



AltaGas Utilities Inc.
Errata to Decision 23898-D01-2018

**2019 Annual Performance-Based Regulation Rate Adjustment
Filing**

January 11, 2019

Alberta Utilities Commission

Decision 23898-D01-2018 (Errata)

2019 Annual Performance-Based Regulation Rate Adjustment Filing
Proceeding 23898

January 11, 2019

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1. On December 20, 2018, the Alberta Utilities Commission issued Decision 23898-D01-2018,¹ concerning AltaGas Utilities Inc.'s application for approval of its 2019 annual rates under performance-based regulation (PBR).
2. Section 48.1 of the Commission's Rule 001: *Rules of Practice* provides that the Commission may correct typographical errors, errors of calculation and similar errors made in any of its orders, decisions or directions. The Commission corrects errors of this nature through the issuance of an errata to the original decision.
3. Upon review of Decision 23898-D01-2018, the following errors were discovered:
 - There is a reference in paragraphs 29 and 35 to \$0.30 million of carrying costs, whereas the correct amount of carrying costs is \$0.03 million.
 - Paragraph 35 states that the K factor adjustment will be collected from customers. Paragraph 35 should have stated the K factor adjustment will be refunded to customers.
 - There is a statement in paragraphs 33 and 36 that the incremental revenue requirement effect of the 90 per cent placeholder on the 2019 PBR rates is \$0.16 million. The correct amount is \$0.17 million.
 - Footnote 19 to paragraph 29 and footnote 22 to paragraph 33 refer to Schedule 7.4 but should have referred to Schedule 6.0.
 - In paragraph 39, the Commission calculated the 2019 K factor amount to be \$9.64 million, composed of a refund in the amount of \$0.64 million for the approved 2017 K factor true-up and a collection in the amount of \$9.0 million for the approved Type I capital tracker placeholder. The correct 2019 K factor is a refund of \$0.47 million, composed of a refund in the amount of \$0.64 million for the approved 2017 K factor true-up and a collection in the amount of \$0.17 million for the approved Type I capital tracker placeholder.
4. There are no effects on AltaGas's distribution rates or special charges approved in Decision 23898-D01-2018 as a result of these corrections.

¹ Decision 23898-D01-2018: AltaGas Utilities Inc., 2019 Annual Performance-Based Regulation Rate Adjustment Filing, Proceeding 23898, December 20, 2018.

5. For ease of reference, a corrected version of Decision 23898-D01-2018 is appended to this errata.

Dated on January 11, 2019.

Alberta Utilities Commission

(original signed by)

Henry van Egteren
Panel Chair

(original signed by)

Mark Kolesar
Chair

(original signed by)

Carolyn Hutniak
Commission Member



AltaGas Utilities Inc.

**2019 Annual Performance-Based Regulation Rate Adjustment
Filing**

December 20, 2018

Alberta Utilities Commission

Decision 23898-D01-2018

AltaGas Utilities Inc.

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Proceeding 23898

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1 Decision

1. For the reasons set out in this decision, the Alberta Utilities Commission approves the adjustments to the interim notional 2017 revenue requirement and 2018 base K-bar for the 2018-2022 performance-based regulation (PBR) plan for AltaGas Utilities Inc. (AltaGas or AUI). However, these amounts remain interim since certain placeholders remain unresolved.
2. The Commission approves AltaGas's 2019 PBR rates and the corresponding distribution rates schedules on an interim basis, effective January 1, 2019.
3. The Commission also approves AltaGas's special charges and corresponding schedules on an interim basis, effective January 1, 2019.

2 Introduction

4. On September 10, 2018 AltaGas Utilities Inc. submitted its 2019 annual PBR rate adjustment filing, requesting approval of its distribution rates and special charges, to be effective January 1, 2019 on an interim basis.¹
5. On September 11, 2018, the Commission issued a notice of application that required interested parties to submit a statement of intent to participate (SIP) by September 17, 2018. SIPs were received from the Office of the Utilities Consumer Advocate (UCA) and the Consumers' Coalition of Alberta (CCA).
6. On October 15, 2018, the Commission issued a letter advising AltaGas of a direction in Decision 23355-D02-2018² requiring each of the distribution utilities to file an update in its 2019 annual PBR rate adjustment filing that incorporates the directions in that decision and any other corrections made throughout the course of that proceeding.³
7. The main process steps, as amended throughout the course of the proceeding, are set out in the table below:

¹ Exhibit 23898-X0001; Exhibit 23898-X0002; Exhibit 23898-X0003, application, supporting schedules and reconciliation of financial returns.

² Decision 23355-D02-2018: Rebasing for the 2018-2022 performance-based regulation plans for Alberta electric and gas distribution utilities second compliance, Proceeding 23355, October 10, 2018.

³ Decision 23355-D02-2018, paragraph 98.

Process step	Deadline dates
Information requests (IRs) issued to AltaGas	October 5, 2018
IR responses and updated 2018 and 2019 rate schedules from AltaGas	October 24, 2018
Submissions on the need for further process	October 29, 2018
Argument	November 5, 2018
Reply argument	November 13, 2018

8. The CCA submitted a letter on November 14, 2018, stating that it would not be filing reply argument. The Commission considers the record for this proceeding to have closed on November 13, 2018, when AltaGas filed its reply argument.

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

10. In Decision 20414-D01-2016 (Errata),⁴ the Commission set out the parameters of the 2018-2022 PBR plans for the six distribution utilities. There are two gas distribution utilities, AltaGas Utilities Inc. and ATCO Gas and Pipelines Ltd., and four electric distribution utilities, ATCO Electric Ltd., ENMAX Power Corporation, EPCOR Distribution & Transmission Inc. and FortisAlberta Inc. Many parameters of this PBR framework are the same or similar to the parameters of the prior generation of PBR plans adopted by the Commission in Decision 2012-237⁵ for AltaGas, ATCO Gas, ATCO Electric, EPCOR and Fortis for the years 2013-2017 and in Decision 21149-D01-2016 (Errata)⁶ for ENMAX for the years 2015-2017.

11. The PBR framework approved in Decision 20414-D01-2016 (Errata) provides a rate-setting mechanism (price cap for electric distribution utilities and revenue-per-customer cap for gas distribution utilities) based on a formula that adjusts rates annually by means of an indexing mechanism that tracks the rate of inflation (I) relevant to the prices of inputs the utilities use, less a productivity offset (X). With the exception of specifically approved adjustments, as discussed below, a utility's revenues are not linked to its costs during the PBR term. This is to provide the utility with the flexibility to manage its business in an environment that fosters incentives to seek

⁴ Decision 20414-D01-2016 (Errata): 2018-2022 Performance-Based Regulation Plans for Alberta Electric and Gas Distribution Utilities, Proceeding 20414, February 6, 2017, amending the decision issued December 16, 2016.

⁵ Decision 2012-237: Rate Regulation Initiative, Distribution Performance-Based Regulation, Proceeding 566, Application 1606029-1, September 12, 2012.

⁶ Decision 21149-D01-2016 (Errata): ENMAX Power Corporation, Distribution 2015-2017 Performance-Based Regulation – Negotiated Settlement Application and Interim X Factor, Proceeding 21149, October 3, 2016, amending the decision issued August 3, 2016.

out and realize process, operational, capital and financial efficiencies, so as to reduce costs while maintaining existing service levels.

