



ATCO Gas and Pipelines Ltd.

ATCO Gas North and South Load Balancing Rate Rider Application

September 17, 2014



The Alberta Utilities Commission

Decision 2014-268: ATCO Gas and Pipelines Ltd.

ATCO Gas North and South Load Balancing Rate Rider Application

Application No. 1610618

Proceeding No. 3259

September 17, 2014

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Contents

1 Introduction..... 1

2 Background 3

3 Settling the north and south LBDAs through Rider L 4

4 Province-wide LBDA methodology and the calculation of carrying costs 5

5 Post final adjustment mechanism 8

6 Order 10

Appendix 1 – Proceeding participants 11

Appendix 2 – Summary of Commission directions..... 12

Appendix 3 – North Rider L, low, mid and high use customers..... 13

Appendix 4 – South Rider L, low, mid, high use and irrigation customers 14

1 Introduction

1. On May 28, 2014, ATCO Gas and Pipelines Ltd. (ATCO Gas or AG) submitted an application to the Alberta Utilities Commission (the AUC or the Commission) requesting approval to recover its north and south load balancing deferral account (LBDA) balances as of April 30, 2014 through its load balancing rate rider, Rider L.¹ ATCO Gas applied for approval of its LBDA methodology for a single province-wide LBDA.² The administration of ATCO Gas's load balancing through a province-wide deferral account was previously approved by the Commission in Decision 2014-078.³ ATCO Gas also applied for approval to process post-final billing adjustments for retailers' gas supply through its LBDA.⁴

2. ATCO Gas initially proposed to recover the north LBDA balance of approximately \$7.8 million from north low, mid and high use customers in the months of August, September and October 2014, and the south LBDA balance of approximately \$2.4 million from the south low, mid, high use and irrigation customers in August and September 2014.⁵ Due to the time required to process its application, ATCO Gas revised the recovery period to the months of October and November 2014 for the north LBDA, and to the month of October 2014 for the south LBDA.⁶ The applied-for LBDA balances include an estimate for carrying costs yet to be incurred.⁷

3. On May 30, 2014, the Commission issued a notice of application to parties on the Commission's distribution list for proceedings related to gas utilities. The notice of application required that any party who wished to intervene in this proceeding submit a statement of intent to participate (SIP) to the Commission by June 13, 2014.

4. The Commission received SIPs from AltaGas Utilities Inc. (AltaGas) and Direct Energy Marketing Limited (DEML). In their SIPs, AltaGas and DEML indicated that they anticipated monitoring the proceeding, unless further participation was required.

5. On June 5, 2014, ATCO Gas filed an amendment to its application to rectify an error discovered in the rate schedules.⁸

¹ Exhibit No. 3, application, paragraphs 5 and 6.

² Exhibit No. 3, application, paragraph 9.

³ Decision 2014-078: ATCO Gas, a division of ATCO Gas and Pipelines Ltd., Application for Administration of a Province-wide Load Balancing Deferral Account, Application No. 1610221, Proceeding No. 3005, April 3, 2014.

⁴ Exhibit No. 3, application, paragraph 20.

⁵ Exhibit No. 3, application, paragraphs 5 and 6.

⁶ Exhibit No. 16.01, ATCO Gas response to AUC-AG-05.

⁷ Exhibit No. 3, application, paragraph 4.

⁸ Exhibit No. 12.01, ATCO Gas revised rate schedules, June 5, 2014.

6. In a June 18, 2014 letter, the Commission established the following process schedule for the application:

Process step	Deadline
Information requests (IRs) to ATCO Gas	July 7, 2014
Information responses from ATCO Gas	July 21, 2014
Argument	August 5, 2014
Reply argument	August 19, 2014

7. On June 20, 2014, DEML informed the Commission that it would not be submitting IRs and did not intend to file argument.⁹

8. By way of an August 5, 2014 letter, the Commission advised parties that it was issuing a further IR to ATCO Gas on its credit support charges. The deadline for responses to the second round of IRs was August 15, 2014.

9. The Commission stated in its August 5, 2014 letter that unless parties provided submissions on the need for argument and reply argument by August 15, 2014, it would consider the close of record to be August 15, 2014. AltaGas did not provide any submissions. On August 13, 2014, DEML informed the Commission that it was not submitting argument and reply argument; and it had no objections with closing the record of this proceeding after information responses were submitted by ATCO Gas.¹⁰

10. On September 17, 2014, ATCO Gas filed amended rate schedules¹¹ to rectify an error discovered in the rate schedules and to add north weather deferral account rider, Rider W, for the ATCO Gas north low and mid use customers as approved in the Decision [2014-263](#)¹² for implementation during the period of October 1, 2014 to September 30, 2015.

