



## **ATCO Gas and Pipelines Ltd.**

### **2021 Annual Performance-Based Regulation Rate Adjustment**

**December 18, 2020**

**Alberta Utilities Commission**

Decision 25863-D01-2020

ATCO Gas and Pipelines Ltd.

2021 Annual Performance-Based Regulation Rate Adjustment

Proceeding 25863

December 18, 2020

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## **1 Decision**

1. In this decision, the Alberta Utilities Commission considers ATCO Gas and Pipelines Ltd.'s 2021 annual performance-based regulation (PBR) rate adjustment filing. For the reasons that follow, the Commission has determined that:

- The customer and retailer terms and conditions for gas distribution service and the Schedule of Non-Discretionary Charges, as set out in [Appendix 4](#), [Appendix 5](#) and [Appendix 6](#), respectively, are approved effective January 1, 2021.
- The true-up of ATCO Gas's 2017 capital tracker actual K factors are approved on a final basis.
- The updated depreciation parameters are approved on a final basis.
- ATCO Gas's 2018 going-in rates and 2018 K-bar, provided in this proceeding, are approved as final, subject to the filing of post-disposition documents reflecting adjustments related to the IT common matters refunds as directed in this decision.

2. The Commission also approves the calculation of ATCO Gas's 2021 PBR distribution rates and directs ATCO Gas to file an updated notional 2017 revenue requirement schedule, updated K-bar schedules, and a complete set of rate and price schedules reflecting the findings in this decision, as post-disposition documents in this proceeding by January 21, 2021.

3. However, as a result of Decision 26170-D01-2020,<sup>1</sup> these rates will not be charged to customers effective January 1, 2021. Rather, ATCO Gas's distribution rates will be maintained at the existing levels, set out in Appendix 4 and Appendix 5 of Decision 26170-D01-2020, until otherwise ordered by the Commission.

## **2 Procedural summary**

4. On September 10, 2020, ATCO Gas submitted its 2021 annual PBR rate adjustment filing to the Commission, requesting approval of its ATCO Gas North and ATCO Gas South rate schedules and customer and retailer terms and conditions (T&Cs) for gas distribution service, as set out in Appendix G and Appendix H of its application, respectively, to be effective January 1, 2021. ATCO Gas also requested approval of the following on a final basis:

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<sup>1</sup> Decision 26170-D01-2020: ATCO Electric Ltd. and ATCO Gas and Pipelines Ltd., 2021 Interim Rate Relief Request, Proceeding 26170, December 18, 2020.

- (i) its information technology (IT) common matters compliance adjustments resulting from the directions outlined in Decision 20514-D02-2019<sup>2</sup> (IT Common Matters Decision), given the Commission's approval of compliance in decisions 24805-D01-2020<sup>3</sup> and 24817-D01-2020.<sup>4</sup>
- (ii) the true-up of its 2017 capital tracker actual K factors.
- (iii) its updated depreciation parameters.<sup>5</sup>

5. After issuing a notice of the application on September 11, 2020, the Commission received statements of intent to participate from the Consumers' Coalition of Alberta (CCA), The City of Calgary and the Office of the Utilities Consumer Advocate (UCA). The process established for this proceeding included information requests (IRs) to ATCO Gas, IR responses from ATCO Gas, written argument and reply argument.

6. On November 19, 2021, the Commission issued a letter indicating its intent to finalize the distribution utilities' going-in rates and associated 2018 capital factors given the issuance of several decisions dealing with related outstanding matters. In response, on November 25, 2020, ATCO Gas confirmed that its going-in rates and 2018 capital factors can be finalized.

7. The Commission considers the record of this proceeding to have closed on November 30, 2020, when ATCO Gas filed its IR responses to supplemental IRs from the Commission.

8. In reaching the determinations set out within this decision, the Commission 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 a particular matter.

### 3 Background

9. The PBR framework approved in Decision 20414-D01-2016 (Errata)<sup>6</sup> provides a rate-setting mechanism (price cap for electric distribution utilities and revenue-per-customer cap for gas distribution utilities) based on a formula that adjusts rates annually by means of an indexing mechanism that tracks the rate of inflation (I) that is relevant to the prices of inputs the utilities use, less a productivity offset (X). With the exception of specifically approved adjustments, as discussed further below, a utility's revenues are not linked to its costs during the PBR term.