12. In Decision 20414-D01-2016 (Errata) the Commission also approved certain rate adjustments to enable the recovery of specific costs where certain criteria have been satisfied, demonstrating that these costs cannot be managed under the I-X mechanism. These adjustments include an adjustment for certain flow-through costs that should be recovered from, or refunded to, customers directly (a Y factor), and an adjustment to account for the effect of exogenous and material events for which the distribution utility has no other reasonable cost recovery or refund mechanism within the PBR plan (a Z factor). As was the case in previous generation PBR plans, in Decision 20414-D01-2016 (Errata), the Commission determined that a supplemental capital funding mechanism, in addition to revenue provided under I-X, is required for the 2018-2022 PBR plans. However, in place of the capital tracker mechanism employed in previous-generation PBR plans, the Commission divided incremental capital funding into two categories: Type 1 and Type 2 capital. For Type 1 capital, the Commission approved a modified capital tracker mechanism with narrow eligibility criteria, whereby the revenue requirement associated with approved amounts is collected from ratepayers by way of a “K factor” adjustment to the annual PBR rate setting formula. For Type 2 capital, the Commission approved a K-bar mechanism that provides an amount of capital funding for each year of the next generation PBR plans based, in part, on capital additions made during the previous PBR term.⁷ The revenue requirement associated with approved amounts for Type 2 programs is collected from ratepayers by way of a “K-bar factor” adjustment to the annual PBR rate-setting formula.

13. Also in Decision 20414-D01-2016 (Errata), the Commission established that each of the distribution utilities must submit its PBR rate adjustment filing by September 10 of each year in order to facilitate annual implementation of rates by January 1 of the upcoming year. The annual PBR rate adjustment filing is a comprehensive proceeding that deals with all issues relevant to the establishment of the PBR rates for a given year, including:

- I factor and the resulting I-X index;
- K factor and K-bar factor adjustments for approved Type 1 and Type 2 capital, respectively;
- Y factor adjustment to collect flow-through items that are not collected through separate riders;
- Z factors approved during the previous 12 months;
- billing determinants for each rate class;
- backup showing the application of the formula by rate class and resulting rate schedules;
- a copy of the Rule 005⁸ filing filed in the current year as well as the return on equity (ROE) adjustment schedules for prior years;
- certain financial reporting requirements; and
- any other material relevant to the establishment of current year rates.

14. The 2018 PBR rates for all distribution utilities were considered as part of the rebasing second compliance generic proceeding, resulting in Decision 23355-D02-2018.⁹ While the

⁷ Decision 20414-D01-2016 (Errata), sections 6.4.2 (Type 1) and 6.4.3 (K-bar).

⁸ Rule 005: *Annual Reporting Requirements of Financial and Operational Results*.

⁹ Decision 23355-D02-2018: Rebasing for the 2018-2022 Performance-Based Regulation Plans for Alberta Electric and Gas Distribution Utilities, Second Compliance Proceeding, Proceeding 23355, October 10, 2018.

Commission accepted the general principles and methodologies utilized by each of the distribution utilities for calculating its 2018 PBR rates, it did not approve any rates in that decision as further changes were required to comply with the Commission's directions. The Commission therefore directed each of the distribution utilities to file updated 2018 rate schedules as part of its 2019 annual PBR rate adjustment filing.

4 Update to the going-in and 2018 PBR rates

15. In Decision 23355-D02-2018, the Commission issued the following direction to the distribution utilities:

98. The Commission directs each of the distribution utilities to file an update in its 2019 annual PBR rate adjustment filing, currently before the Commission, providing the 2018 rate schedules (for notional 2017 revenue requirement, 2018 base K-bar, and 2018 PBR rates), incorporating the directions of this decision and any other corrections that were made through the course of this proceeding, by October 24, 2018. Because this update will affect the calculation of the 2019 PBR rates (that take 2018 base rates and K-bar amount as a starting point), the distribution utilities are further directed to update their 2019 PBR rates, as required. The Commission's directions to each distribution utility are summarized in Appendix 2 to this decision. The Commission observes that many of the distribution utilities have already incorporated some of the contemplated adjustments as part of their 2019 annual PBR rate filings and, therefore, the Commission does not expect that the updates will require any significant additional effort or time on the part of the distribution utilities.¹⁰

16. AltaGas calculated its updated 2018 PBR rates, reflective of the directions in Decision 23355-D02-2018, as requested by the Commission. Those directions, in summary, were to:

- Reflect the 2015 and 2016 approved actual costs for capital tracker projects and the 2017 applied-for actual capital tracker costs in its notional 2017 revenue requirement and 2018 base K-bar amounts.
- Incorporate the 2018 deemed equity ratio of 39 per cent determined in Decision 22570-D01-2018.
- Explain certain hardcoded allocator percentages. (AltaGas allocated its notional 2017 revenue requirement excluding revenue obtained through the Default Supply Provider administration fee, to rate classes using hardcoded allocator percentages. AltaGas divided the revenue amounts allocated for each rate class by the approved 2017 forecast number of customers for that rate class to arrive at the going-in revenue-per-customer class.)
- Remove tax-timing differences from its 2018 Y factor calculations. In Decision 22570-D01-2018, the Commission eliminated AltaGas's Y factor for tax-timing differences. With the elimination of the Y factor for tax timing differences, AltaGas was directed to make necessary corresponding adjustments to its 2017 notional revenue requirement and 2018 K-bar calculations incorporating the required tax amounts.

¹⁰ Decision 23355-D02-2018, paragraph 98.

17. AltaGas provided the updated 2018 PBR rate schedules¹¹ and addressed each of the above Commission directions, generally indicating that all required adjustments were incorporated in AltaGas's original application in the present 2019 annual rate adjustment filing.¹² As a result, the total notional 2017 revenue requirement of \$33.95 million and the 2018 base K-bar of \$2.95 million remained unchanged from the amounts calculated in the original application.¹³

Commission findings

18. The Commission has reviewed AltaGas's rebasing templates and associated schedules, and considers the adjustments made to the notional 2017 revenue requirement and 2018 base K-bar amounts to be in alignment with the Commission's directions in Decision 23355-D02-2018.

19. The Commission has also reviewed AltaGas's schedules showing the updated 2018 PBR rates and finds that AltaGas has complied with the directions in Decision 23355-D02-2018 that are relevant to this proceeding. The Commission approves the resulting updated 2018 PBR rates; however, they continue to remain interim pending the finalization of all outstanding placeholders such as updates to depreciation studies and approval of the 2017 actual capital tracker amounts.

20. As set out in paragraph 99 of Decision 23355-D02-2018, the Commission continues to be of the view that further adjustments to 2018 going-in rates should generally take place after all of the remaining placeholders have been finalized:

99. With the above updates, the distribution utilities' 2019 PBR rates will be reflective of the most up-to-date assumptions and amounts approved by the Commission. For the purposes of regulatory efficiency, the Commission considers that further true-ups between the April 1, 2018 PBR rates and final rates approved for 2018 should generally take place after all of the remaining placeholders (including depreciation and approved capital tracker amounts) have been finalized. The Commission may consider any further true-ups for the 2018 amounts if a distribution utility satisfies the Commission that the failure to do so may result in financial hardship for the distribution utility or some other circumstances justifying a further, more immediate true-up of the 2018 amounts.

5 2019 annual PBR rate adjustment filing

5.1 I factor and the resulting I-X index

21. In Decision 20414-D01-2016 (Errata), the Commission confirmed that the I factor calculation methodology remained unchanged from that established in Decision 2012-237 and would continue to be used for the 2018-2022 PBR plans. Using this methodology, the I factor is calculated as a weighted average of two indexes published by Statistics Canada on a regular basis: one for labour costs and one for non-labour costs.¹⁴

22. More specifically, the distribution utilities use the Alberta average weekly earnings (AWE) series from Statistics Canada's Canadian Socio-Economic Information Management

¹¹ Exhibit 23898-X0020, Appendix A to the application, 2018 Annual PBR Rate Filing Schedules Update.

¹² Exhibit 23898-X0021, Compliance Update Pursuant to Decision 23355-D02-2018.

¹³ Exhibit 23898-X0020, Appendix A to the application, 2018 Annual PBR Rate Filing Schedules Update, Schedule 6.1.

