



ATCO Gas and Pipelines Ltd.

ATCO Gas North 2014 Weather Deferral Account Rider W Application

September 16, 2014



The Alberta Utilities Commission

Decision 2014-263: ATCO Gas and Pipelines Ltd.

ATCO Gas North 2014 Weather Deferral Account Rider W Application

Application No. 1610566

Proceeding No. 3217

September 16, 2014

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Contents

1	Introduction.....	1
2	Background	2
3	Weather deferral account methodology, design and collection period	3
4	Order.....	5
	Appendix 1 – Proceeding participants	7
	Appendix 2 – Rider W schedules.....	8

List of tables

Table 1.	Calculation of AGN WDA Refund Rider W	4
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1 Introduction

1. On May 15, 2014, ATCO Gas and Pipelines Ltd. (ATCO Gas) submitted an application with the Alberta Utilities Commission (AUC or the Commission) notifying the Commission that the ATCO Gas North (AGN) weather deferral account (WDA) balance was calculated for the period May 1, 2012 to April 30, 2014. ATCO Gas requested the refund of the AGN WDA balance, of \$13.457 million, to be implemented from August 1, 2014 to July 31, 2015. ATCO Gas proposed to refund rates of \$(0.138)/gigajoule (GJ) for the AGN low use rate group and of \$(0.116)/GJ for the mid use rate group.

2. ATCO Gas submitted that its WDA calculation methodology is in accordance with the methodology previously approved in Decision [2008-113](#)¹ and Decision [2011-450](#).²

3. On May 20, 2014, the Commission issued a notice of application that required interested parties to submit a statement of intent to participate (SIP) by May 30, 2014. In their SIPs, parties were to indicate whether they supported or objected to the application, the reasons for their position, and the need for further process and the supporting rationale.

4. The Commission received a SIP by the specified deadline date from the Consumers' Coalition of Alberta (CCA). In its SIP, the CCA requested the opportunity to test the application with a process of written information requests, information responses, argument and reply argument.

5. On June 5, 2014, the Commission received amended rate schedules due to ATCO Gas discovering an error. In the letter accompanying the amended schedules, ATCO Gas stated that in its load balancing deferral account Rider L application currently before the Commission in Proceeding No. 3259,³ ATCO Gas would be requesting to recover the north and south load balancing deferral accounts, effective August 1, 2014. ATCO Gas noted that the effective date would be the same date requested for the recovery of WDA balances through Rider W in this application. ATCO Gas stated that:

Since Rider L is not being sought in this application, ATCO Gas has not included Rider L in the attached North rate schedules. ATCO Gas requests that when a decision is issued by the Commission in these proceedings, that ultimately one set of North rate schedules

¹ Decision 2008-113: ATCO Gas, 2008-2009 General Rate Application Phase I, Application No. 1553052, Proceeding ID. 11, November 13, 2008.

² Decision 2011-450: ATCO Gas (a Division of ATCO Gas and Pipelines Ltd.), 2011-2012 General Rate, Application Phase I, Application No. 1606822, Proceeding ID No. 969, December 5, 2011.

³ Proceeding No. 3259, ATCO Gas North and South Load Balancing Rate Rider.

is approved for an August 1, 2014 effective date, and that the rate schedules include the impact of both the Rider W and Rider L decisions.⁴

6. In a June 6, 2014 letter, the Commission determined that the application would be considered by way of a minimal written process, and issued the following schedule:

Process step	Deadline
Information requests to ATCO Gas	June 26, 2014
Information responses from ATCO Gas	July 10, 2014
Argument	July 24, 2014
Reply argument	August 7, 2014

7. On July 24, 2014, ATCO Gas filed its argument.

8. By way of letter dated July 25, 2014, the CCA indicated that it had reviewed the application and the information responses provided by ATCO Gas, and had no objections to the application being approved, as filed.

9. In a letter dated July 28, 2014, ATCO Gas submitted that due to the July 25, 2014 submission by the CCA, it would not be filing a reply argument.

10. On August 25, 2014, the Commission requested an updated set of rate schedules from ATCO Gas, with a filing deadline of August 29, 2014.

11. The Commission considers the record for this proceeding to have closed on August 29, 2014. In reaching the determinations set out in this decision, the Commission has considered all relevant materials comprising the record of this proceeding. References in this decision to specific parts of the record are intended to assist the reader in understanding the Commission's reasoning relating to a particular matter and should not be taken as an indication that the Commission did not consider all relevant portions of the record with respect to this matter.

