



## ATCO Gas, a division of ATCO Gas and Pipelines Ltd.

Rural Pool Customer Connection Charge

Costs Award

June 25, 2014



**The Alberta Utilities Commission**

Decision 2014-196: ATCO Gas, a division of ATCO Gas and Pipelines Ltd.

Rural Pool Customer Connection Charge

Costs Award

Application No. 1610452

Proceeding No. 3161

June 25, 2014

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Alberta Utilities Commission  
Fifth Avenue Place, 4th Floor, 425 - 1 Street SW  
Calgary, Alberta  
T2P 3L8

Telephone: (403) 592-8845

Fax: (403) 592-4406

Web site: [www.auc.ab.ca](http://www.auc.ab.ca)

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## **1 Introduction**

1. On May 29, 2012, ATCO Gas, a division of ATCO Gas and Pipelines Ltd, (ATCO Gas) made an application to the Alberta Utilities Commission (AUC or Commission) proposing that the connection charge for rural pool customers be increased as part of its 2011-2012 Phase II General Rate Application in Proceeding No.1912.

2. In Decision [2013-035](#),<sup>1</sup> issued on February 14, 2013, the Commission made the following direction with respect to ATCO Gas's rural connection charge:

In addition, ATCO Gas has not provided sufficient evidence to convince the Commission that changing the construction cost calculation is warranted. On this basis the Commission directs ATCO Gas to update its proposed connection charge based on the five-year average of construction costs for 2011 and 2012. The obtained 2012 Schedule C charge amount will then be used to set the January 1, 2013 rate by increasing the 2012 amount by I-X and that method will continue to apply throughout the course of the PBR term.<sup>2</sup>

3. On March 1, 2013, after Decision 2013-035 was issued, ATCO Gas filed a letter, addressed to all parties registered on Proceeding No. 1912 that provided supporting calculations showing that its implementation of the Commission's findings and direction resulted in a rural connection charge of \$10,520.

4. The AUC received two written complaints respecting increases to ATCO Gas's rural connection charge: a letter from Chris and Sharon Keim on July 16, 2013; and an email from Rob McLellan on July 19, 2013. In addition to these complaints, the AUC's Consumer Relations group received some 28 other telephone and email complaints respecting the rural connection charge.

5. Based on these complaints, the Commission determined that it would investigate this matter on a complaint basis through a written proceeding (complaint proceeding).

6. On October 7, 2013, the Commission issued a Notice of Complaint Proceeding to interested parties on ATCO Gas's 2011-2012 Phase II General Rate Application, and to customers who had contacted the Commission about the rural connection charge. The Commission invited any person or group with concerns or objections to file a statement of intent to participate (SIP) by October 28, 2013.

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<sup>1</sup> Decision 2013-035: ATCO Gas (A Division of ATCO Gas and Pipelines Ltd.), 2011-2012 General Rate Application Phase II, Application No. 1608495, Proceeding ID No. 1912, February 14, 2013.

<sup>2</sup> Decision 2013-035, paragraph 67.

7. By way of a letter dated November 5, 2013, the Commission extended the SIP deadline to November 12, 2013, to assist interested parties in the proceeding that may not be familiar with the Commission's procedures and processes.
8. The Commission received submissions from AltaGas Utilities Inc., ATCO Gas, the Consumers' Coalition of Alberta (CCA), Claude Fries, Heather Hood, Tony Ramotowski, Kevin and Christie Schroeder, Ryan and Leisl Sprenrath and The Office of the Utilities Consumer Advocate (UCA).
9. In letters dated November 19, 2013 and January 17, 2014, the Commission established the process steps for dealing with the complaint proceeding, which included information requests, argument and reply argument. Argument was due on February 21, 2014; and reply argument was due on March 7, 2014. The close of the record for the complaint proceeding was March 7, 2014.
10. On April 4, 2014, the CCA submitted its costs claim application related to the complaint proceeding.
11. On April 7, 2014, the Commission circulated a summary of the costs being claimed to interested parties. Parties were advised that any comments regarding figures listed in the summary, or the merits of the total claimed, were to be filed by April 21, 2014. No comments were received from parties on the summary of costs claimed.
12. The Commission considers the close of record for the costs proceeding to be April 21, 2014.
13. On June 5, 2014, the Commission issued Decision [2014-155<sup>3</sup>](#) with respect to the complaint proceeding.