¹⁴ Decision 20414-D01-2016 (Errata), paragraph 8, and Appendix 5, Section 2.

System (CANSIM) vector V79311387 as the labour cost component of the I factor, and Alberta consumer price index (CPI) series from Statistics Canada CANSIM vector V41692327 as the non-labour cost component of the I factor. For the weighted average, 55 per cent of the I factor is based on the Alberta AWE index and 45 per cent is based on the Alberta CPI for the previous July through June period.¹⁵

23. In previous decisions approving I factors, the Commission indicated the CANSIM table numbers where the above CANSIM vectors could be found. In 2018, Statistics Canada replaced the CANSIM tables with data tables having the same or similar content; however, it is still possible to search tables using former CANSIM vectors.¹⁶ AltaGas followed the approved methodology and calculated an I factor of 2.13 per cent for use in its 2019 PBR rate adjustment formula. Together with the X factor of 0.3 per cent approved in Decision 20414-D01-2016 (Errata),¹⁷ this I factor results in an I-X index of 1.83 per cent for 2019.¹⁸

24. No party objected to AltaGas's calculations of the I factor and the resulting I-X index for 2019.

Commission findings

25. The Commission has reviewed AltaGas's calculations of the 2019 I factor and finds them to be consistent with the methodology set out in Decision 2012-237 and confirmed in Decision 20414-D01-2016 (Errata). Regarding the replacement of CANSIM tables with new data tables, the Commission notes that data for the two inflation indexes comprising the I factor remained unchanged in the new data tables and can still be found using former CANSIM vectors. Therefore, the Commission considers that the replacement of CANSIM tables with new data tables by Statistics Canada does not warrant any changes to the approved I factor calculation methodology.

26. The Commission verified that AltaGas used the correct Statistics Canada data (the Alberta AWE and Alberta CPI values for the most recent 12-month period from July 2017 to June 2018) as well as the same unrevised actual Alberta AWE and Alberta CPI values from July 2016 to June 2017 from the prior year's I factor filing as the basis for this year's I factor calculations. Therefore, the Commission approves the I factor of 2.13 per cent and the resulting I-X index value of 1.83 per cent for 2019.

27. In accordance with the Commission's direction at paragraph 249 of Decision 2012-237, AltaGas should use the unrevised actual index values filed in this proceeding (Alberta AWE and Alberta CPI from July 2017 to June 2018) as the basis for next year's inflation factor calculations. For convenience, these values are provided in [Appendix 3](#) to this decision.

¹⁵ Decision 20414-D01-2016 (Errata), Appendix 5, Section 2.

¹⁶ StatCanada, <https://www.statcan.gc.ca/eng/about/website-faq#a3>

¹⁷ Decision 20414-D01-2016 (Errata), paragraph 5.

¹⁸ Exhibit 23898-X0001, application, paragraphs 65-71, and Exhibit 23898-X0003, Appendix F - 2019 Annual PBR Rate Filing Schedules, schedules 7.0 and 7.5.

5.2 K factor

28. The K factor component of the PBR formula can be used for two distinct adjustments: (1) the remaining capital tracker true-ups from the prior PBR plan; and (2) any rate adjustments associated with Type 1 capital under the current PBR plan.

29. In the application, AltaGas included the 2017 capital tracker K factor true-up refund amount of \$0.64 million, inclusive of \$0.03 million in carrying costs.¹⁹ AltaGas provided the detailed calculations supporting these amounts in Appendix F to the application, schedules 6.3 to 6.4.²⁰

30. As mentioned in Section 3 above, in Decision 20414-D01-2016 (Errata) the Commission determined that for Type 1 capital a modified capital tracker mechanism with narrow eligibility criteria will be used, with the revenue requirement associated with approved amounts to be collected from ratepayers by way of a “K factor” adjustment to the annual PBR rate setting formula.

31. The Commission adopted the following criteria for Type 1 capital trackers:

- (i) The project must be of a type that is extraordinary and not previously included in the distribution utility’s rate base.
- (ii) The project must be required by a third party.

32. The Commission also provided a placeholder funding mechanism for Type 1 capital trackers. In order to receive the supplemental Type 1 capital funding placeholder, the Commission stated that it would accept an officer’s certificate from the distribution utility showing the internally approved forecast associated with the Type 1 capital tracker project in an upcoming year. The placeholder for Type 1 projects or programs is to be calculated as 90 per cent of the management-approved internal forecast for that year. This forecast will not be tested for reasonableness because the amounts will be subject to a true-up to actual approved Type 1 project costs.²¹

33. AltaGas applied for a Type I capital tracker for a gas supply issue it is facing, specifically the removal from service in 2019 by TransCanada Pipelines Ltd. of the NOVA Gas Transmission Ltd. Etzikom lateral that supplies natural gas to approximately 1,700 AltaGas customers (the Etzikom lateral project). AltaGas also sought the Commission’s approval of a Type 1 capital funding placeholder equal to 90 per cent of the management-approved internal forecast of \$10.0 million in total forecast project cost for the Etzikom lateral project for 2019. AltaGas calculated the incremental revenue requirement effect of the 90 per cent placeholder on the 2019 PBR rates to be \$0.17 million.²²

34. The CCA argued that the Etzikom lateral project does not meet the criteria for a Type 1 capital tracker and submitted that capital tracker treatment should not be approved until the

¹⁹ Exhibit 23898-X0001, application, paragraph 180; Exhibit 23898-X003, Appendix F to the application, 2019 annual PBR rate filing schedules, Schedule 6.0.

²⁰ Exhibit 23898-X0003, Appendix F to the application, 2019 annual PBR rate filing schedules.

²¹ Decision 20414-D01-2016 (Errata), paragraph 234.

²² Exhibit 23898-X0001, application, paragraphs 170, 172 and Appendix E, attestation of a senior officer, Greg Johnson, President of AltaGas; Exhibit 23898-X003, Appendix F to the application, 2019 annual PBR rate filing schedules, Schedule 6.0.

option of pressure de-rating and continuing to operate the line is considered.²³ AltaGas argued that the Etzikom lateral project does meet the Type 1 capital criteria and that de-rating the pipeline for continued use was not a viable option due to substantial required integrity-related costs and significant safety concerns associated with the pre-1957 steel pipeline.²⁴

Commission findings

35. In Decision 23623-D01-2018,²⁵ the Commission approved AltaGas's 2017 capital tracker K factor true-up adjustment of \$0.64 million, which includes \$0.03 million of associated carrying charges, to be refunded to customers. The Commission assessed the calculation of the carrying charges for accuracy and is satisfied that the calculations have been performed correctly. Therefore, the Commission approves the inclusion of the K factor true-up amount of \$0.64 million in AltaGas's 2019 PBR rates.

36. The Commission also approves AltaGas's placeholder request for cost recovery of 90 per cent of the management-approved internal 2019 forecast of \$10.0 million in total forecast project cost associated with the Etzikom lateral project and the revenue requirement associated with this placeholder of \$0.17 million. AltaGas has followed the necessary steps to satisfy the requirements for a Type 1 capital funding placeholder, namely the submission of an internally approved forecast with an officer's certificate as part of its annual PBR rate adjustment filing.

37. Both the CCA and AltaGas offered submissions on whether the Etzikom lateral project meets the Type 1 capital criteria. However, in accordance with Decision 20414-D01-2016 (Errata), the Commission considers that this is neither the time nor the proper proceeding to consider whether or not the project meets the Type 1 capital criteria. As set out at paragraphs 233, 234 and 239 of Decision 20414-D01-2016 (Errata):

233. The Commission considers that replacing the capital tracker forecast applications with a placeholder amount for Type 1 capital tracker programs has the ability to reduce regulatory burden, which the Commission considers to be desirable consistent with PBR principle 2. For this reason, the Commission considers that there is merit in including a readily determinable placeholder in the annual PBR rate adjustment filings in respect of the net revenue requirement for Type 1 capital trackers in the following year. Therefore, the Commission approves the elimination of the Type 1 capital tracker forecast applications.

