to:

- provide a full response to the identified meter flow range issues, including a description of the maximum meter turndown and suspected magnitude of minimum flows at all locations with suspected slippage; and
- a cost benefit evaluation on the economics of installing meter run flow switching to permit a wider range of flow measurement and to avoid the described problem of meter slippage.<sup>31</sup>

27. AltaGas responded that the inclusion of the requested information in future UFG applications is not warranted for the following reasons:

- Variations in UFG data will occur from time to time;
- AltaGas actively implements UFG initiatives along with a UFG monitoring process to take remedial action as needed;
- AltaGas is continually working to reduce UFG and investigates any significant anomalies detected;
- Declining trends in UFG rider rates for the past four years prove AltaGas's processes are working and negate the need for scrutiny of the specific details of each investigation;
- Meter slippage is one of many possible causes of UFG and contributes to a very small fraction of overall UFG. In a previous UFG application,<sup>32</sup> AltaGas explained that addressing meter slippage by installation of additional meters specifically designed to measure low flow does not warrant the additional metering cost; and
- The amount of information requested by the CCA in this area is excessive and a cost-benefit evaluation is well beyond the scope of a UFG application.<sup>33</sup>

### 4.3.2 UFG by area

28. The CCA submitted that AltaGas did not advise what "specific actions" it undertook with respect to UFG in the south area and, in future UFG applications, should be directed to provide specific details of variances discovered and specific actions taken.<sup>34</sup>

29. AltaGas responded that this request was excessive and should be declined, explaining that there are a number of factors that may lead to UFG losses or gains. In the south region, no single factor could be identified as a leading contributor to the UFG anomalies in 2017 and early

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<sup>31</sup> Exhibit 23740-X0014, CCA argument, paragraphs 4-6.

<sup>32</sup> In Proceeding 2815, Exhibit 0001.00.AUI-2815, application, paragraphs 8 and 10, AltaGas explained that meter slippage "inaccuracies are relatively minor variances of +/- 2% and are considered acceptable in the industry due to the inherent technological limitations of meters. The variances are also within manufacturer specifications and Measurement Canada accepted tolerances... To measure low flow in the 'off-season' or 'non-heating' periods, AUI would need to install additional meters specifically designed to measure low flow. In AUI's submission, the potential recoveries related to meter slippage during the summer months does not warrant the cost of such additional metering."

<sup>33</sup> Exhibit 23740-X0017, AltaGas reply argument, paragraphs 4-6.

<sup>34</sup> Exhibit 23740-X0014, CCA argument, paragraph 8.

2018. AltaGas stated that all of the factors identified in the application, including irrigation usage and meter slippage, were appropriately investigated and addressed, as evidenced by the reduction in UFG percentage in the following months.<sup>35</sup>

#### 4.3.3 Energy and volume conversion

30. The CCA expressed concern that there is no discussion of possible UFG uncertainty related to conversion of gas received at interconnects and purchase gas which are subsequently converted to volumes. The CCA was also concerned that AltaGas has neither acknowledged nor identified any investigation into potential UFG uncertainties arising from the conversion of measurement data between energy and volumes resulting from third party and AltaGas on system measurement. The CCA submitted that AltaGas should be directed to address this issue with its next UFG filing.<sup>36</sup>

31. AltaGas submitted that UFG calculations are based on measured receipts and deliveries, and gas purchases are not used in the UFG calculations. Receipt data is measured in volume (thousand cubic feet or MCF) and requires no conversion for UFG calculations. As such, AltaGas submitted that energy and volume conversion is not an issue, and the CCA's concern in this regard is unwarranted.<sup>37</sup>

## 5 Commission findings

32. The Commission has reviewed the calculations for 2018-2019 Rider E and Rider H and is satisfied that AltaGas's proposed UFG rate calculations are accurate and consistent with the methodology approved in previous decisions, most recently in Decision 22809-D01-2017.

33. As shown in tables 1 and 2 above, AltaGas's annual UFG percentages for the past five years have ranged from a low of 0.88 per cent to a high of 1.26 per cent for Rider E; and from a low of 0.89 per cent to a high of 1.28 per cent for Rider H, based on historical averages. The proposed amounts to be recovered through the rate riders fall in the range of historical percentages for each of the rate riders, based on the five-year historical average calculation. Further, as shown in tables 3 and 4 above, the five-year averages underlying the 2018-2019 Rider E and Rider H UFG amounts, respectively, has declined for the fourth year in a row since 2014-2015.