11. The Commission considers the close of record for this proceeding to be September 17, 2014.

12. In reaching the determinations set out within this decision, the Commission has considered all relevant materials comprising the record of this proceeding. Accordingly, 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 that matter.

⁹ Exhibit No. 14.01, DEML process letter response, June 20, 2014.

¹⁰ Exhibit No. 19.01, DEML process letter to the AUC, August 13, 2014.

¹¹ Exhibit No. 21.01, ATCO Gas updated rate schedules, September 17, 2014.

¹² 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.

2 Background

13. Load balancing is part of the physical operation of a gas pipeline system, whereby gas supplies are adjusted to maintain optimum operating pressure in the system. In Order U2008-290,¹³ the AUC approved the implementation of ATCO Gas's retailer service which transferred the responsibility for the distribution system load balancing function from Direct Energy Regulated Services to ATCO Gas, effective October 1, 2008. The approval included the creation of LBDAs for each of ATCO Gas's north and south service territories.

14. In Decision 2008-021,¹⁴ the Commission directed ATCO Gas to file a rate rider application to refund or recover the LBDA balancing amounts, if the account balance exceeded a threshold of \$2 million for three consecutive months. In Decision 2009-251,¹⁵ the Commission directed each of ATCO Gas North and ATCO Gas South to file an application for refund or recovery of the LBDA balance, if either the north or south balance exceeded a threshold of \$5 million in the same direction for six consecutive months, or if it exceeded \$10 million in any single month.

15. In Decision 2009-050,¹⁶ the Commission approved ATCO Gas's methodology for the refund or recovery of LBDA balances, which used the approved annual forecast throughput to allocate the refund, to be recovered through a rate rider, Rider L.

16. In Decision 2013-106,¹⁷ the Commission directed ATCO Gas to prepare a cost and benefit study with respect to a possible transition to a single province-wide LBDA by December 31, 2013.¹⁸

17. ATCO Gas presented the results of its study to the AUC as part of the application for administration of a province-wide LBDA, in Proceeding No. 3005.¹⁹

18. In Decision 2014-078, related to Proceeding No. 3005, the Commission approved ATCO Gas's request to administer its north and south LBDAs as a single province-wide LBDA and to close its current north and south LBDAs. The Commission directed ATCO Gas to file an application to settle its north and south LBDA balances, and to file its proposed province-wide LBDA methodology, prior to June 1, 2014.²⁰

¹³ Order U2008-290: ATCO Gas, Retailer Service and Gas Utilities Act – Phase II, Part B Process, Modules 3 & 5, Application No. 1575607, Proceeding ID No. 68, September 12, 2008.

¹⁴ Decision 2008-021: ATCO Gas, Retailer Service and Gas Utilities Act Compliance Module 3, Part 1, Application No. 1482246, March 17, 2008.

¹⁵ Decision 2009-251: ATCO Gas, South Retailer Service South Load Balancing Deferral Account South Load Balancing Rate Rider "L," Application No. 1605400, Proceeding ID No. 292, December 14, 2009.

¹⁶ Decision 2009-050: ATCO Gas, South Retailer Service South Load Balancing Deferral Account South Load Balancing Rate Rider "L," Application No. 1604893, Proceeding ID No. 178, April 24, 2009.

¹⁷ Decision 2013-106: ATCO Gas North Load Balancing Rate Rider, Application No. 1609109, Proceeding ID No. 2290, March 20, 2013.

¹⁸ Decision 2013-106, paragraph 44.

¹⁹ Application No. 1610221, Proceeding No. 3005, Exhibit 1, ATCO Gas Load Balancing Deferral Account Administration Application, Appendix 1, ATCO Gas Province-wide Load Balancing Deferral Account Study, December 30, 2013.

²⁰ Decision 2014-078, paragraph 39.

3 Settling the north and south LBDAs through Rider L

19. As stated above, ATCO Gas requested approval of Rider L to recover the April 30, 2014 balances in the north and south LBDAs.

