Decision **2014-296**

AUC
Alberta Utilities Commission

ATCO Gas and Pipelines Ltd.

2014 Interim Rates

October 24, 2014

The Alberta Utilities Commission
Decision 2014-296: ATCO Gas and Pipelines Ltd.
2014 Interim Rates
Application No. 1610653
Proceeding No. 3282

October 24, 2014

Published by
The Alberta Utilities Commission
Fifth Avenue Place, Fourth Floor, 425 First Street S.W.
Calgary, Alberta
T2P 3L8

Telephone: 403-592-8845
Fax: 403-592-4406

Web site: www.auc.ab.ca

Contents

The Alberta Utilities Commission
Calgary, Alberta

ATCO Gas and Pipelines Ltd.
2014 Interim Rates

Decision 2014-296
Application No. 1610653
Proceeding No. 3282

1 Introduction

1. On June 10, 2014, ATCO Gas and Pipelines Ltd. (AG or ATCO Gas) filed an application with the Alberta Utilities Commission (the AUC or the Commission) seeking approval of its proposed interim distribution rates effective August 1, 2014. AG requested that the interim distribution tariffs incorporate 100 per cent of the revenue associated with the 2013 and 2014 capital trackers applied for in Proceeding No. 3267. The total amount of the K factor shortfall proposed to be collected by AG is $20.6 million.[1]

2. On June 11, 2014, the Commission issued a notice of application advising interested parties to file a statement of intent to participate (SIP) with the Commission no later than June 25, 2014. The Commission received SIPs from FortisAlberta Inc. (Fortis), the Office of the Utilities Consumer Advocate (UCA), and the Consumers' Coalition of Alberta (CCA). The UCA proposed that the Commission adopt a process consisting of information requests (IRs) to AG, responses from AG, argument and reply. The CCA indicated that it intended to file IRs, review responses and file argument and reply argument. Fortis did not intend to participate in the proceeding at the time that it filed its SIP.

3. On June 27, 2014, after reviewing the application and the SIPs, the Commission determined that the application would be considered by way of a minimal written process proceeding involving IRs from interveners to the applicant and responses to those IRs.

4. On October 6, 2014, the Commission issued a process letter along with IRs to the applicant indicating that further information was required. AG provided responses to the IRs on October 10, 2014, in accordance with the schedule.

5. On October 24, 2014, AG filed amended rate schedules[2] to add Unaccounted-for Gas Rider D, approved in Decision 2014-290.

6. For the purposes of this decision, the Commission considered the close of the record to have occurred on October 24, 2014, with the submission of amended rate schedules from AG.

7. 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.

1 Exhibit No. 1.01, Table 1.
2 Exhibit No. 28.01.

2 Background

8. When evaluating the merits of an interim rate application, the Commission must weigh the potential benefits and costs associated with granting any requested rate increase. For example, the Commission must evaluate how the rate increase will affect rate stability, the potential for rate shock, the financial welfare of the utility, and the safety of the utility's operations.

9. In Decision 2005-099,[3] the Commission's predecessor, the Alberta Energy and Utilities Board (the board), noted the various factors it employed when evaluating an application for an interim rate increase (the test):

> … These factors can be grouped into two categories, those that relate to the quantum of, and need for, the rate increase and those that related to more general public interest considerations.
>
> Quantum and need factors are those which relate to the specifics of the requested rate increase and included:
>
> - The identified revenue deficiency should be probable and material
> - All or some portion of any contentious items may be excluded from the amount collected
> - Is the increase required to preserve the financial integrity of the applicant or to avoid financial hardship to the applicant
> - Can the applicant continue safe utility operations without the interim adjustment?
>
> If all or a portion of the suggested rate increase appears appropriate after a consideration of the quantum and need factors, the Board must assess certain general public interest factors to see if a rate increase is justified, these include:
>
> - Interim rates should promote rate stability and ease rate shock
> - Interim adjustments should help to maintain intergenerational equity
> - Can interim rate increases be avoided through the use of carrying costs?
> - Interim rate increases may be required to provide appropriate price signals to customers
> - It may be appropriate to apply the interim rider on an across-the-board basis.
>
> The Board recognizes that the above listed considerations may be given different weighting depending on the specific circumstances surrounding each application. The Board has considered the above factors in its deliberations.[4]

10. The Commission is currently considering the 2013 Capital Tracker True-Up and the 2014 and 2015 Capital Tracker forecast for AG in Proceeding No. 3267. Previously, a 60 per cent placeholder amount of $5.71 million was approved for 2013 in Decision 2013-072[5] and a

---

3 Decision 2005-099: ATCO Gas, 2005-2007 General Rate Application, Interim Rate Application, Application No. 1404168, August 29, 2005.