34. The Commission has reviewed the historical UFG data, the reasons provided by AltaGas for annual changes in the UFG amounts, UFG explanations broken down by region, and the steps AltaGas has taken to reduce UFG in response to previous Commission directions, including the directions in Decision 22809-D01-2017.

35. With respect to AltaGas's request to revise the Commission direction in Decision 2012-292 to one where AltaGas is only required to provide the most recent 10 years of historical monthly data in future UFG applications, the Commission finds this request to be reasonable. The Commission, therefore, directs AltaGas to provide the most recent 10 years of historical monthly data in future UFG applications.

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<sup>35</sup> Exhibit 23740-X0017, AltaGas reply argument, paragraph 7.

<sup>36</sup> Exhibit 23740-X0014, CCA argument, paragraphs 9-13.

<sup>37</sup> Exhibit 23740-X0017, AltaGas reply argument, paragraph 10.

36. With respect to the issues raised by the CCA, and specifically regarding the CCA's concern with energy and volume conversion, the Commission accepts AltaGas's explanation that UFG calculations are based on measured receipts and deliveries, that receipt data is measured in MCF and requires no conversion for UFG calculations and that gas purchases are not used for UFG calculations. Accordingly, the CCA's request that AltaGas be required to address this issue in its next application is unnecessary and is denied.

37. With respect to the CCA's concern with AltaGas's meter slippage, the Commission considers that, based on AltaGas's submission, the meter slippage inaccuracies are relatively minor; however, the Commission finds that there is merit in having AltaGas provide more information with respect to the meters specifically designed to measure low flow of natural gas. Accordingly, AltaGas is directed in its next UFG application to provide information about the technology available that is intended to address meter slippage that occurs under low gas flow conditions, including a high-level cost-benefit analysis of implementing such technology, with any necessary assumptions regarding amounts of UFG associated with meter slippage.

38. Finally, the Commission does not share the CCA's concerns regarding UFG in the south area. The Commission is satisfied with AltaGas's response that there are a number of factors that may lead to UFG losses or gains and that after investigating the various UFG factors in the South region, no single factor could be identified as a leading contributor to the UFG anomalies in 2017 and early 2018. As mentioned in previous decisions,<sup>38</sup> the Commission recognizes that all gas distribution pipeline systems have UFG as an element in their operation. The Commission also recognizes that, due to the many factors that impact UFG, the UFG percentage will fluctuate over time. Accordingly, the CCA's proposal that AltaGas be directed to provide specific details of variances discovered and specific actions taken is denied.

39. However, while the Commission understands that not all of the causes of UFG can be eliminated, it is expected that UFG fluctuations and overall UFG percentages should be reduced over time due to AltaGas's ongoing initiatives and expenditures to reduce UFG. The Commission considers the decrease in UFG for four years in a row to be encouraging.

40. The Commission expects that AltaGas's continued implementation of its system betterment programs, including the AMR project, pipeline replacements and station refurbishments, should continue to reduce leaks and help to reduce or eliminate operations, measurement and delivery and receipt data inaccuracies, which AltaGas states in the application are the areas with the greatest effect on UFG.

41. In accordance with paragraph 25 of Decision 22809-D01-2017 and the earlier direction in this decision regarding the provision of monthly data, the Commission directs AltaGas in its future UFG applications to continue to:

- Develop and provide a relative ranking of UFG causes;
- Quantify the causes of UFG, where possible;
- Describe the specific actions taken by AltaGas to reduce UFG fluctuations and UFG overall amounts;
- Provide reasons for any year-over-year increases/decreases in AltaGas's UFG;

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<sup>38</sup> Decision 2013-396, Decision 2014-291, Decision 20806-D01-2015, Decision 21822-D01-2016 and Decision 22809-D01-2017.

- Update the historical data set, which spans the period for the most recent 10 years of monthly data to the most current month for the receipt and delivery volumes and UFG percentage losses or gains; and
- To provide a regional UFG breakdown and any explanation and insight gained from the regional analysis.

42. The Commission expects that over time, AltaGas will be able to provide greater UFG identification and quantification, which will in turn, help to identify any specific actions and resources to manage UFG fluctuations and UFG overall amounts.

43. For the above reasons, the Commission is satisfied that AltaGas's calculations and proposed adjustments to Rider E and Rider H are reasonable. The Commission approves Rider E at 1.04 per cent and Rider H at 1.05 per cent, effective November 1, 2018. The Rider E and Rider H rate schedules are approved, and are attached to this decision as [Appendix 3](#) and [Appendix 4](#), respectively.