234. ... the Commission will accept an officer's certificate from the distribution utility showing the internal approved forecast associated with the Type 1 capital tracker project in the upcoming year. The placeholder for Type 1 projects or programs will be calculated as 90 per cent of the management-approved internal forecast for that year. This forecast will not be tested for reasonableness because the amounts will be subject to a true-up. The prudence of the costs associated with this project will be tested in the Type 1 capital tracker true-up application.

...

239. Given that the Commission has decided that tested forecast applications will be replaced with placeholders based on untested internal forecasts, the Commission

²³ Exhibit 23898-X0027, CCA argument, paragraphs 5-22.

²⁴ Exhibit 23898-X0029, paragraphs 5-9.

²⁵ Decision 23623-D01-2018: AltaGas Utilities Inc., 2017 Capital Tracker True-Up, December 18, 2018.

considers that annual true-up applications are warranted. Accordingly, the Commission finds that Type 1 capital trackers will be trueed up annually during the next generation PBR plans. The distribution utilities will make applications each year seeking approval of the prior year capital tracker true-up shortly after the prior year actuals are known, with the idea that prior year true-up amounts can be included in the annual PBR rate adjustment filings made on or before September 10 each year. The upcoming year placeholder amount for Type 1 programs will be determined by the distribution utility and included in its annual PBR rate adjustment filings.

38. Consistent with Decision 20414-D01-2016 (Errata), the Commission will consider AltaGas's Type 1 capital request and the views of parties regarding whether or not the Etzikom lateral project meets the Type 1 capital criteria in the first true-up application, to be filed "shortly after the prior year actuals are known" (i.e., following the completion of the first year when the capital additions for the project are incurred). The prudence of the first-year's costs associated with this project will also be tested in the Type 1 capital tracker true-up proceeding, where AltaGas will prepare a variance analysis comparing the internal forecast, submitted in this proceeding, to the actual costs. The Commission will review this information, other supporting documentation, and the prudence of all expenditures, in determining prudence of the true-up amounts. AltaGas bears the risk of cost disallowance, either partially or in full, until such time as the Etzikom lateral project's applicability against the Type 1 capital trackers criteria is tested and the prudence review for incurred costs is conducted.

39. The Commission therefore approves a 2019 K factor net refund of \$0.47 million, composed of a refund in the amount of \$0.64 million for the approved 2017 K factor true-up and a collection in the amount of \$0.17 million for the approved Type I capital tracker placeholder, to be included in AltaGas's 2019 PBR rates.

5.3 K-bar factor

40. The Commission detailed the 2018 base K-bar calculations at paragraph 225 of Decision 22394-D01-2018. As set out in paragraph 227 of that decision, for each of 2019 through 2022, the K-bar is calculated following steps similar to those for 2018, with adjustments made to account for the effects of inflation and productivity growth represented by I-X, growth in billing units represented by Q, and changes to the weighted average cost of capital (WACC). These updated parameters are to be used in the K-bar accounting test to calculate the amount of incremental Type 2 capital funding for a given year.

41. In accordance with Decision 22394-D01-2018, AltaGas calculated its 2019 K-bar amount by way of a parameter adjustment to the updated 2018 base K-bar, discussed in Section 4. The following parameters were used for calculating the 2019 K-bar:

- I factor of 2.13 per cent and the I-X index of 1.83 per cent;
- Q value of 1.33 per cent; and
- WACC of 5.877 per cent,²⁶ composed of the ROE of 8.5 per cent and the equity thickness of 39 per cent approved in the generic cost of capital (GCOC) Decision 22570-D01-2018,²⁷ as well as a forecast cost of debt of 4.56 per cent, which is the actual cost of debt for 2017 as reported in the 2017 Rule 005 filing.

²⁶ $(39\% * 8.5\%) + (61\% * 4.52\%)$

²⁷ Decision 22570-D01-2018: 2018 Generic Cost of Capital, Proceeding 22570, August 2, 2018.

42. The resulting 2019 K bar amount is \$4.7 million.²⁸

Commission findings

43. The Commission has reviewed AltaGas's schedules showing the calculation of the 2019 K-bar amount and finds that it followed the methodology set out in Decision 22394-D01-2018. AltaGas used the updated 2018 base K-bar, approved in Section 4 of this decision, as a starting point, and updated the I factor, and the Q and WACC parameters to arrive at the 2019 K-bar amount.

44. Specifically, in calculating its 2019 K-bar amount, AltaGas used the I factor of 2.13 per cent and the I-X index of 1.83 per cent, approved in Section 5.1 of this decision, and the Q value of 1.33 per cent, approved in Section 5.7 of this decision. For the 2019 WACC, AltaGas used the ROE of 8.5 per cent and equity thickness of 39 per cent approved in Decision 22570-D01-2018.²⁹ The debt cost component of WACC was calculated as a placeholder using the actual cost of debt from AltaGas's most recent Rule 005 filing, as prescribed in Decision 22394-D01-2018.³⁰

45. For these reasons, the Commission approves AltaGas's 2019 K-bar in the amount of \$4.7 million. This amount remains interim, pending finalization of AltaGas's applied-for depreciation parameters in Proceeding 24161.³¹ The 2019 K-bar will be subject to a further true-up for the 2019 actual approved cost of debt.

5.4 Y and Z factor materiality threshold

46. In Decision 20414-D01-2016 (Errata), the Commission set out the methodology for calculating the Z factor materiality threshold amounts. Specifically, the Z factor materiality threshold is calculated as the dollar value of a 40 basis point change in ROE on an after-tax basis calculated on the distribution utility's equity used to determine the final approved 2017 notional revenue requirement on which going-in rates were established. This dollar amount threshold is escalated by I-X annually.³²

47. AltaGas calculated its interim 2019 Z factor materiality threshold to be \$0.52 million.³³

48. At paragraph 636 of Decision 2012-237, the Commission determined that the materiality threshold for Z factors should also apply to Y factors.

Commission findings

49. The Commission finds that AltaGas calculated its Y and Z factor materiality threshold of \$0.52 million for 2019 using the methodology prescribed in Decision 20414-D01-2016 (Errata) and, accordingly, approves this amount on an interim basis. As set out in that decision, this interim threshold amount will be finalized upon approval of the final notional 2017 revenue requirement.³⁴

²⁸ Exhibit 23898-X0003, Appendix F - 2019 Annual PBR Rate Filing Schedules, Schedule 6.1.

²⁹ Decision 22570-D01-2018, paragraph 843.

³⁰ Decision 22394-D01-2018, paragraph 244.

³¹ Proceeding 24161, AltaGas Utilities Inc. 2018 depreciation study.

³² Decision 20414-D01-2016 (Errata), Appendix 5, Section 3, PDF pages 99-100 and Section 8, PDF page 101.

³³ Exhibit 23898-X0003, Appendix F - 2019 Annual PBR Rate Filing Schedules, Schedule 7.4.

³⁴ Decision 20414-D01-2016 (Errata), Appendix 5, Section 8, PDF page 100.

5.5 Y factor including interim efficiency carry-over mechanism amounts

50. AltaGas applied for the following Y factor amounts for 2019:

Table 1. AltaGas's applied-for 2019 Y factor amounts

Y factor	2019 forecast	2018 placeholder adjustments	2017 and 2018 true-up	Total
			(\$)	
NGSSC costs	1,159,903	180,588	(25,410)	1,315,081
Intervener hearing costs	12,958	-	(58,890)	(45,933)
AUC assessment fees	259,730	-	(10,701)	249,030
UCA assessment fees	76,926	-	(3,996)	72,930
Production abandonment	395,100	-	513,591	908,691
Income tax temporary differences	-	2,812,906	371,524	3,184,430
Efficiency carry-over mechanism	895,545	(9,368)	-	886,177
Carrying charges on true-up balances	-	-	37,548	37,548
Total Y factor adjustments	2,800,162	2,984,126	823,666	6,607,953

Source: Exhibit 23898-X0001, application, Table 3.2-1.