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<sup>2</sup> Decision 20514-D02-2019: The ATCO Utilities (ATCO Gas and Pipelines Ltd. and ATCO Electric Ltd.), Information Technology Common Matters Proceeding, Proceeding 20514, June 5, 2019.

<sup>3</sup> Decision 24805-D01-2020: ATCO Electric Ltd. 2018-2019 General Tariff Application Compliance Filing – Information Technology Common Matters, Proceeding 24805, July 6, 2020.

<sup>4</sup> Decision 24817-D01-2020 ATCO Pipelines, a division of ATCO Gas and Pipelines Ltd., 2019-2020 General Rate Application Compliance Filing, Proceeding 24817, July 6, 2020.

<sup>5</sup> Exhibit 25863-X0001, application, paragraph 6.

<sup>6</sup> Decision 20414-D01-2016 (Errata): 2018-2022 Performance-Based Regulation Plans for Alberta Electric and Gas Distribution Utilities, Proceeding 20414, February 6, 2017.

10. In Decision 20414-D01-2016 (Errata), the Commission approved the continuation of certain PBR rate adjustments to enable the recovery of specific costs where certain criteria have been satisfied. These include an adjustment for certain flow-through costs that should be recovered from, or refunded to, customers directly (Y factors), and an adjustment to account for the effect of exogenous and material events for which the distribution utility has no other reasonable cost recovery or refund mechanism within the PBR plan (Z factor).

11. As was the case in previous-generation PBR plans, the Commission determined that a supplemental capital funding mechanism, in addition to revenue provided under I-X, is required for the 2018-2022 PBR plans. However, in place of the capital tracker mechanism employed in previous-generation PBR plans, the Commission determined that incremental capital funding will be divided into two categories: Type 1 and Type 2 capital. For Type 1 capital, the Commission approved a modified capital tracker mechanism with narrow eligibility criteria, with the revenue requirement associated with approved amounts to be collected from ratepayers by way of a “K factor” adjustment to the annual PBR rate-setting formula. For Type 2 capital, the Commission approved a K-bar mechanism that provided an amount of capital funding for each year of the 2018-2022 PBR term plan based, in part, on capital additions made during the previous PBR term.<sup>7</sup>

12. Also in Decision 20414-D01-2016 (Errata), the Commission established that each of the distribution utilities must submit its PBR rate adjustment filing by September 10 of each year in order to facilitate annual implementation of rates by January 1 of the following year. The annual PBR rate adjustment filing deals with all issues relevant to the establishment of the PBR rates and T&Cs for a given year, such as:

- I factor and the resulting I-X index;
- K factor and K-bar factor adjustments related to approved Type 1 and Type 2 capital, respectively;
- Y factor adjustment to collect flow-through items that are not collected through separate riders;
- previously approved Z factors;
- billing determinants for each rate class;
- backup showing the application of the formula by rate class and resulting rate schedules;
- a copy of the Rule 005<sup>8</sup> filing filed in the current year as well as the return on equity (ROE) adjustment schedules for prior years;
- certain financial reporting requirements;
- changes proposed to T&Cs; and
- any other material relevant to the establishment of current year rates.

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<sup>7</sup> Decision 20414-D01-2016 (Errata), Section 6.4.2 (Type 1) and Section 6.4.3 (K-bar).

<sup>8</sup> Rule 005: *Annual Reporting Requirements of Financial and Operational Results*.

13. ATCO Gas's 2020 PBR rates were approved on an interim basis in accordance with this framework in Decision 24880-D01-2019.<sup>9</sup>

## 4 PBR rate adjustments

### 4.1 PBR indices and annual adjustments

14. As detailed in Section 3, the current PBR plan for ATCO Gas provides a rate-setting mechanism based on a formula that adjusts revenue-per-customer annually by means of the I-X indexing mechanism plus specifically approved adjustments. The annual parameters and adjustments utilized by ATCO Gas to arrive at its 2021 rates, and the Commission's assessment of the applied-for amounts, are detailed below. Additional discussion on select parameters is provided in the sections that follow.