20. ATCO Gas submitted that allocation of the north and south LBDA recoveries will be based on the methodology approved in Decision 2009-050:

- ATCO Gas will record Rider L directly to the existing north and south LBDAs.
- Any difference between what is actually recovered from customers through Rider L and what was approved to be recovered will remain in the existing north and south LBDAs.
- Furthermore, the LBDA balances included in this application include certain estimates. The difference between the actuals that will replace these estimates will also be recorded into the existing north and south LBDAs.
- Carrying costs will continue to be applied to the existing north and south LBDAs until such time as the account no longer has any balance.
- At the end of the rider period any remaining balance in the existing north and south LBDAs will be transferred to the new province-wide LBDA, and the north and south LBDAs will be closed.²¹

21. ATCO Gas submitted that it ceased all charges to the north and south LBDAs on April 30, 2014,²² and created a new province-wide LBDA effective May 1, 2014, with the opening dollar and energy balance of zero.²³

22. ATCO Gas initially proposed to recover the north LBDA balance over the three months of August, September and October 2014, and the south LBDA balance over the two months of August and September, 2014. Due to the timing involved in processing this application, the recovery period for the north and south accounts was revised to October and November 2014 for the north LBDA and October 2014 for the south LBDA. ATCO Gas indicated, that due to the higher consumption in October, the rates for an October implementation date have been calculated using a two-month recovery period in the north and a one month recovery period in the south.²⁴

Commission findings

23. The Commission has reviewed the calculation of the Rider L and the recovery time-period proposed by ATCO Gas. In response to AUC-AG-05,²⁵ ATCO Gas provided the recovery rates per gigajoule (GJ) which range from \$0.191 for irrigation customers in the south service territory to \$0.336 for high use customers in the north service territory. When considered on a total bill basis, the Commission finds the resultant Rider L rates do not constitute rate shock and will ensure timely recovery of the LBDA imbalance for ATCO Gas. The Commission approves

²¹ Exhibit No. 3, application, paragraph 8.

²² Exhibit No. 3, application, paragraph 4.

²³ Exhibit No. 3, application, paragraph 8.

²⁴ Exhibit No. 16.01, ATCO Gas response to AUC-AG-05.

²⁵ Exhibit No. 16.01, ATCO Gas response to AUC-AG-05.

the proposed Rider L to recover approximately \$7.9 million from north low, mid and high use customers in October and November 2014, and to recover approximately \$2.5 million from the south low, mid, high use and irrigation customers in October 2014, set out in rate schedules attached as [Appendix 3](#) and [Appendix 4](#) to this decision.

4 Province-wide LBDA methodology and the calculation of carrying costs

24. With respect to the Commission's direction in Decision 2014-078 regarding the methodology for the combined province-wide LBDA, ATCO Gas proposed to use the same methodology it had used for the separate north and south LBDAs²⁶ and provided a list of the components²⁷ that had been approved for the north and south LBDAs.

25. ATCO Gas submitted that it would continue to use the calculation methodology for carrying charges that had been approved in Decision 2008-021 and Decision [2010-348](#)²⁸ and the previously approved weighted average cost of capital (WACC).²⁹

26. ATCO Gas recommended using the same threshold for the province-wide LBDA that had been approved in Decision 2009-251 for each of the north and south LBDAs. ATCO Gas indicated its intention to monitor the new province-wide LBDA; and submitted it would seek approval for a change in the threshold trigger, if and when, a change is warranted.³⁰

27. In an IR in Proceeding No. 3005, leading to Decision 2014-078, the Commission asked ATCO Gas to explain whether the rationale for providing carrying charges at WACC would continue to apply to the province-wide LBDA. In its response, also included on the record of this proceeding, ATCO Gas referenced the report it was directed to file on the merits of continuing to use WACC for carrying charges in the LBDA, in which it had stated the following:

In Decision 2008-021, the Board [Alberta Energy and Utilities Board (board)] identified four characteristics of the LBDA that support the use of WACC when calculating the carrying costs for the LBDA.

These characteristics are as follows:

1. The expectation that the balances in the LBDA will be uncertain and [sic] impossible to accurately forecast.
2. The LBDA is expected to fluctuate between positive and negative balances.
3. The LBDA balances will be material.
4. The LBDA balances could exist for extended periods before a Rate Rider Application is required.³¹

28. ATCO Gas stated the four characteristics identified in its response to the IR are relevant to the province-wide LBDA. The balances will continue to be impossible to accurately forecast, will continue to fluctuate significantly, will be material and could exist for extended periods of

²⁶ Exhibit No. 3, application, paragraph 9.