51. Regarding the income tax temporary differences, in Decision 22570-D01-2018, the Commission found that it was not necessary for AltaGas to establish a deferral account for any income tax deductible capital costs. AltaGas included in its application 2018 placeholder adjustments to eliminate its Y factor for income tax temporary differences.

52. In the application, AltaGas also calculated its 2019 interim efficiency carry-over mechanism (ECM) dollar amount³⁵ and included it in the Y factor in accordance with the Commission directions in Decision 20414-D01-2016 (Errata).³⁶ Specifically, AltaGas applied the ECM ROE add-on of 0.5 per cent to the interim notional 2017 estimated mid-year rate base and escalated the obtained interim ECM dollar amount by the 2018 and then 2019 I-X indexes.

53. In its calculation of the ECM, AltaGas grossed up the ECM amounts for income tax, relying on Decision 23355-D02-2018 in which the Commission allowed for the gross up of the ECM amounts for the tax-paying utilities because they will have to pay tax on any revenue received from the ECM, and the ROE used in the calculation represents an after-tax amount.³⁷ In that decision, the Commission also allowed AltaGas to use a weather-adjusted ROE instead of the actual average ROE reported in its Rule 005 filings in its ECM calculation because it does not have a weather deferral account.³⁸

Commission findings

54. The Commission is satisfied that AltaGas calculated its 2017 and 2018 income tax temporary differences true-ups in accordance with the Commission's directions in Decision 22570-D01-2018.

³⁵ The Commission approved an ECM in Decision 2012-237 to encourage distribution utilities to continue to make cost-saving investments near the end of the PBR term and discourage gaming regarding the timing of capital projects. The ECM would apply for two years after the end of the 2013-2017 PBR plan, i.e., 2018 and 2019.

³⁶ Refer to Section 4.4 of Decision 20414-D01-2016 (Errata) for the Commission's determinations on ECM.

³⁷ Decision 23355-D02-2018, paragraph 59.

³⁸ Decision 23355-D02-2018, paragraph 59.

55. The Commission is also satisfied that AltaGas calculated its 2019 interim ECM amount in accordance with the Commission's directions including the gross up for income tax and the use of a weather-adjusted ROE allowed by the Commission in Decision 23355-D02-2018. As set out in Decision 20414-D01-2016 (Errata), this interim amount will be trued up following the determination of a final notional 2017 mid-year rate base.

56. Regarding the remainder of the Y factor amounts, all of these costs are of a type that the Commission approved for Y factor treatment in Decision 20414-D01-2016 (Errata).³⁹ The Commission has considered these amounts and finds they have been adequately supported, properly calculated and are in compliance with previous Commission directions. Specifically, with regard to the forecasting methodologies provided for the 2019 placeholder amounts, the Commission finds the methodologies to be reasonable and consistent with the methodologies used in previous PBR annual rate adjustment filings. The Commission has also reviewed AltaGas's Y factor carrying charges, and finds that they are properly calculated and consistent with the applicable provisions of Rule 023: *Rules Respecting Payment of Interest*.⁴⁰

57. In Section 5.4 of this decision, the Commission approved AltaGas's Y and Z factor materiality threshold of \$0.52 million for 2019. AltaGas's total applied-for 2019 Y factor of \$6.61 million exceeds this threshold.

58. Given the above, AltaGas's Y factor amounts are approved, as filed.

5.6 Z factor

59. AltaGas did not apply for any Z factors in the application.

5.7 Utilization of riders

60. In the application, AltaGas requested continued use of the riders approved by the Commission in Decision 23355-D02-2018.

Commission findings

61. In Decision 23355-D02-2018, the Commission approved the continued use of the riders proposed by AltaGas for the duration of the 2018-2022 PBR term:

70. Unless directed otherwise by the Commission, these riders are approved for use during the 2018-2022 PBR term with the rider rates to be determined upon application to the Commission. For regulatory efficiency, the distribution utilities will not be required to re-apply for the use of any of these riders during the current PBR term apart from the applications to determine rider rates. The Commission may, however, review the need for a rider on its own initiative or upon request by a distribution utility or an intervener as part of an annual PBR rate adjustment filing, a rider rate application, or a standalone proceeding...⁴¹

³⁹ Decision 20414-D01-2016 (Errata), Appendix 5, Section 3 "Y factor," PDF page 99.

⁴⁰ In Decision 2012-237, at paragraph 983, the Commission indicated that in calculating carrying charges on Y factor balances that are subject to true up, regulatory lag and materiality requirements of Rule 023 will not apply.

⁴¹ Decision 23355-D02-2018, paragraph 70.

62. Consistent with the above, unless it proposes changes to the use of its riders, AltaGas is not required to reapply for the continued use of these riders in its subsequent annual PBR rate adjustment filings.

5.8 Forecast billing determinants and Q

63. In Decision 23355-D02-2018, the Commission directed AltaGas to continue to provide annual and monthly forecasts of billing determinants in its future annual PBR rate adjustment filings.⁴² A detailed 2019 billing determinants forecast was provided in Appendix F, Schedule 2.3, of the application.⁴³

64. AltaGas submitted that it prepared its 2019 billing determinants forecast consistent with its approach during the first PBR term.⁴⁴

65. In Decision 23355-D02-2018, the Commission directed AltaGas to continue to provide information on any variances from forecast to actual billing determinants by rate class and identify the cause of variances larger than \pm five per cent on an annual basis.⁴⁵ In the application, AltaGas reconciled forecast and applied-for billing determinants from 2017. No rate classes had a variance greater than \pm five per cent.⁴⁶

66. In the 2013-2017 PBR plan, the Commission designated the forecast percentage change in billing determinants in any given PBR year as “Q.” As the Commission explained in Decision 2013-435,⁴⁷ multiplying the going-in revenue requirement for similar types of expenditures by the I-X index and adjusting for Q, results in a proportional allocation of the effect on revenue of any changes in billing determinants. For gas distribution utilities under the revenue-per-customer cap PBR plan, the percentage change is calculated as a forecast weighted average change in the number of customers among rate classes.⁴⁸

67. AltaGas calculated its Q based on the weighted average change of forecast average customers in 2019 from forecast average customers in 2018. AltaGas’s Q value for 2019 is 1.33 per cent.⁴⁹

68. No intervener objected to the billing determinants forecast or Q value calculations provided by AltaGas.

Commission findings

69. The Commission considers that variances from forecasts for 2017 resulting from circumstances such as those described by AltaGas may reasonably be expected. Such occurrences do not generally call into question the predictive value of the methodology used to generate such forecasts. AltaGas is directed to continue to provide information on any variances

⁴² Decision 23355-D02-2018, paragraph 114.

⁴³ Exhibit 23898-X0003, Schedule 2.3.

⁴⁴ Exhibit 23898-X0001, application, paragraph 43.

⁴⁵ Decision 23355-D02-2018, paragraph 112.

⁴⁶ Exhibit 23898-X0003, Schedule 2.3.

⁴⁷ Decision 2013-435: Distribution Performance-Based Regulation, 2013 Capital Tracker Applications, Proceeding 2131, Application 1608827-1, December 6, 2013.

⁴⁸ Decision 2013-435, paragraph 499.

⁴⁹ Exhibit 23898-X0001, application, paragraph 73.

from forecast to actual billing determinants by rate class and identify the cause of variances larger than \pm five per cent on an annual basis.

