

THE PROVINCE OF ALBERTA

GAS UTILITIES ACT

ALBERTA ENERGY AND UTILITIES BOARD

IN THE MATTER of a Gas Cost
Recovery Rate Refund for the 2001
Summer Period for AltaGas
Utilities Inc.

ORDER U2001-316

Application No. 1248254
File No. 5628-42

THE APPLICATION

By letters dated November 21 and November 22, 2001, AltaGas Utilities Inc. (AltaGas) filed an application (the Application) with the Board for approval to make a one-time credit refund aggregating approximately \$5.5 million, including credit interest accrued on amounts in excess of monthly prescribed tolerance levels, from its 2001 summer period deferred gas account (DGA). The 2001 summer period included the months of April through October.

AltaGas proposed that the refund would be applied to each sales customer account at a rate of \$1.176 per gigajoule (GJ) during the month of December 2001, based on billed consumption for all billing cycles from April 2001 to October 2001, inclusive. AltaGas' last approved 2001 summer period gas cost recovery rate (GCRR) was set at \$5.203/GJ in Order U2001-146, dated June 29, 2001. AltaGas advised that the surplus arose in the DGA as a result of lower-than-forecast gas costs for the summer period. It further advised that any amounts not refunded via the one-time credit refund would remain in the DGA for disposition in a future period. Determination of the proposed refund is set out in Appendix 1.

AltaGas stated that it provided copies of the Application to customer interest groups that participated in its 2001 summer period and 2001/2002 winter period GCRR application proceedings. AltaGas advised that it requested these groups to provide the Board with any comments or concerns about the Application.

DGA PROCEDURES

The Application was filed in accordance with a previous direction issued by the Board in respect of procedures related to AltaGas' DGAs. The purpose of a DGA is to reconcile AltaGas' natural gas supply costs incurred in a summer or winter period with amounts it recovered through the GCRR in the same period and to provide evidence that its customers pay neither more nor less

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than its actual costs of natural gas. With the objective of keeping DGA balances to a minimum, the Board also previously directed that AltaGas should apply to the Board for an adjustment in its GCRR, and consequently its DGA, should a significant change in gas supply costs occur during a period.

The Board recently issued Decision 2001-75, dated October 30, 2001, which, inter alia, deals with new procedures to be used in the determination of a GCRR by a gas utility subject to its jurisdiction. These revised procedures take effect April 1, 2002.

BOARD FINDINGS

The Board's statutory mandate requires that it fix just and reasonable rates for the regulated utilities under its jurisdiction. Ordinarily, the Board would require timely public notice of an application and take into account representations that it may receive from interested parties before issuing an order on a matter. However, the Board notes that AltaGas distributed copies of its proposal to the customer groups that would normally participate in the examination process involving the setting of a GCRR. The Board considers that the distribution, in this instance, provides a useful degree of public notice. Also, the Board notes that all responses received as a result of the distribution to these groups indicated acceptance for the refund proposal. Additionally, the Board considers that the quantum of the 2001 summer period DGA over-recovery and the timing of the implementation of the refund are contributing reasons for the Board to consider dealing expeditiously with the Application. Accordingly, the Board, pursuant to section 50(1) of the *Public Utilities Board Act*, R.S.A. 1980, c. P-37, herein exercises its discretion to deal with the Application as if due notice had been given to all interested parties.

The Board recognizes that AltaGas was previously directed to inform the Board of significant changes in its forecasts of gas costs and gas cost recoveries for the period in effect and make timely applications for adjustments that would affect the DGA. The Board notes that the over-recovery in the 2001 summer period occurred as a result of a significant decline in gas prices. The Board also notes that Alta Gas advised in its 2001/2002 winter period GCRR application that it anticipated an over-recovery in its 2001 summer period DGA because of declining gas prices but that summer sales data to determine the amount of the surplus would not be available until November 2001. The Board therefore considers that AltaGas has acted responsibly in making the Application.

The Board considers that the proposed one-time refund from the 2001 summer period DGA will allow AltaGas to reduce the balance in the DGA accordingly and that allowing the adjustment to the DGA to proceed in this manner is in the interest of both the customers and the utility. Therefore, the Board will grant approval of the request made by AltaGas in the Application.

THEREFORE, it is hereby ordered that:

For AltaGas Utilities Inc.:

A unit rate refund of \$1.176/GJ shall be applied to each sales customer account on or before December 31, 2001, based on billed consumption in each sales account for the period April 1, 2001 to October 31, 2001.

Dated in Edmonton, Alberta on November 29, 2001.

(original signed "B. Torrance")

ALBERTA ENERGY AND UTILITIES BOARD

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APPENDIX 1

ALTAGAS UTILITIES INC.

Determination of 2001 Summer Period Gas Cost Recovery Rate Refund

Estimated over-recovery in 2001 summer period DGA at December 1, 2001	\$5,460,912
Tolerance interest accrued	<u>33,043</u>
Total amount to be refunded	<u>\$5,493,955</u>
Sales volumes billed from April through October 2001	<u>4,671,858</u> GJ
Unit refund	<u>\$1.176</u> per GJ