²⁷ Exhibit No. 3, application, paragraph 9 lists the LBDA components to be included in the province-wide LBDA: load balancing transactions, imbalance purchase/sales, carrying charges debit/(credit), credit support charges, co-op gas purchases, revenue from unmetered gas lights, hit line revenue recovered from third parties, un-recovered account balancing amounts, and load balancing rate rider recovered/(refunded) and cancel rebills.

²⁸ Decision 2010-348: ATCO Gas North Retailer Service North Load Balancing Deferral Account North Load Balancing Rate Rider "L", Application No. 1606082, Proceeding No. 584, July 23, 2010.

²⁹ Exhibit No. 3, application, paragraph 10.

³⁰ Exhibit No. 3, application, paragraph 11.

³¹ Exhibit No. 16.01, ATCO Gas response to AUC-AG-03, attachment.

time.³² ATCO Gas submitted that the combined LBDA will fluctuate between positive and negative balances, and many components contribute to the LBDA balances, with the load balancing transactions being the largest contributor.³³

29. ATCO Gas listed factors³⁴ that contribute to the LBDA balances and make it impossible to predict when the LBDA threshold will be reached. These factors include the: size of the tolerance zone on the transmission system, daily deviation between the daily forecasting and settlement system estimate and actual deliveries in ATCO Gas's firm service utility (FSU)/firm transportation delivery (FTD) account, true up of estimated to actual deliveries on the transmission system through Nova Gas Transmission Ltd.'s gas balance in ATCO Gas's FSU/FTD account, true-up in retailer accounts through gas recovery, price differential between when the gas was consumed and final settlement, and deviation between the rate rider for unaccounted for gas (Rider D) and the actual unaccounted for gas that occurs daily on the system.

30. ATCO Gas further stated in its response to an IR, that the use of WACC continues to be appropriate because the characteristics of the province-wide LBDA remain the same as for the individual north and south LBDAs. In respect to the application of AUC [Rule 023: Rules Respecting Payment of Interest](#), to the LBDA, ATCO Gas stated:

ATCO Gas continues to view that the purpose of Rule 023 is for the calculation of carrying charges related to the true-up of placeholders or from interim to final rates, where there is a single known amount that has not continuously changed (and even switched between a payable and receivable position) over the period of regulatory lag. This is not the case for the LBDA, and given the long term nature, the materiality and fluctuations in its balances, and the resulting impact on long term financing, a long term interest rate such as WACC continues to be appropriate for the calculation of carrying charges in the LBDA.³⁵

31. ATCO Gas further submitted that the risk it bears in relation to the province-wide LBDA is the same risk that existed for the north and south LBDAs when they were administered separately.³⁶

Commission findings

32. The Commission considers that the methodology proposed by ATCO Gas, including the calculation of carrying charges, is consistent with past Commission directions. The Commission however, considers that past practices must be re-examined periodically in view of changing circumstances. ATCO Gas's current LBDA practice is based on four determinations: that a deferral account is warranted, that carrying charges are warranted, that carrying charges should be determined on the basis of WACC and the thresholds at which an application for Rider L will be triggered.

33. The Commission agrees with the findings of the board in Decision [2003-100](#), that it "does not consider there to be a definitive Board policy regarding the use of deferral accounts.

³² Exhibit No. 16.01, ATCO Gas response to AUC-AG-03, attachment.

³³ Exhibit No. 16.01, ATCO Gas response to AUC-AG-04.

³⁴ Exhibit No. 16.01, ATCO Gas response to AUC-AG-04.

³⁵ Exhibit No. 16.01, ATCO Gas response to AUC-AG-04.

³⁶ Exhibit No. 16.01, ATCO Gas response to AUC-AG-04.