2 Background

12. In Decision 2008-113, the Commission approved the creation of the WDA mechanism for each of the AGN and AG South (AGS) service areas with an implementation date of January 1, 2008, to account for the differences between the actual and normal temperatures and the revenue forecast previously approved by the Commission. Specifically, in Decision 2008-113, the Commission approved ATCO Gas's proposal:

...to commence use of a deferral account, effective January 1, 2008, in each of the North and the South rate zones to account for the impact on delivery revenue differences between the actual degree days and the forecast (normal) degree days used in the determination of the approved revenue forecast. The normal temperatures that would be used for the deferral account would be those used to develop the approved revenue forecast for that year. AG proposed that a 12-month rider would be required when either the North or the South weather deferral revenue accounts exceeded \$7 million dollars at

⁴ Exhibit No. 9.01, page 1.

April 30th of each year, which would represent about a +/- 10% variation in the normalized weather forecast.⁵

13. In the application that resulted in Decision 2009-093,⁶ AG applied for and received approval for an AGN WDA rate rider refund to be distributed to the low use rate group as the only rate group at the time with a commodity rate. The Commission approved the calculation of the rate rider by dividing the WDA balance with the throughput forecast of the low use rate group. The resulting calculation was approved as Rider W.

14. In Decision 2011-313,⁷ the Commission approved for AGN and AGS WDA rate rider refunds to be distributed to low use and mid use customers, effective August 1, 2011 to July 31, 2012. The Commission found that the methodology used to determine the WDA calculation for each of AGN and AGS was consistent with the threshold requirements and methodology approved in Decision 2008-113 and Decision 2009-093, and that the proposed Rider W for AGN and the proposed Rider W for AGS has been calculated in a manner consistent with Decision 2009-093.

15. On May 14, 2012, ATCO Gas applied to the Commission for approval of Rider W to recover the AGN WDA balance of \$10.325 million as of April 30, 2012. The Commission approved ATCO Gas's application in Decision 2012-200.⁸

3 Weather deferral account methodology, design and collection period

16. In its application, ATCO Gas explained that the WDA is designed to account for the impact on delivery revenue of differences between the actual temperature and the normal temperature. ATCO Gas provided a description of the calculations that were used to determine the amount of revenue to be deferred as a result of deviations from normal temperatures.

17. ATCO Gas performed a simple linear regression calculation each year based on the previous year's actual monthly sales/customer and actual temperature, for each temperature sensitive rate class that had a commodity charge. The temperature coefficient (line slope) from this regression was applied to the deviation between the actual temperature and the normal temperature for each month, which was then applied to the actual day sales/customer for each month to produce a normal day sales/customer. The normal day sales/customer was then applied to the actual number of customers in each month, to obtain the normal sales for the month. The difference between the normal sales and the actual sales for each month was multiplied by the variable charge in effect for each month to determine the amount of revenue that would be deferred. At the end of each calendar year, the temperature coefficient was adjusted based on the actual sales/customer and temperatures for the current year. ATCO Gas then recalculated the monthly carrying charges based on the updated temperature coefficient.⁹

⁵ Decision 2008-113, page 107.

⁶ Decision 2009-093: ATCO Gas Weather Deferral Account Rate Rider, Application No. 1605061, Proceeding ID. 198, June 24, 2009.

⁷ Decision 2011-313: ATCO Gas 2011 Weather Deferral Account Rate Rider, Application No. 1607321, Proceeding ID. 1230, July 21, 2011.

⁸ Decision 2012-200: ATCO Gas (a Division of ATCO Gas and Pipelines Ltd.), 2012 North Weather Deferral Account Rate Rider, Application No. 1608449, Proceeding ID No. 1887, July 26, 2012.

⁹ Exhibit No. 5, application, paragraph 5.

18. ATCO Gas applied monthly carrying charges to the WDA based on the most current approved weighted average cost of capital, in accordance with Decision 2008-113, Decision 2011-450 and the other Commission decisions relating to Rider W.

19. In response to a request from the Commission, ATCO Gas provided WDA calculations and rate schedules for an alternative implementation period of October 1, 2014 to September 30, 2015, as shown in Table 1 below:

Table 1. Calculation of AGN WDA Refund Rider W¹⁰

AGN WDA Refund Rider W	Low Use	Mid Use	Total
AGN WDA Payable Balance at April 30, 2014 (\$)	\$(10,507,844.99)	\$(2,949,523.90)	\$(13,457,368.89)
Oct 1, 2014 – Sep 30, 2015 AGN Forecast Throughput (GJ)	76,092,788	25,478,605	
AGN Rider W Refund Rate (\$/GJ)	\$(0.138)/GJ	\$(0.116)/GJ	

20. As shown in Table 1, the calculation of the Rider W refund rates for AGN low use and mid use rate groups are \$(0.138)/GJ and \$(0.116)/GJ, resulting in a total refund of \$13.457 million.

21. The WDA dollar amounts associated with each rate group are divided by the October 2014 to September 2015 AGN throughput forecast for each rate group, to determine the WDA Rider W for the low use and mid use rate groups. Because ATCO Gas is requesting approval for Rider W to be refunded over a 12-month implementation period, ATCO Gas has used the October to December throughput forecast approved in Decision 2013-460,¹¹ and a January to September 2015 throughput forecast to derive the WDA rate rider refund.