#### I-X index

15. ATCO Gas calculated the 2021 I-X index to be 2.12 per cent,<sup>10</sup> by subtracting the approved X factor of 0.3 per cent<sup>11</sup> from the I factor of 2.42 per cent.

16. The I factor is calculated as a weighted average of two indexes published by Statistics Canada: one for labour costs and one for non-labour costs.<sup>12</sup> In Decision 24880-D01-2019, the Commission confirmed that the replacement of Canadian Socio-Economic Information Management System (CANSIM) tables with new data tables by Statistics Canada in 2018 did not warrant any changes to the approved I factor calculation methodology as long as the new tables contained the required data series. No party objected to ATCO Gas's applied-for I factor.

17. The Commission has reviewed ATCO Gas's calculation of the 2021 I factor and finds it to be consistent with the methodology set out in Decision 20414-D01-2016 (Errata). Accordingly, the 2021 I factor of 2.42 per cent and the resulting I-X index of 2.12 per cent are approved.

18. In accordance with a past Commission direction,<sup>13</sup> ATCO Gas should use the unrevised actual index values filed in this proceeding as the basis for next year's inflation factor calculations. These values are provided in [Appendix 3](#) to this decision. As well, to facilitate the review of the underlying Statistics Canada indexes, the Commission directs ATCO Gas to provide dated screenshots of the CANSIM tables used in determining its I factor in future PBR annual rate adjustment filings.<sup>14</sup>

#### Y and Z factor materiality threshold

19. The Y and Z factor materiality threshold is the dollar value of a 40 basis point change in ROE on an after-tax basis calculated on the distribution utility's equity used to determine the

<sup>9</sup> Decision 24880-D01-2019: ATCO Gas and Pipelines Ltd., 2020 Annual Performance-Based Regulation Rate Adjustment, Proceeding 24880, December 16, 2019.

<sup>10</sup> Exhibit 25863-X0008, Appendix F, Schedule 4.3.

<sup>11</sup> Decision 20414-D01-2016 (Errata), paragraph 5.

<sup>12</sup> Decision 20414-D01-2016 (Errata), paragraph 8, and Appendix 5, Section 2, I factor, PDF pages 98-99.

<sup>13</sup> Decision 2012-237: Rate Regulation Initiative, Distribution Performance-Based Regulation, Proceeding 566, Application 1606029-1, September 12, 2012.

<sup>14</sup> In other PBR rate adjustment filings, parties pointed out that it is hard to verify the index numbers used in the I factor calculations because of the Statistics Canada ongoing updates to the published data.

final approved notional 2017 revenue requirement on which going-in rates were established. This dollar amount threshold is escalated by I-X annually, on a compounding basis.<sup>15</sup> ATCO Gas calculated the Y and Z materiality threshold to be \$2.10 million for ATCO Gas North and \$1.76 million for ATCO Gas South in 2021.<sup>16</sup> No party objected to these calculations.

20. The Commission has reviewed ATCO Gas's calculations of its 2021 Y and Z factor materiality threshold of \$2.10 million for ATCO Gas North and \$1.76 million for ATCO Gas South and is satisfied that it has been calculated correctly. Accordingly, this threshold is approved.

### **Y factor**

21. Y factor includes costs that do not qualify for capital treatment or Z factor treatment and that the Commission considers should be directly recovered from customers or refunded to them.<sup>17</sup> ATCO Gas applied for a Y factor amount of \$6.4 million (not including the "Other Proceeding Adjustments" item of (\$9.31) million), inclusive of carrying costs.<sup>18</sup> No party objected to this amount.

22. Other proceeding adjustments of \$(9.31) million will be covered in the following sections: 2017 capital tracker true-up compliance adjustment is discussed in Section 4.2. Carrying cost refund related to IT common matters is discussed in Section 6.2. Depreciation study implementation is discussed in Section 6.3.