70. The Commission has reviewed AltaGas's 2019 forecast billing determinants and observes that AltaGas utilized its previous approved methodology. The Commission finds the resulting forecast billing determinants to be reasonable. The 2019 forecast billing determinants are approved as filed.

71. Given the approval of AltaGas's forecast of billing determinants for 2019 on which the Q value was calculated, the Commission approves AltaGas's 2019 Q value of 1.33 per cent.

5.9 Financial reporting requirements and senior officer attestation

72. In Decision 20414-D01-2016 (Errata), the Commission adopted the requirements from Decision 2012-237 that each distribution utility be required to provide the following financial information in its annual PBR rate adjustment filing:

- (a) a copy of its Rule 005 filing
- (b) a schedule showing disallowed costs, excluded from a distribution utility's ROE
- (c) attestations and certifications signed by a senior officer of the distribution utility⁵⁰

73. The Commission provided a detailed summary or description of each of the above requirements in Section 4.6 of Decision 23355-D02-2018.⁵¹

74. AltaGas provided the required financial information: a copy of its 2017 Rule 005 filing was provided in Appendix B of the application,⁵² a schedule showing disallowed costs was provided in Appendix C,⁵³ and attestations and certifications signed by a senior officer were provided in AltaGas's application.⁵⁴

Commission findings

75. The Commission has reviewed the information provided by AltaGas and is satisfied that it has complied with the financial reporting requirements set out in Decision 20414-D01-2016 (Errata).

6 2019 PBR rates

6.1 Distribution rates and special charges

76. In previous sections of this decision, the Commission approved individual components of the PBR formula, including the I-X index, Y factor amount, K factor, and K-bar factor, all of which result in annual adjustments to AltaGas's PBR rates.

⁵⁰ Decision 20414-D01-2016 (Errata): Appendix 5, Section 10 "Financial reporting requirements" starting on PDF page 91.

⁵¹ Decision 23355-D02-2018, paragraphs 71-74.

⁵² Exhibit 23898-X0001, application, Appendix B, PDF pages 95-141.

⁵³ Exhibit 23898-X0002, Appendix C, line 11.

⁵⁴ Exhibit 23898-X0001, Application, PDF page 180.

77. With respect to AltaGas's special charges and standard contribution amounts set out in its 2019 special charges schedule,⁵⁵ AltaGas escalated its special charges by the I-X factor and rounded them to the nearest whole dollar, consistent with prior years.

78. AltaGas submitted that all K factor and Y factor true-ups and placeholder adjustments are now resolved and completed for 2016 and no further matters are outstanding. AltaGas requested that the 2016 interim rates be approved as final.

79. AltaGas also provided bill impact information, summarized in the table below, for annual bill amounts, excluding the commodity charge, for each rate class for each of 2018 and 2019, based on typical customer usage, and the resulting expected effect of the proposed 2019 rates on each rate class.

Table 2. Bill impacts of AltaGas's proposed 2019 distribution rates

Rate class description	A	B	C	D
	2018 revenue per customer (\$)	2019 revenue per customer (\$)	Bill change (\$) (B-A) 2019 vs. 2018	Bill change % (B/A)-1 2019 vs. 2018
Residential Rate 1/11	767	785	18	2.27
Commercial Rate 1/11	2,043	2,064	21	1.01
Rural Rate 1/11	949	978	29	3.01
LGS Rate 2/12	18,383	18,908	525	2.78
Demand Rate 3/13	82,813	89,676	6,863	7.65
Irrigation Rate 4/14	1,123	1,135	13	1.13

Source: Exhibit 23898-X0003, Appendix F - 2019 Annual PBR Rate Filing Schedules, Schedule 3.0.

Commission findings

80. The Commission has reviewed AltaGas's 2019 distribution rate and special charges calculations and observes that AltaGas calculated its 2019 rates consistent with its practice and methodologies used during the 2013-2017 PBR term and previously accepted by the Commission. The Commission, therefore, accepts the general principles and methodologies utilized by AltaGas for calculating its 2019 PBR rates.

81. Accordingly, the Commission approves AltaGas's 2019 distribution rates and special charges, as shown in [Appendix 4](#) and [Appendix 5](#), respectively, of this decision, on an interim basis, effective January 1, 2019. The rates shall remain interim until the amounts of all remaining placeholders have been approved by the Commission. The 2019 rates will be finalized following such approvals and any required true-up adjustments will be made in accordance with directions subsequently provided by the Commission.

82. The Commission accepts that all outstanding K factor and Y factor true-ups and placeholder adjustments have been resolved for 2016. Accordingly, AltaGas's rates for 2016 are approved as final.

83. The Commission has reviewed the bill impacts provided by AltaGas. In the past, the Commission has generally considered 10 per cent to be a threshold potentially indicative of rate

⁵⁵ Exhibit 23898-X0003, Appendix F - 2019 Annual PBR Rate Filing Schedules, Schedule 7.5.

shock. As shown in the Table 2 above, the overall change in customer bills is under 10 per cent for all rate classes. Consequently, the Commission finds that the overall effect on rate classes falls within a reasonable range and is not expected to cause rate shock.

6.2 Terms and conditions of service

84. AltaGas did not request any changes to its terms and conditions of service in the application.

7 Order

85. It is hereby ordered that:

- (1) The distribution rates and special charges contained in Appendix 4 and Appendix 5, respectively, are approved on an interim basis as the distribution rates schedule and special charges schedule, respectively, for AltaGas Utilities Inc. effective January 1, 2019.
- (2) AltaGas Utilities Inc.'s rates for 2016 are approved as final.

Dated on December 20, 2018.

Alberta Utilities Commission

(original signed by)

Henry van Egteren
Panel Chair

(original signed by)

Mark Kolesar
Chair

(original signed by)

Carolyn Hutniak
Commission Member

Appendix 1 – Proceeding participants

Name of organization (abbreviation) Company name of counsel or representative
AltaGas Utilities Inc. (AltaGas or AUI)
Consumers' Coalition of Alberta (CCA)
Office of the Utilities Consumer Advocate (UCA)

<p>Alberta Utilities Commission</p> <p>Commission panel</p> <ul style="list-style-type: none"> H. van Egteren, Panel Chair M. Kolesar, Chair C. Hutniak, Commission Member <p>Commission staff</p> <ul style="list-style-type: none"> S. Sajnovics (Commission counsel) P. Howard B. Edwards E. Deryabina A. Spurrell

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. The Commission considers that variances from forecasts for 2017 resulting from circumstances such as those described by AltaGas may reasonably be expected. Such occurrences do not generally call into question the predictive value of the methodology used to generate such forecasts. AltaGas is directed to continue to provide information on any variances from forecast to actual billing determinants by rate class and identify the cause of variances larger than \pm five per cent on an annual basis. Paragraph 69

Appendix 3 – Inflation indexes used in the 2018 I factor calculation

[\(return to text\)](#)

Date	Alberta CPI	Alberta AWE	Average		Year over year		2019 I factor %
	v41692327	v79311387	July to June		% change		
	(2002=100)	\$	AB CPI (2002=100)	AB AWE \$	AB CPI %	AB AWE %	
July 2016	135.60	1123.93					
August 2016	135.90	1121.35					
September 2016	135.30	1116.43					
October 2016	135.80	1104.47					
November 2016	135.00	1116.01					
December 2016	134.90	1135.29					
January 2017	137.00	1110.91					
February 2017	136.70	1109.27					
March 2017	136.80	1119.26					
April 2017	137.40	1124.71					
May 2017	137.20	1111.69					
June 2017	136.90	1134.76	136.21	1119.01			
July 2017	137.00	1127.53					
August 2017	137.40	1133.85					
September 2017	137.00	1144.56					
October 2017	137.60	1141.38					
November 2017	138.40	1147.30					
December 2017	137.60	1148.74					
January 2018	138.90	1145.30					
February 2018	139.70	1153.93					
March 2018	139.90	1155.41					
April 2018	140.60	1152.88					
May 2018	140.70	1145.39					
June 2018	140.70	1142.75	138.79	1144.92	1.89	2.32	2.13

Source: July 2016 to June 2017 data: Decision 23355-D02-2018, Rebasing for the 2018-2022 Performance-Based Regulation Plans for Alberta Electric and Gas Distribution Utilities Second Compliance Proceeding, Proceeding 23355, October 10, 2018, Appendix 3. July 2017 to June 2018 data: Statistics Canada website (<http://www.statcan.gc.ca>) accessed on September 10, 2018.