4 Decision 2005-099, pages 7-8.

5 Decision 2013-072: 2012 Performance-Based Regulation Compliance Filings, AltaGas Utilities Inc., ATCO Electric Ltd., ATCO Gas and Pipelines Ltd., EPCOR Distribution & Transmission Inc. and FortisAlberta Inc., Application No. 1608826, Proceeding ID No. 2130, March 4, 2013, paragraph 41.

60 per cent placeholder amount of $13.196 million was approved for 2014 in Decision 2013-460.[6]

11. Subsequent to the filing of this application, AG filed its 2015 Annual Performance-Based Regulation (PBR) Rates Adjustment Filing, currently being considered in Proceeding No. 3407. In its 2015 Annual PBR Rates Adjustment Filing, AG has applied for a refund to ratepayers of $25.547 million related to Decision 2014-169.[7] [8]

3 Parties' evidence and argument

3.1 Quantum and need for the interim rates (first category)

12. In its application, AG maintained that its applied-for interim rates satisfy the first requirement of the test. According to AG, its K factor capital tracker shortfall for 2013 and 2014 is a material amount, totaling $20.6 million and delaying its collection until 2015 would result in a significant negative effect upon AG's earnings. AG provided the following reasons in support of its assertion that its proposed rates satisfy the first requirement of the test:

> - As noted Section 1.1 of the 2013-2015 Capital Tracker Application (Proceeding ID 3267), more than 80% of the applied for K Factor amounts for 2013 – 2015 relate to programs that have been reviewed in detail in the ATCO Gas 2013 Capital Tracker Application (Proceeding 2131). In Decision 2013-435 related to proceeding ID 2131, the Commission agreed with the need and scope of these programs. ATCO Gas would also note that these programs have been reviewed in previous General Rate Applications. The 2013-2015 K factors for the programs that the Commission has previously agreed to the need and scope total $63.1 million of the $77.9 million K Factor requested from 2013 to 2015.
>
> - The Commission provided a significant amount of clarity on Capital Tracker criteria for future Capital Tracker application in Decision 2013-435, including:
>   - The interpretation of the Commission's 3 Criteria; and
>   - The use of the Project Net Cost methodology as the accounting rest (sic) to satisfy Criterion #1 and Criterion #3.
>
> - ATCO Gas utilized the Accounting Test Based on Project Net Cost Methodology for calculating its capital funding shortfall (K Factors) as directed in Decision 2013-435. ATCO Gas has also provided detailed business cases supporting the prudence and reasonableness of its 2013-2015 Capital Trackers expenditures.[9]

13. In argument, the UCA asserted that AG has not demonstrated any financial need for the requested interim rate increases. The UCA claimed that even though AG's earnings only included 60 per cent of the 2013 forecast capital tracker revenue, its return on equity (ROE) for the material time period actually exceeded the 8.75 per cent authorized placeholder approved in

---

6 Decision 2013-460: ATCO Gas and Pipelines Ltd., 2014 Annual PBR Rate Adjustment Filing, Application No. 1609915, Proceeding ID No. 2826, December 19, 2013, paragraph 77.

7 Decision 2014-169: ATCO Utilities (ATCO Gas, ATCO Pipelines and ATCO Electric Ltd.), 2010 Evergreen Proceeding for Provision of Information Technology and Customer Care and Billing Services Post 2009 (2010 Evergreen Application), Application No. 1605338, Proceeding No. 240, June 13, 2014.

8 Proceeding No. 3407, Exhibit No. 1, paragraph 37.

9 Exhibit No. 1, paragraph 12.

Decision 2013-459.[10] In addition, the UCA maintained that almost 20 per cent of AG's capital tracker projects have not been reviewed by the Commission previously and, as such, should not be allowed to be recovered in interim rates.[11]

14. Further, the UCA argued that increases in rates are premature, as the Commission rejected AG's 2013 Capital Tracker Application and, therefore, AG's revised methodology has not yet been fully assessed and tested.