23. The Commission has assessed the amounts included in ATCO Gas's applied-for Y factor and finds they were adequately supported, properly calculated and in compliance with previous Commission directions. The Commission has also reviewed ATCO Gas's Y factor carrying costs, and finds that they are properly calculated and consistent with the applicable provisions of Rule 023.<sup>19</sup> Accordingly, the applied-for Y factor amount is approved as filed.

### **Z factor**

24. Z factors account for the impact of material exogenous events for which the company has no other reasonable cost recovery or refund mechanism within the PBR plan.<sup>20</sup> ATCO Gas did not apply for any Z factor adjustments in 2021.

### **Q value**

25. Q value represents the percentage change in billing determinants. For gas distribution utilities under the revenue-per-customer cap PBR plan, the percentage change is calculated as a forecast weighted average change in the number of customers for all rate classes.<sup>21</sup> No party

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<sup>15</sup> Decision 20414-D01-2016 (Errata), Appendix 5, Section 8, Z factor, PDF page 101.

<sup>16</sup> Exhibit 25863-X0003, Appendix B, Schedule B4.

<sup>17</sup> Decision 2012-237, paragraphs 617 and 631. Largely the same Y factor definition was adopted in Decision 20414-D01-2016 (Errata), Appendix 5, Section 3, Y factor, PDF page 99.

<sup>18</sup> Exhibit 25863-X0061, AG-AUC-2020NOV26-001b, Schedule 4.2.

<sup>19</sup> Rule 023: *Rules Respecting Payment of Interest*.

<sup>20</sup> Decision 2012-237, paragraphs 523-524.

<sup>21</sup> Decision 2013-435: Distribution Performance-Based Regulation, 2013 Capital Tracker Applications, Proceeding 2131, Application 1608827-1, December 6, 2013, paragraph 499.



objected to ATCO Gas's applied-for Q value of 0.62 per cent for ATCO Gas North and 0.99 per cent for ATCO Gas South.<sup>22</sup>

26. The Commission has reviewed ATCO Gas's calculation of its 2021 Q and finds it to be properly calculated and consistent with the approved methodology. Accordingly, the Commission approves ATCO Gas's 2021 Q of 0.62 per cent for ATCO Gas North and 0.99 per cent for ATCO Gas South. The Commission directs ATCO Gas to continue providing Q value calculations in its future annual PBR rate adjustment filings.

### **K-bar factor**

27. K-bar funding provides incremental Type 2 capital funding to supplement the revenues generated under the I-X mechanism.<sup>23</sup> 2018 K-bar was calculated by taking the difference between the revenue requirement associated with 2018 notional capital additions and the I-X-related revenue for each project or program included in Type 2 capital.<sup>24</sup> For each year, the K-bar is calculated following similar steps as those for 2018, with adjustments made to account for the effects of inflation and productivity growth, growth in billing units (Q value), and changes to the weighted average cost of capital.<sup>25</sup> These updated parameters are to be used in the K-bar accounting test to calculate the amount of incremental Type 2 capital funding for a given year.

28. ATCO Gas applied for the 2021 K-bar funding of \$57.8 million for ATCO Gas North and \$59.5 million for ATCO Gas South, calculated as its 2021 required K-bar and the 2019-2020 K-bar true-up.<sup>26</sup> No party objected to ATCO Gas's applied-for K-bar funding.

29. The Commission has reviewed ATCO Gas's schedules showing the calculation of the 2021 K-bar amount and finds that it followed the methodology set out in Decision 22394-D01-2018. However, given the Commission findings in Section 6.1, the Commission approves ATCO Gas's 2021 K-bar, and prior year K-bar true-ups, for each of North and South, subject to the filing of post-disposition documents as directed in Section 5. The 2021 K-bar will be subject to a further true-up for the 2021 actual approved cost of debt.

### **K factor**

30. In the current PBR plan, K factor is used to recover the Type 1 capital funding that provides additional funding, above that provided in base rates, for projects that meet the specific criteria established by the Commission.<sup>27</sup> Type 1 capital tracker projects can be approved on a placeholder basis if a utility submits an officer's certificate showing the internal approved forecast associated with the Type 1 capital tracker project for the upcoming year. ATCO Gas did not apply for any Type 1 capital funding.