## 6 Order

44. It is hereby ordered that:

- (1) The Commission approves AltaGas Utilities Inc.'s Rider E at 1.04 per cent, effective November 1, 2018.
- (2) The Commission approves AltaGas Utilities Inc.'s Rider H at 1.05 per cent, effective November 1, 2018.
- (3) The Rider E and Rider H rate schedules are approved as filed, attached to this decision as Appendix 3 and Appendix 4, respectively.

Dated on October 25, 2018.

### Alberta Utilities Commission

*(original signed by)*

Kristi Sebalj  
Commission Member

**Appendix 1 – Proceeding participants**

<b>Name of organization (abbreviation) Company name of counsel or representative</b>
AltaGas Utilities Inc. (AltaGas or AUI)
Consumers' Coalition of Alberta (CCA)

Alberta Utilities Commission
Commission panel K. Sebalj, Commission Member
Commission staff J. Graham (Commission counsel) S. Sajnovics (Commission counsel) E. Deryabina P. Howard

## Appendix 2 – Summary of Commission directions

This section is provided for the convenience of readers. In the event of any difference between the directions in this section and those in the main body of the decision, the wording in the main body of the decision shall prevail.

1. With respect to AltaGas’s request to revise the Commission direction in Decision 2012-292 to one where AltaGas is only required to provide the most recent 10 years of historical monthly data in future UFG applications, the Commission finds this request to be reasonable. The Commission, therefore, directs AltaGas to provide the most recent 10 years of historical monthly data in future UFG applications. .... Paragraph 35
2. With respect to the CCA’s concern with AltaGas’s meter slippage, the Commission considers that, based on AltaGas’s submission, the meter slippage inaccuracies are relatively minor; however, the Commission finds that there is merit in having AltaGas provide more information with respect to the meters specifically designed to measure low flow of natural gas. Accordingly, AltaGas is directed in its next UFG application to provide information about the technology available that is intended to address meter slippage that occurs under low gas flow conditions, including a high-level cost-benefit analysis of implementing such technology, with any necessary assumptions regarding amounts of UFG associated with meter slippage..... Paragraph 37
3. Finally, the Commission does not share the CCA’s concerns regarding UFG in the south area. The Commission is satisfied with AltaGas’s response that there are a number of factors that may lead to UFG losses or gains and that after investigating the various UFG factors in the South region, no single factor could be identified as a leading contributor to the UFG anomalies in 2017 and early 2018. As mentioned in previous decisions, the Commission recognizes that all gas distribution pipeline systems have UFG as an element in their operation. The Commission also recognizes that, due to the many factors that impact UFG, the UFG percentage will fluctuate over time. Accordingly, the CCA’s proposal that AltaGas be directed to provide specific details of variances discovered and specific actions taken is denied..... Paragraph 38
4. In accordance with paragraph 25 of Decision 22809-D01-2017 and the earlier direction in this decision regarding the provision of monthly data, the Commission directs AltaGas in its future UFG applications to continue to:
  - Develop and provide a relative ranking of UFG causes;
  - Quantify the causes of UFG, where possible;
  - Describe the specific actions taken by AltaGas to reduce UFG fluctuations and UFG overall amounts;
  - Provide reasons for any year-over-year increases/decreases in AltaGas’s UFG;
  - Update the historical data set, which spans the period for the most recent 10 years of monthly data to the most current month for the receipt and delivery volumes and UFG percentage losses or gains; and
  - To provide a regional UFG breakdown and any explanation and insight gained from the regional analysis..... Paragraph 41



### Appendix 3 – Rider E

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<b>RATE RIDER E</b>	<b>UNACCOUNTED-FOR GAS</b>
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#### FOR THE DETERMINATION OF UNACCOUNTED-FOR GAS (UFG)

The Unaccounted-For Gas Rate Rider will be used in the calculation of the Gas Cost Recovery Rate Rider D, the Third-Party Transportation Rate Rider G and to determine the amount of Unaccounted-For Gas, as defined in AltaGas Utilities Inc.’s Terms and Conditions of Service.

Unaccounted-For Gas Rider: ..... 1.04%

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### Appendix 4 – Rider H

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<b>RATE RIDER H</b>	<b>UNACCOUNTED-FOR GAS SETTLEMENT</b>
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#### FOR THE DETERMINATION OF UNACCOUNTED-FOR GAS (UFG)

The Unaccounted-For Gas Rate Rider H will be applied to all Retailers in the determination of Gas Settlement amounts. Retailers will be assessed a distribution UFG charge at the Point of Delivery. The UFG assessment will be made up ‘in-kind’ from each Retailer account.

Unaccounted-For Gas Rider: ..... 1.05%

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