15. The CCA argued that AG failed to demonstrate financial need, given that AG was able to achieve "adequate financial returns" in 2013 with only 60 per cent of the K factor placeholder.[12]

16. In argument, the CCA raised the issue of "negative trackers." The Commission notes that the CCA did not request to file evidence in this proceeding; however, it raised the issue of negative capital trackers suggesting that it will be "presenting detailed evidence respecting these issues in the upcoming capital tracker proceedings."[13] The CCA went on to recommend:

> Even if the Commission does not accept the CCA's arguments that negative trackers should be included in the calculation of the tracker, the fact will remain that for 2013 and 2014 ATCO will receive cash flow from negative trackers, thus alleviating the identified need.[14]

17. The CCA also argued that amounts related to 2015 capital trackers were included in the 2014 Interim Rate Application.[15] In reply, AG indicated that this was not correct.[16]

18. In argument, AG reiterated that its proposed rate increase satisfies the first requirement of the Commission's criteria for approval of interim rates. AG noted that more than 80 per cent of the K factor amounts have been previously reviewed in detail by the Commission in AG's 2013 Capital Tracker Application,[17] that there is considerable certainty around the capital tracker methodology and that AG has complied with this methodology.[18]

19. In reply argument, the UCA disagreed with AG's claim that the capital tracker process is well defined. The UCA maintained that, contrary to AG's submission, the Commission seems to be still "wrestling with how Capital Trackers will be administered."[19] Further, the UCA maintained that the level of approval of AG's capital trackers is "still very much in question,"[20] as there are still issues with the capital tracker criteria and with the content of AG's business cases.

---

10 Decision 2013-459: 2013 Generic Cost of Capital, 2014 Interim Return on Equity, Application No. 1608918, Proceeding ID No. 2191, December 19, 2013, paragraph 8.
11 Exhibit No. 19.02, paragraph 6.
12 Exhibit No. 20.01, page 7.
13 Exhibit No. 20.01, page 5.
14 Exhibit No. 20.01, page 8.
15 Exhibit No. 20.01, page 8.
16 Exhibit No. 21.01, paragraph 19.
17 Exhibit No. 27.01, paragraph 7.
18 Exhibit No. 27.01, paragraph 6.
19 Exhibit No. 22.02, paragraph 2.
20 Exhibit No. 22.02, paragraph 6.

3.2 Public interest considerations (second category)

20. In its application, AG expressed concern that the potential for rate shock is present due to the magnitude of the K factor shortfall. AG indicated that the approval of the interim rates would provide for a gradual change in rates, ease rate shock and provide a rate level that "better transitions customers to final rates."[21] In argument, AG reiterated the potential for increased rate shock for customers in 2015 if collection of the 2013 and 2014 shortfall is further delayed.[22]

21. The UCA argued that a consideration of the applicable public interest factors demonstrates that AG's requested rate increase is not justified. According to the UCA, AG is already recovering 60 per cent of its applied for 2013 and 2014 K factor amounts, which is sufficient to ease rate shock and maintain intergenerational equity. Further, the UCA claimed, since nearly 20 per cent of AG's capital tracker projects have not yet been reviewed by the Commission, any concerns with rate shock, intergenerational equity, or price signals are premature at this time.

22. In reply argument, AG maintained that although it received 60 per cent of its applied-for 2013 and 2014 K factor amounts, the level of the current interim rates only allows for recovery of 38 per cent of the 2013 true up amount and 54 per cent of the 2014 forecast amount filed for in the current capital tracker application.

23. In its second round of IRs to AG, the Commission questioned whether it "would be appropriate to include the placeholder for amounts owing from Decision 2014-169" in interim rates and "whether this offers advantages in terms of minimizing rate shock and increasing rate stability."[23] AG responded, in part:

> While ATCO Gas has proposed to incorporate the $25.5 million refund associated with Decision 2014-169 over a twelve month period effective January 1, 2015 as part of its 2015 PBR Annual Rates Filing, incorporating this placeholder refund earlier in conjunction with the interim rate increase effective November 1, 2014 would balance the needs of the Company and customers.[24]

24. Also in its second round of IRs to AG, the Commission explored alternative approaches to 2014 interim rates that may result in increased rate stability for customers, considering new information available as a result of AG's filing in Proceeding No. 3407. In response to AUC-AE-3(c), AG provided tables summarizing the rate effects on ratepayers from two proposed solutions.