Rather, the Board's practice has been to evaluate the use of a deferral account on a case-by-case basis, on its own merit."³⁷ In the proceeding leading up to Decision 2003-100, the applicant and the interveners suggested criteria for the board to consider when assessing the use of a deferral account including:

- Materiality of the forecast amount.
- Uncertainty regarding the accuracy and ability to forecast the amount.
- Whether or not the factors affecting the forecast are beyond the utility's control.
- Whether or not the utility is typically at risk with respect to the forecast amount.³⁸

34. The board held that the suggested criteria were reasonable and noted "that the criteria were suggested to address differing views with respect to risk, rate fluctuations, intergenerational inequity, and the Board's historical approach to deferral accounts."³⁹

35. In Decision 2010-189,⁴⁰ ATCO Utilities Pension Common Matters, the Commission discussed the criteria for deferral account treatment in Decision 2003-100 and added an additional factor referred to as the "symmetry factor." The Commission stated that deferral accounts should provide a degree of protection to both the company and the customers from circumstances beyond their control, and symmetry must exist between the costs and benefits for both the company and its customers. The Commission further stated that individual mechanisms involved in the use of each deferral account should be applied in a consistent and fair manner in both test years and non-test years.⁴¹

36. In determining the basis on which carrying charges are calculated, the Commission continues to hold the view expressed by the board in Decision 2001-92.⁴²

The purpose of a deferral account is to eliminate the risk associated with the recovery of costs that cannot be reasonably forecast. Therefore, the Board considers that the capital recovery risks associated with deferral account amounts are, by their very nature, very low.⁴³

37. ATCO Gas noted that the largest contributor to the LBDA is the load balancing transactions, which are affected by numerous factors. In addition, NGX fees and subscriptions, credit support and co-op purchases are charges added each month that always contribute to a

³⁷ Decision 2003-100: ATCO Pipelines, 2003/2004 General Rate Application – Phase I, Application No. 1292783, December 2, 2003 at page 115.

³⁸ Decision 2003-100, page 116.

³⁹ Decision 2003-100, page 116.

⁴⁰ Decision 2010-189: ATCO Utilities Pension Common Matters Application No.1605254, Proceeding ID. 226, April 30, 2010.

⁴¹ Decision 2010-189, paragraph 73, which quotes Decision 2000-9: Canadian Western Natural Gas Company Limited 1997 Return on Common Equity and Capital Structure, and 1998 General Rate Application – Application Nos. 980413 and 980421 (released March 2, 2000), page 148. The symmetry factor is discussed in Decision 2010-291: ATCO Gas 2008-2009 General Rate Application – Phase II Negotiated Settlement, Application No. 1604944, Proceeding ID. 184, June 25, 2010, at paragraph 145; and mentioned in 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, at paragraph 1034.

⁴² Decision 2001-92: Genco and Disco 2000 Pool Price Deferral Accounts Proceeding, Part K: Recovery Period, Carrying Cost Rates, Collection Issues, and Hedging Issues, December 12, 2001.

⁴³ Ibid., page 46.

recovery position.⁴⁴ The ATCO Gas north LBDA account has been in a recovery position since December 2010.⁴⁵

38. The Commission directs ATCO Gas in its next Rider L or when the province-wide LBDA has been in effect for a 24-month period, if no rider is triggered, to provide a continuity of daily data on the province-wide LBDA balances and an analysis indicating the number of reversals from recovery to refund positions, the duration of each period between reversals, the average balances between reversals and the carrying charges accumulated for the benefit of the utility and the benefit of rate-payers for each period and in total. The Commission, further directs ATCO Gas in its next Rider L application to identify the capital recovery risks associated with its province-wide LBDA deferral account, consistent with Decision 2001-92, and indicate the timing and amounts of any costs incurred but not recovered since the inception of the separate north and south LBDAs and for the province-wide LBDA.

39. With respect to the threshold to trigger an application, in response to an IR as to why ATCO Gas considers the existing thresholds at which a rider would be triggered are the right size for the province-wide LBDA, ATCO Gas stated, “[a]t this time ATCO Gas has no information on which to base a change to the current thresholds.”⁴⁶

40. Given the uncertainty regarding the province-wide LBDA, the Commission approves ATCO Gas’s request to retain the thresholds previously set for each of the ATCO Gas north and south LBDAs in Decision 2009-251, for the province-wide LBDA until more information on the LBDA balances is available. ATCO Gas is directed to file a province-wide Rider L application if the LBDA balance exceeds a threshold of \$5 million in the same direction for six consecutive months, or if it exceeds a threshold of \$10 million in any single month. The Commission also approves ATCO Gas’s load balancing methodology for the province-wide load balancing deferral account.

41. The Commission directs ATCO Gas in its next province-wide LBDA rate rider application to provide an analysis in support of its proposed materiality threshold for triggering a refund or recovery of the province-wide LBDA and to respond to the above directions.