22. ATCO Gas explained that the Rider W refund is specific to low use and mid use rate groups, as these rate groups have a variable charge based on actual consumption. In generating the throughput forecast for 2015, ATCO Gas multiplied a 2015 monthly customer forecast by a 2015 monthly usage per customer forecast. The 2015 customer forecast is based on applying the 2014 approved customer growth forecast to the 2014 approved year-end customers, while the 2015 usage per customer forecast is based on applying the approved three-year average percentage change in usage per customer to the approved 2014 usage per customer forecast.¹²

23. No objections were received from any interested parties with respect to the calculations of Rider W included in the application.

Commission findings

24. The Commission has reviewed the WDA calculations and finds that the methodology used to determine the WDA refund Rider W is reasonable to establish the AGN WDA refund to customers. ATCO Gas's methodology and calculations of the refund are also consistent with the methodology and threshold requirements approved in past weather account deferral rate rider applications.

¹⁰ Exhibit No. 22.01, AUC-AG-05.

¹¹ Decision 2013-460: ATCO Gas and Pipelines Ltd., 2014 Annual PBR Rate Adjustment Filing, Application No. 1609915, Proceeding ID No. 2826, December 19, 2013.

¹² Exhibit No. 5, application, paragraph 6.

25. The Commission finds that the resulting refund, and the October 1, 2014 to September 30, 2015 period identified in the rate schedules will provide the refund for the benefit of customers within a reasonable timeframe. Accordingly, the AGN WDA refund of \$13.457 million by way of Rider W, as proposed by ATCO Gas, is approved for implementation during the period of October 1, 2014 to September 30, 2015.

4 Order

26. It is hereby ordered that:

- (1) ATCO Gas and Pipelines Ltd.'s North weather deferral account rider, Rider W, is approved for implementation during the period of October 1, 2014 to September 30, 2015, as set out in [Appendix 2](#).

Dated on September 16, 2014.

The Alberta Utilities Commission

(original signed by)

Bill Lyttle
Commission Member

Appendix 1 – Proceeding participants

Name of organization (abbreviation) counsel or representative
ATCO Gas and Pipelines Ltd. (ATCO Gas) A. Green B. Makila L. Brennand D. Connolly
Consumers' Coalition of Alberta (CCA) J. A. Wachowich J. Jodoin

The Alberta Utilities Commission Commission Panel B. Lyttle, Commission Member Commission Staff A. Sabo (Commission counsel) P. Genderka B. Whyte

Appendix 2 – Rider W schedules

[\(return to text\)](#)



Appendix 2 - Rider W
schedules.pdf

(consists of 3 pages)

Effective October 1, 2014, by Decision 2014-263
This Replaces Rider "W"
Previously Effective August 1, 2012

**ATCO GAS AND PIPELINES LTD. - NORTH
RIDER "W" WEATHER DEFERRAL ACCOUNT RIDER**

To be applied to Low Use and Mid Use customers unless otherwise specified by specific contracts or the AUC, effective October 1, 2014 to September 30, 2015.

Low Use Delivery Rate Refund	\$0.138 per GJ
Mid Use Delivery Rate Refund	\$0.116 per GJ

Effective October 1, 2014, by Decision 2014-263
This Replaces Low Use Delivery Service
Previously Effective January 1, 2014

ATCO GAS AND PIPELINES LTD. - NORTH LOW USE DELIVERY SERVICE

Available to all Customers using 1,200 GJ per year or less, except those customers who utilize the Company's facilities for emergency service only.

CHARGES:

Fixed Charge:	\$0.876 per Day
Variable Charge:	\$0.798 per GJ
Transmission Service Charge:	Rider "T"
Weather Deferral Account Rider:	Rider "W"

RATE SWITCHING:

A Low Use customer that consumes more than 1,200 GJ of natural gas annually but no more than 8,000 GJ annually for two consecutive years will automatically be switched to the Mid Use rate group without notice. ATCO Gas will notify the customers' retailers of any such rate switches.

Effective October 1, 2014, by Decision 2014-263
This Replaces Mid Use Delivery Service
Previously Effective January 1, 2014

ATCO GAS AND PIPELINES LTD. - NORTH MID USE DELIVERY SERVICE

Available to all Customers using more than 1,200 GJ per year but no more than 8,000 GJ annually, except those customers who utilize the Company's facilities for emergency service only.

CHARGES:

Fixed Charge:	\$0.876 per Day
Variable Charge:	\$0.850 per GJ
Transmission Service Charge:	Rider "T"
Weather Deferral Account Rider:	Rider "W"

RATE SWITCHING:

A Mid Use customer that consumes less than 1,201 GJ of natural gas annually for two consecutive years will automatically be switched to the Low Use rate group without notice. ATCO Gas will notify the customers' retailers of any such rate switches.