

ALBERTA ENERGY AND UTILITIES BOARD

Edmonton, Alberta

**ALTAGAS UTILITIES INC.
1998/1999 WINTER PERIOD GAS COST RECOVERY RATE
DETERMINATION OF COST AWARDS**

**Order U99047
Application 980479
File 5628-25-1**

1. INTRODUCTION AND BACKGROUND

AltaGas Utilities Inc. (formerly Centra Gas Alberta Inc.) (AltaGas) filed an application (the Application) with the Alberta Energy and Utilities Board (the Board) by letter dated 24 September 1998 requesting approval from the Board for a winter period Gas Cost Recovery Rate (GCRR) of \$2.727/GJ for consumption on and after 1 November 1998 to 31 March 1999. The Board issued Order U98157 dated 29 October 1998 approving AltaGas' winter period GCRR of \$2.727/GJ based on actual or estimated meter readings.

By letter dated 12 February 1999, AltaGas forwarded a summary of costs claimed by various representatives who participated in the negotiated settlement process (NSP). The participants and AltaGas agreed that costs would be consistent with the amounts that would normally be permitted under the Scale of Costs. AltaGas requested approval from the Board to include the total cost claims from participants and AltaGas' external costs claimed in AltaGas' Hearing Cost Reserve Account.

2. PARTICULARS OF THE APPLICATION

Various participants submitted cost claims to AltaGas totalling \$7,203.66 including the actual Goods and Services Tax (GST) of \$448.68 with respect to this proceeding. In addition, AltaGas submitted a claim for its external costs totalling \$5,908.80 for a combined total of \$13,112.46. The Board allowed costs for the participants and AltaGas' external costs allowed are set out in Schedule "A".

3. BOARD FINDINGS

Before exercising its discretion to award costs, the Board must consider the effectiveness of the participation, its relevancy to the issues and whether the costs of the participation were necessary and reasonable. The Board will also have regard for the Scale of Costs which sets a cap on professional fees and outlines those disbursements which will be considered for reimbursement.

In the case of applications based upon an NSP, the Board does not directly participate in the process. Rather the Board reviews the nature of the process itself, and its results, to ensure fairness and reasonableness in the public interest. Without the direct opportunity to review the effectiveness of participants, the Board will take into account other considerations to ensure that

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the costs of participation in an NSP, which are ultimately passed on to all customers, are indeed reasonable and represent “fair value”.

In this instance the Board has reviewed the cost submissions of participants and the applicant, and notes that the overall level of costs appears to be reasonable in comparison to the costs of a fully litigated GCRR application. In addition, the Board notes the advice of AltaGas that the individual cost claims were consistent with the Board’s Scale of Costs. The Board also notes that no concerns were raised by any of the participants in the NSP after the circulation of the summary of all costs submitted to AltaGas. Accordingly, the Board considers the claims for fees and disbursements for all participants to be reasonable as outlined in Schedule “A”.

GST

In accordance with the Board’s treatment of the GST on cost awards, AltaGas is required to pay only that portion of the GST paid by participants that may not be recoverable through the GST credit mechanism. Eligible GST approved by the Board amounts to \$241.64 as shown in Schedule “A”. Such GST allowed by the Board may also be charged against the Hearing Cost Reserve Account.

4. ORDER

THEREFORE, IT IS ORDERED THAT:

- (1) AltaGas Utilities Inc. pay participants’ costs in the amount of \$6,996.62, as set out in column (e) of Schedule “A”.
- (2) AltaGas Utilities Inc.’s external costs in the amount of \$5,908.80, as set out in Schedule “A”, are approved.
- (3) AltaGas Utilities Inc. shall record in its Hearing Cost Reserve Account the allowed external applicant and participants’ costs in the amount of \$12,905.42, as outlined in column (e) of Schedule “A”.

Dated in Edmonton, Alberta on 12 May 1999.

ALBERTA ENERGY AND UTILITIES BOARD

B. Torrance

12 May 1999

SCHEDULE "A"

**ALTAGAS UTILITIES INC.
1998/1999 WINTER PERIOD GAS COST RECOVERY RATE APPLICATION**

BOARD ALLOWED COSTS

	(a) Fees and Disbursements Allowed (excluding GST)	(b) Total GST Associated with Allowed Fees and Disbursements	(c) Eligible GST Percentage	(d) Eligible GST	(e) Fees and Disbursements Allowed Including Eligible GST
<u>APPLICANT</u>					
AltaGas Utilities Inc.	<u>\$ 5,908.80</u>	<u>\$ 0.00</u>	0.00%	<u>\$ 0.00</u>	<u>\$ 5,908.80</u>
Total Applicant Costs	<u>\$ 5,908.80</u>	<u>\$ 0.00</u>		<u>\$ 0.00</u>	<u>\$ 5,908.80</u>
<u>PARTICIPANTS</u>					
Urban Municipalities	\$ 1,190.00	\$ 83.30	42.86%	\$ 35.70	\$ 1,225.70
Municipal and Gas Co-op Intervenors	1,754.70	122.83	42.86%	52.64	1,807.34
Consumer's Coalition of Alberta	2,190.10	153.30	100.00%	153.30	2,343.40
Energy Users Association of Alberta	<u>1,620.18</u>	<u>89.25</u>	0.00%	<u>0.00</u>	<u>1,620.18</u>
Total Participant's Costs	\$6,754.98	\$448.68		\$241.64	\$ 6,996.62
TOTAL COSTS	<u>\$12,663.78</u>	<u>\$448.68</u>		<u>\$241.64</u>	<u>\$12,905.42</u>