5 Post final adjustment mechanism

42. ATCO Gas stated that DEML filed a rule issue management with the AUC on May 10, 2013 requesting an opportunity to discuss creating a post final adjustment mechanism (PFAM) for gas distributors, to align gas settlement with billing corrections after final settlement has occurred. A working group of distributors, retailers and the Commission was formed. ATCO Gas submitted that the PFAM proposed by the working group, may result in a revision to AUC [Rule 028: Natural Gas Settlement System Code](#).⁴⁷

⁴⁴ Exhibit No. 16.01, AUC-AG-04(a-b), page 3 of 9.

⁴⁵ Exhibit No. 16.01, ATCO Gas information response, AUC-AG-01 LBDA Monthly Balances graph (shows the data for the north LBDA from December 2012 to April 2014). Decision 2010-348 and Decision 2013-106 approved the recovery of north LBDA balances outside of the established tolerance zones.

⁴⁶ Exhibit No. 16.01, AUC-AG-02, attachment.

⁴⁷ Exhibit No. 3, application, paragraphs 13 and 14.

43. ATCO Gas stated that until a new rule is approved by the Commission, it has agreed to manually process material adjustments identified and requested by retailers. ATCO Gas stated:

To date ATCO Gas has made three manual adjustments to Retailer's gas supply for post final billing adjustments. The following summarizes the adjustments to date.

<u>Retailer</u>	<u>Adjustment Period</u>	<u>Adjustment in GJ</u>	<u>Month Processed</u>	<u>Zone</u>
A	April 12, 2013 to June 18, 2013	7294	March-14	North
B	April 23, 2013 to October 31, 2014	3093	April-14	South
A	March 1, 2013 to May 31, 2013	675	May-14	South

The first two adjustments in the table above were processed prior to April 30, 2014, when the LBDAs were administered as North and South. The third adjustment was processed through the province-wide LBDA as it occurred in May 2014.⁴⁸

44. ATCO Gas stated that it is requesting approval to process the May 2014 adjustment and future post final adjustments through the LBDA on an "as requested" basis, until a formal process is in place.⁴⁹

Commission findings

45. The Commission considers that the timely adjustment of imbalances for retailers is beneficial for ratepayers as it reduces inter-generational inequity. ATCO Gas explained in its application,⁵⁰ that it must buy or sell physical volumes of gas to offset retailer imbalances. As retailer accounts are in physical units, when the purchase and sale prices of the gas related to the imbalances differ a price variance arises.

46. While the working group is reviewing the PFAM process, the Commission finds that the proposal by ATCO Gas to manually process post final billing adjustments through the LBDA to be reasonable as it will result in the timely adjustment of the related dollar amounts. Accordingly, ATCO Gas's request to process the May 2014 adjustment and future PFAM for retailers' gas supply through its LBDA is approved.

⁴⁸ Exhibit No. 3, application, paragraphs 15 and 16.

⁴⁹ Exhibit No. 3, application, paragraphs 16 and 20.

⁵⁰ Exhibit No. 3, application, paragraph 18 and 19.

6 Order

47. It is hereby ordered that:

- (1) ATCO Gas and Pipelines Ltd.'s load balancing methodology for the single province-wide load balancing deferral account is approved, as filed.
- (2) The Commission approves ATCO Gas and Pipelines Ltd.'s application for recovery of approximately \$7.9 million from north low, mid and high use customers in October 2014 and November 2014 through Rider L, as set out in the rate schedules attached as Appendix 3.
- (3) The Commission approves ATCO Gas and Pipelines Ltd.'s application for recovery of approximately \$2.5 million from the south low, mid, high use and irrigation customers in October 2014 through Rider L, as set out in the rate schedules attached as Appendix 4.
- (4) ATCO Gas and Pipelines Ltd.'s request to process post-final billing adjustments for retailers' gas supply through its load balancing deferral account is approved.

Dated on September 17, 2014.

The Alberta Utilities Commission

(original signed by)

Kay Holgate
Commission Member

Appendix 1 – Proceeding participants

Name of organization (abbreviation) counsel or representative
ATCO Gas and Pipelines Ltd. (ATCO Gas or AG) J. Burgess D. Connolly
AltaGas Utilities Inc. (AltaGas) N. J. McKenzie L. Chan J. Coleman
Direct Energy Marketing Limited (DEML) S. Parchewsky N. Black

The Alberta Utilities Commission
Commission Panel K. Holgate, Commission Member
Commission Staff A. Sabo (Commission counsel) B. Whyte E. Deryabina

Appendix 2 – Summary of Commission directions

This section is provided for the convenience of readers. In the event of any difference between the directions in this section and those in the main body of the decision, the wording in the main body of the decision shall prevail.