Appendix 4 – AltaGas Utilities Inc. 2019 interim distribution rate schedules

[\(return to text\)](#)



Appendix 4 - 2019
interim rate schedules

(consists of 14 pages)

Appendix 5 – AltaGas Utilities Inc. 2019 interim special charges schedule

[\(return to text\)](#)



Appendix 5 - 2019
interim special charge
(consists of 5 pages)

APPENDIX A

2019 INTERIM RATE SCHEDULES

RATE 1	SMALL GENERAL SERVICE
---------------	------------------------------

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, emergency or irrigation services.

Charges:

Fixed Charge:

Base	\$ 1.354/Day
Default Supply Provider Administration Fee.....	\$ 0.083/Day

Variable Energy Charge:

Base	\$ 2.236/GJ
Gas Cost Recovery.....	Rate Rider "D"
Third Party Transportation	Rate Rider "G"

The minimum daily charge will be the Fixed Charge.

EFFECTIVE DATE: January 1, 2019	REPLACING RATE SCHEDULES EFFECTIVE: April 1, 2018 Decision 23355-D01-2018 (Errata)	Page 1 of 1 SGS
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RATE 2	LARGE GENERAL SERVICE (OPTIONAL)
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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:

Base	\$ 18.374/Day
Default Supply Provider Administration Fee	\$ 0.083/Day

Variable Energy Charge:

Base	\$ 1.449/GJ
Gas Cost Recovery.....	Rate Rider "D"
Third Party Transportation	Rate Rider "G"

The minimum daily charge will be the Fixed Charge.

EFFECTIVE DATE: January 1, 2019	REPLACING RATE SCHEDULES EFFECTIVE: April 1, 2018 Decision 23355-D01-2018 (Errata)	Page 1 of 1 LGS
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RATE 3	DEMAND GENERAL SERVICE (OPTIONAL)
---------------	--

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:

Demand Charge \$ 0.363/Day/GJ
 of Billing Demand

Fixed Charge:

Base \$ 19.954/Day
 Default Supply Provider Administration Fee..... \$ 0.083/Day

Variable Energy Charge:

Base \$ 0.043/GJ
 Gas Cost Recovery..... Rate Rider "D"
 Third Party Transportation Rate Rider "G"

The minimum daily charge will be the Demand Charge and Fixed Charge.

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 (GJ) delivered 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 (April 1 to October 31, inclusive) shall be divided by 2.

EFFECTIVE DATE: January 1, 2019	REPLACING RATE SCHEDULES EFFECTIVE: April 1, 2018 Decision 23355-D01-2018 (Errata)	Page 1 of 1 DGS
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RATE 4	IRRIGATION PUMPING SERVICE (OPTIONAL)
---------------	--

Description:

Available only to customers for the use of natural gas as a fuel for engines pumping irrigation water from **April 1 to October 31**, inclusive.

Charges:

	<u>April 1 to October 31</u>
Fixed Charge:	
Base	\$ 3.596/Day
Default Supply Provider Administration Fee.....	\$ 0.083/Day
Variable Energy Charge:	
Base	\$ 1.165/GJ
Gas Cost Recovery.....	Rate Rider "D"
Third Party Transportation	Rate Rider "G"

The minimum daily charge will be the Fixed Charge.

EFFECTIVE DATE: January 1, 2019	REPLACING RATE SCHEDULES EFFECTIVE: April 1, 2018 Decision 23355-D01-2018 (Errata)	Page 1 of 1 IPS
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RATE 6	STANDBY, PEAKING, AND EMERGENCY SERVICE
---------------	--

Description:

Available only at the option of the Company.

Charges:

Demand Charge \$ 0.363/Day/GJ
 of Billing Demand

Fixed Charge:

Base \$ 19.954/Day
 Default Supply Provider Administration Fee..... \$ 0.083/Day

Variable Energy Charge 1.3 times the Variable Base Charge of Rate No. 3
 plus the greater of:
 (a) 1.3 times the GCRR; or
 (b) 1.3 times the actual cost of gas purchased

The minimum daily charge will be the Demand Charge and Fixed Charge.

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 (GJ) delivered 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 (April 1 to October 31, inclusive) shall be divided by 2.

EFFECTIVE DATE: January 1, 2019	REPLACING RATE SCHEDULES EFFECTIVE: April 1, 2018 Decision 23355-D01-2018 (Errata)	Page 1 of 1 SPES
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RATE 10a	PRODUCER TRANSPORTATION SERVICE 'CLOSED RATE'
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Description:

Transportation service is available to the Rate 10a customer subject to the terms and conditions specified in the contract.

Charges:

	<u>1 Year</u>	<u>Term 2 Years</u>	<u>3 Years</u>
Fixed Charge per Month	\$ 250.00	\$ 250.00	\$ 250.00
Demand Charge per GJ of Billing Demand per Month.....	\$ 1.418	\$ 1.333	\$ 1.248
Energy Charge per GJ.....	\$ 0.019	\$ 0.019	\$ 0.019

- a) The minimum monthly charge will be the fixed plus demand charge.
- b) The Company and customer shall determine receipt and delivery locations for transportation service by consultation and agreement.
- c) Service under Rate 10a is subject to available system capacity.
- d) The Company reserves the right to restrict the amount of gas received and delivered up to the Contract Demand.
- e) Billing demand will be the higher of: contracted demand, the greatest amount of gas (GJ) transported in any consecutive 24-hour period, during the current or the previous 11 months.
- 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.

EFFECTIVE DATE: January 1, 2019	REPLACING RATE SCHEDULES EFFECTIVE: April 1, 2018 Decision 23355-D01-2018 (Errata)	Page 1 of 1 PTS10a Closed Rate
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RATE 10b	PRODUCER TRANSPORTATION SERVICE 'CLOSED RATE'
-----------------	--

Description:

Transportation service is available to the Rate 10b customer subject to the terms and conditions specified in the contract.

Charges:

Variable Energy Charge \$ 0.085/GJ

EFFECTIVE DATE: January 1, 2019	REPLACING RATE SCHEDULES EFFECTIVE: April 1, 2018 Decision 23355-D01-2018 (Errata)	Page 1 of 1 PTS10b Closed Rate
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RATE 10c	PRODUCER TRANSPORTATION SERVICE 'CLOSED RATE'
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Description:

Transportation service is available to the Rate 10c customer subject to the terms and conditions specified in the contract.

Charges:

Demand Charge	\$ 0.020/Day/GJ of Billing Demand
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EFFECTIVE DATE: January 1, 2019	REPLACING RATE SCHEDULES EFFECTIVE: April 1, 2018 Decision 23355-D01-2018 (Errata)	Page 1 of 1 PTS10c Closed Rate
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RATE 11	SMALL GENERAL SERVICE FOR RETAILER
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Description:

Distribution service is available to retailers under contract for the delivery of retail supply.

Charges:

Fixed Charge:

Base \$ 1.354/Day

Variable Energy Charge:

Base \$ 2.236/GJ

Third Party Transportation Rate Rider "G"

The minimum daily charge will be the Fixed Charge.

