



ATCO Gas and Pipelines Ltd.

**Application for a Revised Franchise
Rider in the City of Edmonton**

January 31, 2004

ALBERTA ENERGY AND UTILITIES BOARD

Decision 2004-011: ATCO Gas and Pipelines Ltd.

Application for a Revised Franchise Rider in the City of Edmonton

Application No. 1330470

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ALBERTA ENERGY AND UTILITIES BOARD

Calgary Alberta

ATCO GAS AND PIPELINES LTD. APPLICATION FOR A REVISED FRANCHISE RIDER IN THE CITY OF EDMONTON

Decision 2004-011
Application No. 1330470
File No. 6675-E6-1

By letter dated January 23, 2004 ATCO Gas – North, a division of ATCO Gas and Pipelines Ltd. (ATCO Gas – North) applied to the Alberta Energy and Utilities Board (the EUB) for an Order approving an amendment to Rate Rider “A” (surcharge for a franchise fee). This would allow the franchise fee applied to billings in the City of Edmonton (the City) to be changed from 22.7 per cent to 33.4 per cent of the revenue of ATCO Gas – North, derived from the non-gas portion of its customers’ bills within the City during 2004.

The application has been made due to the City’s Application, No. 1330469, in which the City has requested approval of an Amending Agreement which changes clause 8.1 of its franchise agreement with ATCO Gas – North. The Amending Agreement would change the level of franchise fee that ATCO Gas – North is required to pay the City annually from 22.7 per cent to 32 per cent. The Amending Agreement sets out the level of the franchise fee for 2004 as follows, depending on when the franchise fee would be implemented if approved by the EUB:

	Percentage (%)
Before EUB Approval	22.7
EUB Approval Occurring Between:	
January 1 and January 31, 2004	33.40
February 1 and February 29, 2004	35.00
March 1 and March 31, 2004	37.00
April 1 and April 30, 2004	39.00
May 1 and May 31, 2004	41.00
June 1 and June 30, 2004	43.00
July 1 and July 31, 2004	46.00
August 1 and August 31, 2004	49.00
September 1 and September 30, 2004	54.50
October 1 and October 31, 2004	65.50
November 1 and November 30, 2004	102.50

Approval of the Amending Agreement would result in the same franchise fee revenues being collected in 2004, regardless of the timing of the approval of the franchise amendment. However, an approval later in the year would result in a higher franchise fee in the City for the balance of 2004. Consequently, both ATCO Gas – North and the City asked the EUB to approve the matter on an interim refundable basis to avoid rate shock to customers.

In reviewing ATCO Gas – North’s request for interim rates, the Board is not making any finding or determination on whether the City’s application for an amendment of its franchise agreement is reasonable. The usual open public processes for review of the City’s application and ATCO

Gas – North’s application will take place. However, the Board recognizes that, if the City’s application is ultimately approved, it would benefit customers if ATCO Gas – North began collecting for the higher franchise fee as soon as possible in order to minimize the impact to customers. By approving ATCO Gas – North’s application on an interim refundable basis, any over-collections would still be returned to customers if the City’s application is not approved. The Board therefore considers it is in the customers’ best interest for ATCO Gas – North to begin collection for the higher level of franchise fee as soon as possible.

ORDER

The Alberta Energy and Utilities Board, pursuant to the *Public Utilities Board Act*, R.S.A 2000, c. P-45 and the *Gas Utilities Act*, R.S.A. 2000, c. G-5, hereby orders as follows:

1. Application No. 1330470 by ATCO Gas – North dated January 23, 2004, is approved on an interim refundable basis.
2. The new rate for customers in the City of Edmonton, as indicated on Rate Rider “A” attached as Schedule “A” to this Order, be effective February 1, 2004.

Dated in Calgary, Alberta on January 31, 2004.

ALBERTA ENERGY AND UTILITIES BOARD

(original signed by)

Gordon J. Miller
Presiding Member

(original signed by)

T. McGee
Member

SCHEDULE A – RATE RIDER “A”

Effective With Decision 2004-011
On February 1, 2004
Rider “A” Page 1 of 1

**ATCO GAS AND PIPELINES LTD. - NORTH
RIDER "A" TO ALL RATES AND ANY OTHER RATES THERETO**

The percentage shown is to be applied as an addition to the billings calculated under the Rates including charges as allowed under other Riders in effect.