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<sup>22</sup> Exhibit 25863-X0003, Appendix B, Schedule B5.

<sup>23</sup> Decision 22394-D01-2018: Rebasement for the 2018-2022 PBR Plans for Alberta Electric and Gas Distribution Utilities, First Compliance Proceeding, Proceeding 22394, February 5, 2018, paragraph 167.

<sup>24</sup> Decision 22394-D01-2018, paragraph 169.

<sup>25</sup> Decision 22394-D01-2018, paragraph 223.

<sup>26</sup> Exhibit 25863-X0003, Appendix B, Schedule B3.5.

<sup>27</sup> Decision 20414-D01-2016 (Errata), paragraph 198.

31. K factor can also be used to deal with any capital tracker true-up amounts from the prior generation PBR plan. Section 4.2 of this decision deals with ATCO Gas's 2017 capital tracker compliance filing true-up.

#### **4.1.1 Forecast billing determinants and variance analysis**

32. Forecast billing determinants are generally used to allocate K, K-bar, Y and Z factors to rate classes and to calculate the resulting rate adjustments, and are also used in performing the annual use-per-customer adjustments for gas distribution utilities.

33. In the application, ATCO Gas provided detailed 2021 billing determinant forecasts.<sup>28</sup> ATCO Gas submitted that its forecasted 2021 billing determinants were based on the same methodology approved in Decision 24880-D01-2019.

34. In Decision 24880-D01-2019, the Commission directed ATCO Gas to continue to provide information on any variances from forecast to actual billing determinants by rate class and identify the cause of variances larger than  $\pm$  five per cent on an annual basis.<sup>29</sup> In the application, ATCO Gas reconciled forecast and actual billing determinants from 2019. There were variances larger than  $\pm$  five per cent for the irrigation rate class which had an increase in average customers of 11.16 per cent than was forecast. ATCO Gas explained that this variance is due to higher number of active customers than forecast.<sup>30</sup>

35. No intervener objected to the billing determinant forecast.

#### **Commission findings**

36. The Commission considers that variances from forecasts resulting from circumstances such as those described by ATCO Gas for 2019 may reasonably be expected. Such occurrences do not generally call into question the predictive value of the methodology used to generate such forecasts and ATCO Gas is directed to continue to provide information on any variances from forecast to actual billing determinants by rate class and to identify the cause of variances larger than  $\pm$  five per cent on an annual basis.

37. Based on its review and assessment of ATCO Gas's methodology and billing determinants in this proceeding, the Commission finds that the methodology and the resulting 2021 forecast billing determinants are reasonable. The 2021 forecast billing determinants are approved as applied for.

#### **4.2 2017 capital tracker compliance filing true-up**

38. On December 20, 2019, the Commission issued Decision 24333-D01-2019<sup>31</sup> on ATCO Gas's 2017 capital tracker true-up compliance filing. In that decision, the Commission issued Direction 1<sup>32</sup> where it denied the portion of the 2017 actual cost (i.e., net book value) of assets transferred from ATCO Pipelines to ATCO Gas, in excess of forecast attributable to:  
(i) additional assets required as a result of the completion of the detailed design; and

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<sup>28</sup> Exhibit 25863-X0008, Appendix F, schedules 5.0 to 5.3.

<sup>29</sup> Decision 24880-D01-2019, paragraph 61.

<sup>30</sup> Exhibit 25863-X0017, Appendix I, 2019 PBR forecast vs Actual Billing Determinants.

<sup>31</sup> Decision 24333-D01-2019: ATCO Gas and Pipelines Ltd., 2017 Capital Tracker Compliance Filing to Decision 23789-D01-2019, Proceeding 24333, December 20, 2019.

<sup>32</sup> Decision 24333-D01-2019, paragraph 5.