1. The Commission directs ATCO Gas in its next Rider L or when the province-wide LBDA has been in effect for a 24-month period, if no rider is triggered, to provide a continuity of daily data on the province-wide LBDA balances and an analysis indicating the number of reversals from recovery to refund positions, the duration of each period between reversals, the average balances between reversals and the carrying charges accumulated for the benefit of the utility and the benefit of rate-payers for each period and in total. The Commission, further directs ATCO Gas in its next Rider L application to identify the capital recovery risks associated with its province-wide LBDA deferral account, consistent with Decision 2001-92, and indicate the timing and amounts of any costs incurred but not recovered since the inception of the separate north and south LBDAs and for the province-wide LBDA. Paragraph 38
2. Given the uncertainty regarding the province-wide LBDA, the Commission approves ATCO Gas’s request to retain the thresholds previously set for each of the ATCO Gas north and south LBDAs in Decision 2009-251, for the province-wide LBDA until more information on the LBDA balances is available. ATCO Gas is directed to file a province-wide Rider L application if the LBDA balance exceeds a threshold of \$5 million in the same direction for six consecutive months, or if it exceeds a threshold of \$10 million in any single month. The Commission also approves ATCO Gas’s load balancing methodology for the province-wide load balancing deferral account. Paragraph 40
3. The Commission directs ATCO Gas in its next province-wide LBDA rate rider application to provide an analysis in support of its proposed materiality threshold for triggering a refund or recovery of the province-wide LBDA and to respond to the above directions. Paragraph 41

Appendix 3 – North Rider L, low, mid and high use customers

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Appendix 3 - AG
North Rider L

(consists of 4 pages)

Appendix 4 – South Rider L, low, mid, high use and irrigation customers

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



Appendix 4 - AG
South Rider L

(consists of 5 pages)

**ATCO GAS AND PIPELINES LTD. - NORTH
RIDER "L" TO ALL RATES FOR CREDITING OR DEBITING
LOAD BALANCING DEFERRAL ACCOUNT (LBDA) BALANCES**

To be applied to the energy delivered to all Delivery Service Customers as per the schedule below unless otherwise specified by specific contracts or AUC.

Low Use Delivery Rate – October 1, 2014 to November 30, 2014	\$0.320 per GJ Debit
Mid Use Delivery Rate – October 1, 2014 to November 30, 2014	\$0.315 per GJ Debit
High Use Delivery Rate – October 1, 2014 to November 30, 2014	\$0.336 per GJ Debit

Effective October 1, 2014 by Decision 2014-268
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
Load Balancing Deferral Account Rider:	Rider "L"
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 2014-268
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
Load Balancing Deferral Account Rider:	Rider "L"
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.

Effective October 1, 2014 by Decision 2014-268
This Replaces High Use Delivery Service
Previously Effective January 1, 2014**ATCO GAS AND PIPELINES LTD. - NORTH
HIGH USE DELIVERY SERVICE**

Available to all Customers using more than 8,000 GJ per year except those customers who utilize the Company's facilities for emergency service only.

CHARGES:

Fixed Charge:	\$5.205 per Day
Variable Charge:	\$0.000 per GJ
Demand Charge:	\$0.171 per GJ per Day of 24 Hr. Billing Demand
Load Balancing Deferral Account Rider:	Rider "L"
Transmission Service Charge:	Rider "T"
Customer Service Charge (if Applicable):	As per Schedule D Customer Service Letter Agreement

DETERMINATION OF BILLING DEMAND:

The Billing Demand for each billing period shall be the greatest amount of gas in GJ delivered in any Gas Day (i.e. 8:00 am to 8:00 am) during the current and preceding eleven billing periods provided that the greatest amount of gas delivered in any Gas Day in the summer period shall be divided by 2.

Provided that for a Customer who elects to take service only during the summer period, the Billing Demand for each billing period shall be the greatest amount of gas in GJ in any Gas Day in that billing period.

In the first contract year, the Company shall estimate the Billing Demand from information provided by the Customer.