## 2 The Commission's authority to award costs

14. When assessing a costs claim pursuant to Section 21 of the *Alberta Utilities Commission Act*, RSA 2007. c. A-37.2, the Commission applies [AUC Rule 022: Rules on Intervener Costs in Utility Rate Proceedings](#) (AUC Rule 022). Appendix A of AUC Rule 022 also prescribes a *Scale of Costs* applicable to all costs claimed.
15. In exercising its discretion to award costs, the Commission will, in accordance with Section 11 of AUC Rule 022, consider whether an eligible participant acted responsibly and contributed to a better understanding of the issues before the Commission, and whether the costs claimed are reasonable and directly and necessarily related to the proceeding. The Commission considers these factors in light of the scope and nature of the issues in question. To the extent reasonably possible, the Commission will be mindful of a participant's willingness to co-operate with the Commission and other participants to promote an efficient and cost-effective proceeding.

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<sup>3</sup> Decision 2014-155: ATCO Gas, a division of ATCO Gas and Pipelines Ltd., Rural Pool Customer Connection Charge, Application No. 1609962, Proceeding No. 2854, June 5, 2014.

16. As the costs of a utility proceeding are generally passed on to customers, it is the Commission's duty to ensure that customers receive fair value for a party's contribution. The Commission only approves those costs that are reasonable and directly and necessarily related to the party's participation in the proceeding.

### **3 Commission findings**

#### **3.1 Consumers' Coalition of Alberta**

17. The CCA submitted a costs claim in the total amount of \$17,614.38. The claim is comprised of legal fees for Wachowich & Company in the amount of \$875.00 and GST of \$43.75; and consulting fees for Regulatory Services Inc. in the amount of \$15,849.00, disbursements of \$51.60 for photocopying and GST of \$795.03.

18. The Commission has considered the CCA's costs claim bearing in mind the principles specified in the Commission's *Scale of Costs*.

19. The Commission finds that the hours incurred are reasonable given the tasks described in the costs claim for legal services provided by Wachowich & Company for one hour for review of information requests, and 1.50 hours for editing argument and review of reply argument. The costs claimed by Wachowich & Company are in accordance with the Commission's *Scale of Costs*. The Commission approves costs for Wachowich & Company in the total amount of \$918.75, which is comprised of \$875.00 in fees and \$43.75 in GST.

20. The consulting fees claimed for Regulatory Services Inc. were for 58.70 hours of activities related to the review of correspondence, preparation of information requests, review of information responses, and preparation of argument. The hours claimed for preparation time and document review were 39.70 and an additional 19 hours were claimed for preparation of argument. The costs claimed are in accordance with the Commission's *Scale of Costs*.

21. The Commission has reviewed the summary of activities performed by Regulatory Services Inc. A large number of hours involved preparation time and document review, including review of other parties' information requests. After comparing the hours claimed for the preparation of argument submitted on the record on behalf of the CCA, the Commission finds that the number of hours is not commensurate with the issues raised in the CCA's argument. In addition, the Commission does not consider that all the hours incurred by Regulatory Services Inc. are warranted because portions of the argument relating to three times net revenue, rate design and the content of AUC notice were of minimal assistance to the Commission in reaching its determination on whether the rural pool customer connection charge should be adjusted.

22. Accordingly, the Commission reduces the consulting fees claimed for Regulatory Services Inc. by 15 per cent to reflect a reduction to the number of hours claimed for preparation, document review and preparation of argument, which results in deductions of \$2,377.35 in fees and \$118.87 in GST. The Commission approves consulting costs for Regulatory Services Inc. in the total amount of \$14,199.41, which is comprised of \$13,471.65 in fees; disbursement of \$51.60 and GST of \$676.16.

23. The Commission approves the CCA's costs in the total amount of \$15,118.16 for legal and consulting fees.

#### 4 GST

24. In accordance with the Commission's treatment of the GST on costs award, ATCO Gas is required to pay only that portion of the GST paid by interveners that may not be recoverable through the GST credit mechanism. Accordingly, the Commission approves eligible GST in the amount of \$719.91.

25. The Commission emphasizes that its treatment of the GST claimed in no way relieves participants or their lawyers and consultants from their GST obligations pursuant to the *Excise Tax Act*, R.S.C. 1985, c. E-15.

#### 5 Order

26. It is hereby ordered that:

- (1) ATCO Gas and Pipelined Ltd. shall pay intervener costs to the Consumers' Coalition of Alberta, in the amount of \$15,118.16.

Dated on June 25, 2014.

#### **The Alberta Utilities Commission**

*(Original signed by)*

Anne Michaud  
Panel Chair

*(Original signed by)*

Bill Lyttle  
Commission Member