(ii) additional capital work completed on the transmission line after the original estimate. In compliance with this direction, ATCO Gas removed the capital additions associated with these costs from its calculation of its 2017 K factor, resulting in a refund of \$52,000 and \$46,000 in the North and South, respectively. ATCO Gas also updated its 2017 interim notional revenue requirement and 2018-2022 interim K-bar amounts accordingly.<sup>33</sup>

39. In Decision 24333-D01-2019, the Commission issued Direction 2<sup>34</sup> directing ATCO Gas to make certain adjustments to the true-up amounts and provide specific information in its 2021 annual PBR rate adjustment application. ATCO Gas implemented the required adjustments and provided the required information.<sup>35</sup>

40. In Decision 24333-D01-2019, the Commission provided the following direction at paragraph 64:

Given the above, the Commission directs ATCO Gas, in its 2021 PBR annual rate adjustment application:

- (i) To review all the UPR [Urban Pipeline Replacement] assets transferred from ATCO Pipelines to ATCO Gas to confirm that all of the assets are used and useful or required to be used for gas distribution service. ATCO Gas must identify in its 2021 PBR annual rate filing any assets that are not required for the provision of gas distribution service and remove those assets from the ATCO Gas rate base;
- (ii) To revise its accounting test for 2017, based on the findings and directions in this decision, and to reassess whether the capital tracker programs or projects included in the 2017 true-up satisfy the accounting test requirements of Criterion 1; and
- (iii) To reassess whether its projects or programs included in the 2017 true-up continue to satisfy the two-tiered materiality test requirement of Criterion 3.<sup>36</sup>

41. ATCO Gas provided revised schedules in Appendix M<sup>37</sup> of its application supporting the accounting test based on the findings and directions in Decision 24333-D01-2019. ATCO Gas explained that its projects or programs included in the 2017 true-up continue to satisfy the accounting test requirements of Criterion 1 (the projects must be outside of the normal course of the company's ongoing operations) and the two-tiered materiality test of Criterion 3 (the project must have a material effect on the company's finances).<sup>38</sup>

42. ATCO Gas indicated that it has reviewed all of UPR asset transfers from ATCO Pipelines, which include high-pressure transmission lines (now operated at distribution pressure), valves, valve assemblies, pipe replacements, rectifiers and ground beds. ATCO Gas confirmed that the transferred assets are used and useful or required to be used for gas distribution service and therefore, no further asset-related costs should be removed from rate base.<sup>39</sup>

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<sup>33</sup> Exhibit 25863-X0001, application, paragraphs 43-44.

<sup>34</sup> Decision 24333-D01-2019, paragraph 6.

<sup>35</sup> Exhibit 25863-X0001, application, paragraphs 100-101.

<sup>36</sup> Decision 24333-D01-2019, paragraph 64.

<sup>37</sup> Exhibits 25863-X0022 and 25863-X0023, 2017 Capital Tracker True Up Accounting Test and Materiality Schedules.

<sup>38</sup> Exhibit 25863-X0001, application, paragraphs 101-108.

<sup>39</sup> Exhibit 25863-X0001, application, paragraphs 107-108.

### Commission findings

43. The Commission has reviewed the updated accounting test schedules provided in Appendix M of ATCO Gas's application and is satisfied that it has complied with Direction 1 and Direction 2 from Decision 24333-D01-2019 as it has removed the capital additions that were denied and made the required adjustments to the true-up amounts. Based on its review of the updated accounting test schedules, the Commission is also satisfied that the capital tracker programs or projects included in the 2017 true-up continue to satisfy the accounting test requirements of Criterion 1 and continue to satisfy the two-tiered materiality test requirement of Criterion 3.

44. The Commission is satisfied with ATCO Gas's confirmation that all the UPR assets transferred from ATCO Pipelines to ATCO Gas are used and useful or required to be used for gas distribution service as directed in Decision 24333-D01-2019. Based on the above, the Commission finds that ATCO Gas has complied with all the directions from Decision 24333-D01-2019 and approves ATCO Gas's true-up of its 2017 capital trackers and the resulting 2017 actual K factor on a final basis.