<u>Municipality</u>		<u>Method</u>	<u>%</u>	<u>Municipality</u>		<u>Method</u>	<u>%</u>
Edmonton	City	A	*33.40				
Red Deer	City	A	17.00	Hughenden	Village	A	10.98
Camrose	City	A	22.00	Hythe	Village	C	8.70
Fort McMurray	City	B	8.70	Innisfree	Village	A	17.50
Grande Prairie	City	A	34.75	Irma	Village	C	5.26
Lloydminster	City	B	7.00	Itaska	Summer Village	B	5.26
Spruce Grove	City	C	8.26	Jasper	Town	B	5.25
St. Albert	City	B	5.26	Kitscoty	Village	C	5.25
Wetaskiwin	City	C	8.27	Lacombe	Town	C	5.26
Alberta Beach	Summer Village	A	10.61	Lamont	Town	C	5.26
Alix	Village	C	6.75	Lavoy	Village	B	5.25
Amisk	Village	A	9.10	Legal	Village	C	5.26
Andrew	Village	C	9.00	Lougheed	Village	A	16.67
Bashaw	Town	B	5.25	Mannville	Village	C	5.26
Beaverlodge	Town	C	8.70	Mayerthorpe	Town	A	9.42
Bentley	Village	A	8.53	McLennan	Town	C	6.25
Berwyn	Village	C	7.25	Millet	Town	C	6.75
Bittern Lake	Village	A	17.68	Minburn	Village	A	15.00
Blackfalds	Town	B	5.26	Mirror	Village	A	12.60
Bon Accord	Town	C	8.70	Mundare	Town	C	5.00
Breton	Village	A	12.47	Nampa	Village	C	5.25
Bruderheim	Town	C	5.25	Onoway	Village	A	11.00
Caroline	Village	C	5.26	Oyen	Town	C	8.70
Chipman	Village	B	5.26	Peace River	Town	C	7.25
Clive	Village	B	5.25	Point Alison	Summer Village	C	5.26
Clyde	Village	A	9.47	Ponoka	Town	B	5.26
Cold Lake	Town	C	5.26	Provost	Town	A	11.00
Consort	Village	C	5.26	Rimbey	Town	B	5.26
Coronation	Town	A	10.05	Rocky Mtn. House	Town	C	5.26
Czar	Village	A	11.84	Rycroft	Village	C	5.25
Donnelly	Village	C	5.25	Ryley	Village	C	5.25
Drayton Valley	Town	B	6.26	Sangudo	Village	A	9.25
Eaglesham	Village	B	5.26	Seba Beach	Summer Village	B	6.00
Eckville	Town	C	5.26	Sexsmith	Village	C	5.25
Edgerton	Village	C	5.26	Sherwood Park	Unincorporated	B	6.00
Edson	Town	B	5.26	Silver Beach	Summer Village	B	5.26
Entwistle	Village	A	17.32	Slave Lake	Town	C	5.26
Fairview	Town	C	5.25	Spirit River	Town	A	24.00
Falher	Town	C	2.56	Stony Plain	Town	B	8.11
Fox Creek	Town	A	12.93	Swan Hills	Town	A	8.16
Gibbons	Town	C	8.70	Sylvan Lake	Town	B	5.26
Girouxville	Village	C	5.25	Thorsby	Village	A	11.69
Golden Days	Summer Village	B	5.26	Tofield	Town	C	7.00
Grand Centre	Town	C	3.00	Vegreville	Town	C	8.11
Grimshaw	Town	A	28.00	Vermilion	Town	C	5.26
Hardisty	Town	C	5.26	Veteran	Village	A	9.73
Hines Creek	Village	C	5.25	Viking	Town	C	5.25
Hinton	Town	B	5.26	Warburg	Village	A	8.83
Holden	Village	C	5.25	Whitecourt	Town	C	**5.26

Method:

- Applied to gross revenues excluding gas costs (Rider “F”), deemed value (Rider “E”) and the company owned production rate rider (COPRR) (Rider “G”).
- Applied to gross revenues including gas costs (Rider “F”) from sales service rates.
- Applied to gross revenues including gas costs (Rider “F”) and deemed value (Rider “E”).

* Includes a \$408,333 maximum annual allowable assessment (Max) on any individual metered account. The percentage has been approved on an interim refundable basis.

** The deemed value of natural gas is applied only to Customers using less than 300,000 GJs per year.