

THE PROVINCE OF ALBERTA

GAS UTILITIES ACT

ALBERTA ENERGY AND UTILITIES BOARD

IN THE MATTER of a Gas Cost
Recovery Rate Adjustment for the
2000 Summer Period for ATCO
Gas and Pipelines Ltd., Operating
as ATCO Gas – South.

ORDER U2000-177

Application No. 2000142

File No. 5626-41

The Alberta Energy and Utilities Board (the EUB), pursuant to Section 50(1) of the *Public Utilities Board Act*, R.S.A. 1980, c. P-37, herein exercises its discretion to grant to ATCO Gas and Pipelines Ltd., operating as ATCO Gas – South, (referred to herein as ATCO GS) an interim increase in its summer period Gas Cost Recovery Rate (GCRR). GCRRs are determined separately for winter and summer periods and are included in ATCO GS' rate schedules as Rider "F", which is applicable to all sales service rates for the recovery of natural gas costs. A winter period includes the months of November through March and a summer period includes the months of April through October.

THE APPLICATION

By letter dated April 20, 2000, ATCO GS filed an application (the Application) with the EUB for approval of a mid-period adjustment to Rider "F". ATCO GS requested that its GCRR in effect for the 2000 summer period be increased by \$0.920/gigajoule (GJ) from \$3.346/GJ approved on an interim refundable basis in Order U2000-152, dated March 29, 2000, to \$4.266/GJ, effective with consumption from May 1, 2000 to October 31, 2000, inclusive. ATCO GS advised the EUB that it was approached by some of its active intervenors to request the adjustment in light of the rising price of natural gas on the forward market. Details of the adjustment to the summer period GCRR are attached hereto as Appendix 1.

The Application was filed in accordance with a previous direction issued by the EUB in respect of ATCO GS' Deferred Gas Account (DGA) procedures, under which natural gas supply costs incurred are reconciled with amounts recovered through the GCRR for each of the winter and summer periods. The purpose of the DGA is to account for and give effect only to over or under

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recoveries of the cost of natural gas and to provide evidence that ATCO GS' customers pay neither more nor less than the actual cost of natural gas incurred by it. With the objective to minimize the balance in each of the winter and summer period DGAs, the EUB directed that ATCO GS should apply to the EUB for an adjustment in its GCRR should a significant change in gas supply costs occur during a period. The EUB specified that the tolerance level for the determination of mid-period adjustments should be, relative to forecasted natural gas costs in its last application regarding the applicable winter or summer period GCRR, the greater of "3% or "\$2,000,000.

ATCO GS advised in the Application that it had distributed copies of its proposal for the GCRR adjustment prior to filing the Application to its active intervenors. It further advised that it had received no objections to its proposal.

EUB FINDINGS

The EUB considers that the quantum of the projected DGA surplus relative to ATCO GS' revised forecast of gas costs, the proposed type of adjustment to be made to the summer period GCRR and the urgency of the Application are contributing reasons for the EUB to consider dealing expeditiously with the Application. The EUB also considers that, with ATCO GS' distribution of copies of its proposals to the active intervenors that would normally participate in the examination process involving this type of rate adjustment, reasonable public notice has been provided in this instance. The EUB notes that ATCO GS received no objections from the intervenors.

The EUB recognizes that ATCO GS was previously directed to inform the EUB of significant changes in its forecasts of gas costs and gas cost recoveries for the period in effect and make timely applications for needed changes in the GCRR. The EUB considers that ATCO GS has acted responsibly in making the Application on a timely basis following the realization that gas cost recoveries based on the summer period GCRR previously approved on an interim refundable basis in Order U2000-152 will be significantly below the actual gas costs incurred. The EUB also considers that the submission by ATCO GS provided sufficient information to indicate the occurrence of a significant increase in the market price of natural gas to support approval of its proposed rate on a continuing interim refundable basis, pending determination of the final GCRR for the summer period.

The EUB considers that an increase in the summer period GCRR will allow ATCO GS to reduce the forecasted DGA deficit to a level within the EUB's prescribed tolerance guidelines. The EUB further considers that allowing the adjustment to proceed in this manner is in the interest of both the customers and the utility and that any delay beyond May 1, 2000 would only exacerbate the required increase in the summer period GCRR. Therefore, the EUB will grant approval, on an interim refundable basis, of the request made by ATCO GS for an increase in the summer period GCRR.

THEREFORE, it is hereby ordered that:

For ATCO Gas and Pipelines Ltd., operating as ATCO Gas – South

- (1) A Gas Cost Recovery Rate of \$4.266/GJ shall be effective on an interim refundable basis for all consumption on and after May 1, 2000 to October 31, 2000, inclusive, based on actual or estimated meter readings.
- (2) Rider “F”, set out in Schedule “A” attached to and forming part of this Order, is hereby fixed and approved on an interim refundable basis as the Gas Cost Recovery Rate applicable to all sales service rates effective on all metered or estimated consumption on and after May 1, 2000.

Dated in Edmonton, Alberta on April 28, 2000.

ALBERTA ENERGY AND UTILITIES BOARD

April 28, 2000

Effective on an Interim Refundable Basis by Order U2000-177
On Consumption On and After May 1, 2000
This Replaces Rider "F"
Previously Effective April 1, 2000

SCHEDULE "A"

**ATCO GAS AND PIPELINES LTD.
OPERATING AS ATCO GAS – SOUTH
SCHEDULE OF RATES, TOLLS AND CHARGES**

**RIDER "F" TO ALL SALES SERVICE RATES
FOR THE RECOVERY OF GAS COSTS**

To be applied to the energy sold to all sales service rates unless otherwise specified by specific contracts.

The recovery of Gas Costs is subject to reconciliation based on actual experienced Gas Costs as approved by the Alberta Energy and Utilities Board.

Gas Cost Recovery Rate:

| | |
|------------------------|----------------|
| November 1 to March 31 | \$3.262 per GJ |
| April 1 to October 31 | \$3.346 per GJ |

The Gas Cost Recovery Rate shown above shall be increased for the period May 1, 2000 to October 31, 2000 by \$0.920 per GJ

APPENDIX 1

ATCO GAS AND PIPELINES LTD.
OPERATING AS ATCO GAS – SOUTHDetermination of 2000 Summer Period
Gas Cost Recovery Rate Adjustment

| Line | Description | Units | Amount |
|------|--|---------|-----------|
| 1 | Forecast 2000 summer period gas cost recoveries without adjustment | \$/,000 | 111,330 |
| 2 | Total period net gas forecast at April 17, 2000 | \$/,000 | (131,231) |
| 3 | Adjusted opening DGA deficit balance | \$/,000 | (3,354) |
| 4 | Projected total period under-recovery(Line 1 plus lines 2 and 3) | \$/,000 | (23,255) |
| 5 | Forecast sales May 1, 2000 to October 31, 2000 | TJ | 25,281 |
| 6 | Forecast transportation imbalance sales | TJ | - |
| 7 | Adjusted sales (Line 5 plus 1.3 x line 6) | TJ | 25,281 |
| 8 | Rate increase (Line 4 divided by line 7) | \$/GJ | 0.920 |

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