

ALBERTA ENERGY AND UTILITIES BOARD

Calgary Alberta

ATCO GAS – NORTH A DIVISION OF ATCO GAS AND PIPELINES LTD. RECOVERY OF DEFERRED GAS ACCOUNT BALANCES AT MARCH 31, 2002

**Decision 2002-065
Application No. 1272010
File No. 5627-48**

1 THE APPLICATION

By letter dated June 11, 2002, ATCO Gas – North (AGN), a Division of ATCO Gas and Pipelines Ltd., filed an application (the Application) with the Alberta Energy and Utilities Board (the Board) for approval to recover the cumulative under-recoveries of approximately \$3.336 million in its deferred gas account (DGA) balances at March 31, 2002, which resulted from the reconciliation of its DGAs for the 2001 summer period and the 2001/2002 winter period. More particularly, AGN proposed to recover approximately \$3.025 million of these under-recoveries from July to October 2002 through its monthly Gas Cost Recovery Rate (GCRR) and to recover the remaining balance of \$0.311 million from Option A customers¹ through a one-time debit rider of \$0.050/gigajoule (GJ) in October 2002. Details of the proposed recoveries are set out in Appendix 1.

AGN stated that it sent the following information to active interested parties on May 17, 2002, including an initial proposal for dealing with the \$3.3 million under-recovery balance:

- 2000/2001 gas year overview,
- Summer 2001 reconciliation package, and
- 2001/2002 winter period reconciliation package.

AGN additionally stated that its representatives met with the active interested parties and a Board observer on May 23, 2002 to discuss the reconciliation information and the initial under-recovery proposals and that, after further discussions, it distributed its revised proposals (as subsequently applied for in the Application) to them on May 31, 2002. AGN advised that all of the active interested parties supported the proposals.²

2 DGA

The purpose of a DGA is to compare AGN's natural gas supply costs incurred with amounts it recovered through the GCRR and to provide evidence that its customers pay neither more nor less than its actual costs of natural gas. Conversely, a purpose is also to ascertain that AGN does not lose or gain as a result of price fluctuations in gas supply costs.

¹ "Option A customers" refers to sales service customers in Rate 1 (comprised mainly of residential customers) and the University of Alberta, to which an annualized GCRR had previously applied.

² Active interested parties that submitted written support were the City of Edmonton, the Consumers' Coalition of Alberta, the Federation of Alberta Gas Co-Ops Ltd. and Gas Alberta Inc., First Nations organizations, the Municipal Intervenors, the Public Institutional Consumers of Alberta, and the University of Alberta.

Under previously approved DGA procedures, AGN maintained a separate DGA for summer and winter periods. A summer period included the months of April through October; a winter period included the months of November through March. A GCRR for a summer or winter period was calculated by adding the balance in the DGA at the end of the previous same period to the gas costs forecast for the upcoming period and dividing the result by the forecast gas sales volume for that period. Including the DGA balance from the previous same seasonal period ensured that any cumulative under or over-recovery from that period would be collected or refunded in the same upcoming seasonal period (summer or winter).

Effective April 1, 2002, revised procedures to be used in the determination of a GCRR by a gas utility subject to the Board's jurisdiction took effect. These procedures provide for a monthly determination of a GCRR, as opposed to a determination over a summer and winter period, and were set out in Decision 2001-75, dated October 30, 2001. AGN's monthly GCRRs have not heretofore included outstanding balances from both summer and winter prior period DGAs.

3 BOARD FINDINGS

The Board's statutory mandate requires that it fix just and reasonable rates for the regulated utilities under its jurisdiction. Ordinarily, the Board would require timely public notice of an application and a reasonable review period for interested parties. The Board would then take into account representations that it may have received from interested parties before issuing an order on a matter. However, in this case, the Board notes that AGN distributed a copy of its proposals to active interested parties that would normally participate in the examination process involving the setting of a GCRR. The Board understands that the interested parties represent the majority of AGN's customers and, therefore, considers that the distribution, in this instance, provides an adequate degree of public notice. Accordingly, the Board, pursuant to section 58(1) of the *Public Utilities Board Act*, R.S.A. 2000, c. P-45, herein exercises its discretion to deal with the Application as if due notice had been given to all interested parties.

The Board has reviewed the information provided by AGN in the Application. The Board notes that AGN received prior approval from the Board in Decision 2001-80, dated October 30, 2001, to refund amounts aggregating \$56.6 million from its forecast DGA balances at October 31, 2001. The cumulative prior winter and summer period DGA balances at that time would represent the closing balances after such adjustments. As the monthly GCRR for July 2002 was required to be set prior to July 1, 2002, the Board also notes that the adjustment otherwise proposed for July 2002 will summarily be carried forward to August 2002.

The Board also notes that the active interested parties canvassed by AGN supported the proposed recoveries of the DGA balances, and the resultant adjustments to the upcoming monthly GCRRs. The Board therefore accepts AGN's reconciliation of actual gas costs and actual gas cost recoveries for the 2001 summer period and the 2001/2002 winter and will approve AGN's request for the recovery of the cumulative DGA balances at March 31, 2002.

4 ORDER

THEREFORE, it is hereby ordered that:

For ATCO Gas – North, a Division of ATCO Gas and Pipelines Ltd.:

- (1) The recovery of the 2001/2002 winter period deferred gas account balance, in the estimated amount of \$3.025 million, through the monthly Gas Cost Recovery Rate from August 2002 through October 2002 is hereby approved.
- (2) The recovery of the cumulative total deferred gas account balance at October 31, 2001, in the amount of \$0.311 million, from Rate 1 customers and the University of Alberta through a one time debit rider of \$0.050/GJ in October 2002 is hereby approved.

Dated in Calgary, Alberta on July 16, 2002.

ALBERTA ENERGY AND UTILITIES BOARD

<original signed by>

B. T. McManus, Q.C.
Presiding Member

<original signed by>

Gordon J. Miller
Member

<original signed by>

C. Dahl Rees
Acting Member

APPENDIX 1

ATCO GAS – NORTH
A DIVISION OF ATCO GAS AND PIPELINES LTD.

DGA Balance Summary

Line	Description	Units	Amount
1	Cumulative total DGA balance at October 31, 2001	\$000s	311
2	2001/2002 winter period closing balance, March 31, 2002	\$000s	<u>3,025</u>
3	Cumulative total DGA balances at March 31, 2002	\$000s Line 1 plus line 2	<u>3,336</u>

Proposed Recovery Schedule for 2001/2002 Winter Period DGA

	Units	July 2002	August 2002	September 2002	October 2002	Total
Forecast calendar sales	TJ	3,064	3,125	4,699	8,130	19,018
Proposed recovery amount	\$000s	487	497	747	1,294	3,025
Unit rate ¹	\$/GJ		0.315	0.159	0.159	0.159

¹ July and August recovery amounts are combined, resulting in the unit rate of \$0.315/GJ.

Option A Debit Rider

Line	Description	Units	Amount
1	Estimated Option A share of DGA closing balance on October 31, 2001	\$000s	311
2	Option A forecast consumption – October 2002	TJ	6,264
3	Rider	\$/GJ Line 1 divided by line 2	0.050