4 Commission findings

25. Subsequent to Decision 2013-460, AG filed an updated 2014-2015 Capital Tracker Application, which is currently being considered in Proceeding No. 3267.[25] The Commission agrees that, as suggested by the UCA, there are several outstanding issues to be considered in that proceeding and approval of the full amount may be premature. As a result, the Commission

---

21 Exhibit No. 1.01, paragraph 13.
22 Exhibit No. 27.01, paragraph 10.
23 Exhibit No. 25.01, AUC-AG-03(d).
24 Exhibit No. 26.01, AUC-AG-03(d).
25 Proceeding No. 3267, Exhibit No. 4.

declines to approve a 100 per cent K factor placeholder at this time. In its determination of this proceeding, the Commission has sought to strike a balance between approving a K factor placeholder that will adequately support the financial integrity of the utility pending a final rate determination and providing rate stability for ratepayers in the near term. In addition, the Commission recognizes the benefits of the opportunity to smooth rates where there is the potential for rates to fluctuate significantly.

26. The Commission notes the CCA's submission concerning the adoption of negative capital trackers. However, the Commission also considers that it previously rejected the use of negative capital trackers for reasons outlined in Decision 2013-435[26] and that the current interim rate application is not a suitable forum in which to revisit its position on the matter, especially in light of the fact that AG's existing capital tracker treatments are currently under consideration by the Commission in Proceeding No. 3267.

27. The Commission reviewed the argument from the CCA that 2015 capital tracker amounts were being included in 2014 interim rates and found this to be incorrect.

28. The Commission considers the K factor shortfall amount for 2013 and 2014 of $20.6 million as calculated by AG[27] to be a material amount. This material amount exists despite approval in Decision 2013-460[28] of a K factor placeholder of 60 per cent. Accordingly, the Commission has determined that consideration of an increase in the placeholder amount is warranted, provided the utility can demonstrate it satisfies the other considerations of the test.

29. The Commission does not consider there to be sufficient grounds to support the position of the UCA and the CCA that earnings in excess of the approved ROE without the full collection of the K factor placeholder indicates that a utility has no financial need to collect a material balance. It would be incorrect to speculate on whether AG was able to achieve a higher-than-deemed ROE due to the capital trackers in question, or due to other efficiencies achieved under PBR. Furthermore, the Commission considers that unwarranted continued deferral of amounts owing to a utility could have unintended consequences in future periods with respect to rate stability.

30. In AG's 2015 PBR Annual Rates Filing (Proceeding No. 3407), it proposed to refund, on a placeholder basis, $25.547 million related to Decision 2014-169 over 12 months commencing January 2015.[29] In AUC-AG-03, the Commission asked AG whether it considered inclusion of this refund in interim rates to be helpful in terms of minimizing rate shock and increase rate stability. In response, AG indicated that it believed that "incorporating this placeholder refund earlier in conjunction with the interim rate increase effective November 1, 2014 would balance the needs of the Company and customers."[30] The Commission notes that this is consistent with the position of the UCA that known reductions in rates should be reflected in interim rates. The Commission considers that if this refund is not included in interim rates, it may result in significant rate fluctuations in future periods. Inclusion of the refund will smooth out future rate fluctuations.

---

26 Decision 2013-435: Decision 2013-435: Distribution Performance-Based Regulation, 2013 Capital Tracker Applications, Application No. 1608827, Proceeding ID No. 2131, December 6, 2013, paragraph 967.

27 Exhibit No. 1, Table 1.

28 Decision 2013-460, paragraph 77.

29 Proceeding No. 3407, Exhibit No. 1, paragraph 37.

30 Exhibit No. 26.01, AUC-AG-3(d).

31. The Commission notes in AG's response to AUC-AG-03, AG provided Table 2B that summarized the rate effect on the total customer bill due to the implementation of the proposed interim rates. The total customer bill for AG North will remain at current levels for 2014 following the implementation of interim rates, and will then increase by three per cent in 2015. For AG South, rates will be reduced by approximately six per cent in November 2014 and five per cent in December 2014, followed by a two per cent increase in 2015. The 2015 rate effects indicated by AG assumed full approval of its 2015 Annual PBR Rate Adjustment Filing,[31] less the impact of the earlier refund of amounts related to Decision 2014-169 included in proposed 2014 interim rates and the substitution of a 90 per cent placeholder for the 2015 K factor amounts.

