

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 AltaGas
Utilities Inc.

ORDER U2000-179

Application No. 2000148
File No. 5628-34

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 AltaGas Utilities Inc. (referred to herein as AltaGas) an interim increase in its 2000 summer period Gas Cost Recovery Rate (GCRR). The GCRRs for both the winter and summer periods are included in AltaGas' rate schedules as Rider "D", applicable to all sales service rates for the recovery of natural gas costs. A winter period includes the months of November through March, inclusive, and a summer period includes the months of April through October, inclusive.

THE APPLICATION

By letter dated April 25, 2000, AltaGas filed an application (the Application) with the EUB for approval of a mid-period adjustment to its 2000 summer period GCRR. AltaGas requested that the GCRR in effect be increased by \$0.823/gigajoule (GJ) from \$3.480/GJ approved in Order U2000-151, dated March 29, 2000, to \$4.303/GJ, effective with consumption from May 1, 2000 to October 31, 2000. The proposed adjustment was based on AltaGas' revised forecast of gas supply costs for the remainder of the 2000 summer period. Details of the revised summer period GCRR are attached hereto as Appendix 1.

AltaGas advised in the Application that it undertook to negotiate an agreement with its customers to reach general consensus on the revision to the 2000 summer period GCRR. For this purpose, it further advised that, prior to filing the Application, copies of its proposal for the GCRR adjustment were distributed to the intervenor groups that participated in its last GCRR application. AltaGas provided copies of documentation from these groups that indicated that its proposal was accepted.

The Application was filed in accordance with a previous direction issued by the EUB in respect of procedures related to AltaGas' Deferred Gas Account (DGA), in which natural gas supply costs incurred are reconciled with amounts recovered through the GCRR for each of the winter

April 28, 2000

and summer periods. The purpose of the DGA is to account for and give effect only to over or under recoveries in the cost of natural gas and to provide evidence that AltaGas' customers pay neither more nor less than the actual cost of natural gas incurred by it. A separate DGA is kept for each of the winter and summer periods. With the objective to minimize the balance in each of the winter and summer period DGAs, the EUB directed that AltaGas 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 AltaGas' total natural gas costs in respect of the applicable winter or summer period, the greater of " 3% or " \$750,000.

EUB FINDINGS

Ordinarily the EUB would require timely public notice of an application and consider representations from interested parties before issuing an order on a matter. However, the EUB considers that the quantum of the projected 2000 summer period DGA deficit relative to AltaGas' revised forecast of gas costs, the proposed adjustment to be made to the GCRR and the timing of the implementation of the adjustment are contributing reasons for the EUB to consider dealing expeditiously with the Application. The EUB also considers that the distribution of copies of AltaGas' proposals to intervenor groups that would normally participate in the examination process involving these types of rate adjustments provided reasonable public notice in this instance. The EUB notes that AltaGas received no objections to its proposals from the intervenor groups.

The EUB recognizes that AltaGas 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 AltaGas has acted responsibly in making the Application following the realization that gas cost recoveries based on the summer period GCRR approved in Order U2000-151 were significantly above the actual gas costs incurred. The EUB also considers that the submission by AltaGas provided sufficient information to indicate the occurrence of a significant increase in the market price of natural gas to support approval of its proposed revision to the summer period GCRR on an interim refundable basis, pending determination of the final GCRR for the 2000 summer period.

The EUB considers that the proposed adjustment to the summer period GCRR will allow AltaGas to reduce the forecasted 2000 summer period 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 AltaGas for an increase in the 2000 summer period GCRR.

THEREFORE, it is hereby ordered that:

For AltaGas Utilities Inc.:

- (1) A Gas Cost Recovery Rate of \$4.303/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 "D" as 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 U2000-179
On Consumption On and after May 1, 2000
This Replaces Rider "D"
Previously Effective April 1, 2000

SCHEDULE "A"

ALTAGAS UTILITIES INC.

**RIDER "D" 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	\$3.343 per GJ
April 1 to October 31	\$3.480 per GJ

The Gas Cost Recovery Rate shown above shall be increased for the period

May 1, 2000 to October 31, 2000 by	\$0.823 per GJ
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APPENDIX 1

ALTAGAS UTILITIES INC.

**Determination of Adjusted 2000 Summer Period Gas Cost Recovery Rate
Effective May 1, 2000**

<u>Line</u>	<u>Description</u>	<u>Units</u>	<u>Value</u>
1	Net gas cost forecast	\$	14,447,030
2	Prior summer period DGA under-recovery	\$	272,527
3	Gas cost under-recovery, April 1 to April 30	\$	180,638
4	Net gas supply expense to be recovered	\$	Line 1 plus lines 2 and 3 14,900,195
5	Forecast sales, May 1 to October 31	GJ	3,505,569
6	Adjusted GCRR excluding line loss	\$/GJ	Line 4 divided by line 5 4.250
7	Adjusted 2000 summer period GCRR including line loss	\$/GJ	Line 6 times 101.22% 4.303