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

EFFECTIVE DATE: January 1, 2019	REPLACING RATE SCHEDULES EFFECTIVE: April 1, 2018 Decision 23355-D01-2018 (Errata)	Page 1 of 1 SGS-R
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RATE 12	LARGE GENERAL SERVICE (OPTIONAL) FOR RETAILER
----------------	--

Description:

Distribution service is available to retailers under contract for the delivery of retail supply.

Charges:

Fixed Charge:

Base \$ 18.374/Day

Variable Energy Charge:

Base \$ 1.449/GJ
 Third Party Transportation Rate Rider "G"

The minimum daily charge will be the Fixed Charge.
 This service is not available for standby, peaking or emergency services.

EFFECTIVE DATE: January 1, 2019	REPLACING RATE SCHEDULES EFFECTIVE: April 1, 2018 Decision 23355-D01-2018 (Errata)	Page 1 of 1 LGS-R
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RATE 13	DEMAND GENERAL SERVICE (OPTIONAL) FOR RETAILER
----------------	---

Description:

Distribution service is available to retailers under contract for the delivery of retail supply.

Charges:

Demand Charge \$ 0.363/Day/GJ
 of Billing Demand

Fixed Charge:

Base \$ 19.954/Day

Variable Energy Charge:

Base \$ 0.043/GJ
 Third Party Transportation Rate Rider "G"

The minimum daily charge will be the Demand Charge and Fixed Charge.

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 (GJ) delivered 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 (April 1 to October 31, inclusive) shall be divided by 2.

EFFECTIVE DATE: January 1, 2019	REPLACING RATE SCHEDULES EFFECTIVE: April 1, 2018 Decision 23355-D01-2018 (Errata)	Page 1 of 1 DCGS-R
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RATE 14	IRRIGATION PUMPING SERVICE (OPTIONAL) FOR RETAILER
----------------	---

Description:

Distribution service is available to retailers under contract for the delivery of retail supply. Available to retailers only for the use of natural gas as a fuel for engines pumping irrigation water from **April 1 to October 31**, inclusive.

Charges:

	<u>April 1 to October 31</u>
Fixed Charge:	
Base	\$ 3.596/Day
Variable Energy Charge:	
Base	\$ 1.165/GJ
Third Party Transportation	Rate Rider "G"

The minimum daily charge will be the Fixed Charge.
 This service is not available for standby, peaking or emergency services.

EFFECTIVE DATE: January 1, 2019	REPLACING RATE SCHEDULES EFFECTIVE: April 1, 2018 Decision 23355-D01-2018 (Errata)	Page 1 of 1 IPS-R
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SPECIAL CONTRACT RATE 30	TRANSPORTATION SERVICE 'CLOSED RATE'
-------------------------------------	---

Description:

Transportation service is available to the Rate No. 30 customer for the term and conditions specified in the contract.

Charges:

Fixed Charge	\$ 250.00/Month
Energy Charge.....	\$ 0.230/GJ

EFFECTIVE DATE: January 1, 2019	REPLACING RATE SCHEDULES EFFECTIVE: April 1, 2018 Decision 23355-D01-2018 (Errata)	Page 1 of 1 TS-RT30 Closed Rate
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APPENDIX D

2019 INTERIM SPECIAL CHARGES SCHEDULE

AltaGas Utilities Inc. Interim Special Charges Schedule

In a number of places the Natural Gas Utility Service Rules refer to special charges for some services. Following is a list of the charges, as approved by the Alberta Utilities Commission.

Special Charge	Fee
Account Activation Fee.....	\$ 37
Remove and test meter - per meter:	
Residential	\$ 79
Other	Actual Cost
Special meter readings (each time).....	\$ 37
No Access Fee (each time).....	\$ 37
Reconnection Fee:	
Residential	\$ 53
Other (except Irrigation)	Actual Cost
Irrigation Disconnection/Reconnection Fee:	
Each time (except normal season start and end).....	\$ 79
Reinstallation of Meter/Regulator:	
Residential	\$ 79
Other	Actual Cost
Dishonoured payment charge (NSF cheque, etc.) - each time	\$ 26
Cheque certification charge - each time	\$ 11
Any other service at Customer's Request	Actual Cost
Late Payment Percentage	
Applied to any unpaid balance from previous bills	1.5%
(18% per annum, compounded monthly)	
Standard Non-Refundable Contribution (as defined on p. 4):	
Town.....	\$ 0
Rural Subdivision.....	\$ 528
Rural Other.....	\$ 5,696

Note: "Actual Cost", where referenced, means our direct costs for labour, materials, services and equipment plus applicable overheads.

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AltaGas Utilities Inc.
Interim Special Charges Schedule (continued)

AUC Rule 003 – Service Quality and Reliability Performance Monitoring and Reporting for Regulated Rate Providers and Default Supply Providers

Service Guarantee for Customers Who Purchase Default Supply

We will credit your account with us for \$75.00 if:

- You were provided written notice of pending disconnection of service in error;
- You were provided written notice of pending referral to a credit agency in error;
- You were referred to a credit agency in error; or
- You experienced disconnection of service in error.

The \$75 credit will not be applied if the error was not made by us or if:

- Our written notice of pending disconnection or pending referral to a credit agency was not issued in error and our notice and your payment crossed in the mail;
- Our written notice of pending disconnection or pending referral to a credit agency was not issued in error and our notice was in mail transit at the time you made or attempted to make payment by visiting the premises of an authorized payment acceptance establishment, such as a bank, trust company or credit union;
- Our written notice of pending disconnection or pending referral to a credit agency was not issued in error and our notice was properly mailed, but you did not pick up the mail from locations, such as a post office, super mail box or home mail box;
- Our written notice of pending disconnection or pending referral to a credit agency was not issued in error and our notice was undelivered by the mail delivery service; or
- You attempted to make payment to one of our employees or someone hired by us to disconnect your *service site* and the disconnection was not in error, but that person was not authorized to accept payment.

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AltaGas Utilities Inc. Interim Special Charges Schedule (continued)

Non-Refundable Contributions

Applications for service will require a non-refundable contribution. In most cases, a standard contribution is all that is required. Services uneconomic with a standard contribution will require an additional non-refundable contribution.

Standard Non-Refundable Contributions

Standard contributions are filed for acknowledgment with the Commission when they are initially established and, thereafter, whenever they are changed. For a current list of our standard non-refundable contributions, please refer to p. 1 of this Special Charges Schedule or contact us toll-free using our General Inquiry phone number to find current rates.

Non-Standard Non-Refundable Contributions

Winter Construction – Should the service be requested for installation under winter construction conditions, the customer is responsible for the incremental frost charges.

Other – If it is not economic to consider an application for service under a standard contribution, it will be evaluated individually to determine a specific, non-refundable contribution.

Calculation of Specific Non-Refundable Contributions

The calculation of a specific non-refundable contribution will be based on a net present value analysis applying the following criteria:

- a) An estimate of the total capital costs of providing service;
- b) An estimate of the total annual operating costs of providing service;
- c) The *Commission*-approved return on common equity, interest rate, depreciation rates, income taxes and capital structure;
- d) An estimate of the expected net revenue that will accrue from the addition of the service.

The additional contribution will be the amount required to make the net present value of the revenue stream equal the revenue requirement stream.

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AltaGas Utilities Inc.
Interim Special Charges Schedule (continued)

Additional Criteria:

- Rate 1/11 – Town – A *service site* located within an incorporated municipality, such as a village, town or city;
- Rate 1/11 – Rural Subdivision – A *service site* not defined as ‘Town’, but located in an AltaGas Utilities Inc. designated subdivision;
- Rate 1/11 – Rural Other – A *service site* not defined as ‘Town’ or ‘Rural Subdivision’
- Other – A *service site* served under any rate other than Rate 1/11.

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