32. The Commission considers that offsetting the collection of a 90 per cent K factor placeholder against the placeholder amounts owing to ratepayers, as a result of Decision 2014-169, will provide for rate stability, while continuing to address the outstanding amounts related to existing K factor placeholders. Accordingly, the Commission considers that a placeholder amount representing 90 per cent of the total capital trackers claimed by AG in Proceeding No. 3267 will achieve this balance.

33. Therefore, the Commission approves the adjustment to Rider S included in Appendix 2 for AG North and Appendix 3 for AG South.

34. The Commission notes that Rider S shall remain in effect until December 31, 2014.

[31] Proceeding No. 3407, Exhibit No. 1.

5 Order

35. It is hereby ordered that:

(1) ATCO Gas North's and ATCO Gas South's Rider S, attached as appendices 2 and 3 respectively, to this decision, are approved on an interim and refundable basis effective November 1, 2014.

(2) Rider S shall remain in effect until December 31, 2014.

Dated on October 24, 2014.

The Alberta Utilities Commission

(original signed by)

Mark Kolesar
Vice-Chair

(original signed by)

Henry van Egteren
Commission Member

(original signed by)

Neil Jamieson
Commission Member

Appendix 1 – Proceeding participants

Name of organization (abbreviation) **counsel or representative**
ATCO Gas and Pipelines Ltd. (AG or ATCO Gas) V. Berger G. Marghella D. Connolly
Consumers' Coalition of Alberta (CCA) J. A. Wachowich J. A. Jodoin
FortisAlberta Inc. (Fortis) T. Dalgleish J. Croteau J. Sullivan J. Walsh
Office of the Utilities Consumer Advocate (UCA) T. Marriott R. Daw H. Gnenz R. Bell

The Alberta Utilities Commission Commission Panel M. Kolesar, Vice-Chair H. van Egteren, Commission Member N. Jamieson, Commission Member Commission Staff R. Finn (Commission counsel) L. Desaulniers (Commission counsel) G. Masson B. Whyte

Appendix 2 – ATCO Gas North Rider S, low use delivery service, mid use delivery service, high use delivery service

(return to text)

Appendix 2 - AG
Northrate schedules

(consists of 4 pages)

Appendix 3 – ATCO Gas South Rider S, low use delivery service, mid use delivery service, high use delivery service

(return to text)

Appendix 3 - AG
South rate schedules

(consists of 4 pages)

Effective November 1, 2014 by Decision 2014-296

ATCO GAS AND PIPELINES LTD. - NORTH
RIDER “S” INTERIM RIDER

To be applied to the Fixed Charge, Variable Charge and Demand Charge to all customers unless otherwise specified by specific contracts or the AUC, effective November 1, 2014 to December 31, 2014.

For All Delivery Service Rates the amount is equal to: -0.51%

Effective November 1, 2014 by Decision 2014-296
This Replaces Low Use Delivery Service
Previously Effective October 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"
Interim Rider:	Rider "S"
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 November 1, 2014 by Decision 2014-296
This Replaces Mid Use Delivery Service
Previously Effective October 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"
Interim Rider:	Rider "S"
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 November 1, 2014 by Decision 2014-296
This Replaces High Use Delivery Service
Previously Effective October 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"
Interim Rider:	Rider "S"
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 November 1, 2014 by Decision 2014-296

ATCO GAS AND PIPELINES LTD. - SOUTH
RIDER "S" INTERIM RIDER

To be applied to the Fixed Charge, Variable Charge and Demand Charge to all customers unless otherwise specified by specific contracts or the AUC, effective November 1, 2014 to December 31, 2014.

For All Delivery Service Rates the amount is equal to: -18.69%

Effective November 1, 2014 by Decision 2014-296
This Replaces Low Use Delivery Service
Previously Effective October 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
Interim Rider:	Rider "S"
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 November 1, 2014 by Decision 2014-296
This Replaces Mid Use Delivery Service
Previously Effective October 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
Interim Rider:	Rider "S"
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 November 1, 2014 by Decision 2014-296
This Replaces High Use Delivery Service
Previously Effective October 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

Interim Rider: Rider "S"

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.