CUSTOM SERVICE CONTRACT DEMAND:

For Customers that have executed a Custom Service Letter Agreement of the form of Schedule D of the Terms and Conditions for Distribution Service Connections, the Billing Demand as noted above will be equal to the Contract Demand as specified in the Custom Service Letter Agreement.

RATE SWITCHING

Once a customer is billed under the High Use rate schedule, they will only be switched back to the Low or Mid Use rate schedule at the request of the customer. Only one switch per year will be allowed, and the effective date for the switch will be determined by ATCO Gas.

Effective October 1, 2014 by Decision 2014-268

This Replaces Rider "L"

Previously Effective November 1, 2011

**ATCO GAS AND PIPELINES LTD. - SOUTH
RIDER "L" TO ALL RATES FOR CREDITING OR DEBITING
LOAD BALANCING DEFERRAL ACCOUNT (LBDA) BALANCES**

To be applied to the energy delivered to all Delivery Service Customers as per the schedule below unless otherwise specified by specific contracts or AUC.

Low Use Delivery Rate – October 1, 2014 to October 31, 2014	\$0.262 per GJ Debit
Mid Use Delivery Rate – October 1, 2014 to October 31, 2014	\$0.246 per GJ Debit
High Use Delivery Rate – October 1, 2014 to October 31, 2014	\$0.248 per GJ Debit
Irrigation Use Delivery Rate – October 1, 2014 to October 31, 2014	\$0.191 per GJ Debit

Effective October 1, 2014 by Decision 2014-268
This Replaces Low Use Delivery Service
Previously Effective January 1, 2014

ATCO GAS AND PIPELINES LTD. – SOUTH 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: \$0.765 per Day

Variable Charge: \$0.728 per GJ

Load Balancing Deferral Account Rider: Rider "L"

Transmission Service Charge: Rider "T"

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 2014-258

This Replaces Mid Use Delivery Service

Previously Effective January 1, 2014

ATCO GAS AND PIPELINES LTD. – SOUTH 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:	\$0.765 per Day
Variable Charge:	\$0.711 per GJ
Load Balancing Deferral Account Rider:	Rider "L"
Transmission Service Charge:	Rider "T"

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.

Effective October 1, 2014 by Decision 2014-268

This Replaces High Use Delivery Service

Previously Effective January 1, 2014

ATCO GAS AND PIPELINES LTD. - SOUTH HIGH USE DELIVERY SERVICE

Available to all customers using more than 8,000 GJ per year except those customers who utilize the Company's facilities for emergency service only.

CHARGES:

Fixed Charge:	\$4.689 per Day
Variable Charge:	\$0.00 per GJ
Demand Charge:	\$0.145 per Day per GJ of 24 Hr. Billing Demand
Load Balancing Deferral Account Rider:	Rider "L"
Transmission Service Charge:	Rider "T"
Customer Service Charge (if Applicable):	As per Schedule D Customer Service Letter Agreement

DETERMINATION OF BILLING DEMAND:

The Billing Demand for each billing period shall be the greatest amount of gas in GJ delivered in any Gas Day (i.e. 8:00 am to 8:00 am) during the current and preceding eleven billing periods provided that the greatest amount of gas delivered in any Gas Day in the summer period shall be divided by 2.

Provided that for a Customer who elects to take service only during the summer period, the Billing Demand for each billing period shall be the greatest amount of gas in GJ in any Gas Day in that billing period.

In the first contract year, the Company shall estimate the Billing Demand from information provided by the Customer.

CUSTOM SERVICE CONTRACT DEMAND:

For Customers that have executed a Custom Service Letter Agreement of the form of Schedule D of the Terms and Conditions for Distribution Service Connections, the Billing Demand as noted above will be equal to the Contract Demand as specified in the Custom Service Letter Agreement.

RATE SWITCHING

Once a customer is billed under the High Use rate schedule, they will only be switched back to the Low or Mid Use rate schedule at the request of the customer. Only one switch per year will be allowed, and the effective date for the switch will be determined by ATCO Gas.

Effective October 1, 2014 by Decision 2014-268

This Replaces Irrigation Delivery Service

Previously Effective January 1, 2014

**ATCO GAS AND PIPELINES LTD. - SOUTH
IRRIGATION DELIVERY SERVICE**

Available to all customers who use natural gas as a fuel for engines pumping irrigation water between April 1 and October 31.

CHARGES:

Fixed Charge: \$1.185 per Day

Variable Charge: \$1.750 per GJ

Load Balancing Deferral Account Rider: Rider "L"