## 5 2021 PBR rates

45. In previous sections of this decision, the Commission approved individual components of the PBR framework, including the I-X index, Y factor amount, K factor placeholder and K-bar factor, all of which result in annual adjustments to ATCO Gas's PBR rates. The Commission also approved ATCO Gas's forecast billing determinants.

46. ATCO Gas also provided bill impact schedules reflecting the 2021 proposed rates that will go into effect on January 1, 2021. ATCO Gas's estimated bill impacts for a typical customer are shown in the table below.

**Table 1. Bill impacts of ATCO Gas's 2021 distribution rates (total bill basis)<sup>40</sup>**

| Customer   | Annual per cent increase |                | Annual \$ increase |                |
|------------|--------------------------|----------------|--------------------|----------------|
|            | ATCO Gas North           | ATCO Gas South | ATCO Gas North     | ATCO Gas South |
| Low        | 8.7                      | 8.9            | 67                 | 65             |
| Mid        | 4.2                      | 3.6            | 459                | 385            |
| High       | 1.8                      | 2.1            | 1,215              | 1,401          |
| Irrigation | NA                       | 4.4            | NA                 | 48             |

Source: Exhibit 25863-X0061, AG-AUC-2020NOV26-001b, Attachment 1, Schedule 7.0.

### Commission findings

47. The Commission has reviewed the schedules setting out the 2021 PBR rate calculations for ATCO Gas and observes that ATCO Gas has calculated its 2021 rates consistent with its practices and methodologies used during the 2013-2017 PBR term and previously accepted by the Commission during the current PBR term. The Commission, therefore, accepts the general principles and methodologies utilized by ATCO Gas for calculating its 2021 PBR rates.

<sup>40</sup> Note: these bill impacts are reflective of ATCO Gas's proposed mitigation measure related to depreciation adjustments, as discussed in Section 6.3.

48. As part of its consideration of the proposed annual PBR rate adjustments, the Commission normally reviews the typical bill impacts in assessing the likelihood of rate shock resulting from the proposed rates. In this regard, on December 11, 2020, ATCO Electric Ltd. and ATCO Gas filed an application requesting Commission's approval for a 2021 interim rate order that would maintain current distribution rates in place, effective January 1, 2021. The difference between the applied-for interim rates and 2021 PBR rates approved in the present decision will be accumulated in a deferral account. The Commission approved this proposal in Decision 26170-D01-2020.

49. In accordance with the findings in Decision 26170-D01-2020, the Commission will assess the impact of implementing the 2021 PBR rates in a future proceeding dealing with the implementation of rates and disposition of ATCO Gas's rate freeze deferral account.

50. For the reasons set out above, the Commission approves ATCO Gas's calculations of its 2021 PBR rates, subject to incorporating the following adjustments directed in this decision: (i) recalculate the IT common matters refunds (as set out in Section 6.1); (ii) use revised carrying charges on IT common matters refunds (as set out in Section 6.2); and remove the proposed rate mitigation measure related to depreciation (as set out in Section 6.3). The Commission directs ATCO Gas to file 2021 PBR rate schedules reflecting the findings in this decision as a post-disposition documentation in this proceeding, by January 21, 2021. However, as a result of Decision 26170-D01-2020, these rates will not be charged to customers effective January 1, 2021.

## **6 Other matters**

### **6.1 IT common matters refunds**

51. In its 2020 annual PBR rates adjustment application, ATCO Gas updated its notional 2017 revenue requirement and its 2018 base K-bar amounts to reflect certain adjustments related to the IT Common Matters Decision, which considered whether to approve the prices contained in the IT Master Services Agreements (MSAs) between the ATCO Utilities (ATCO Gas and Pipelines Ltd., and ATCO Electric Ltd.) and Wipro Solutions Canada Limited. Based on the determinations in that decision, ATCO Gas calculated the IT common matters-related adjustments to its notional 2017 revenue requirement (both capital and O&M portions) and its 2018 base K-bar. These adjustments amounted to a total refund of \$10.325 million and remained interim pending the finalization of related compliance filings.<sup>41</sup> In this application, ATCO Gas stated that no adjustments were required to the refund amounts.<sup>42</sup>

52. Calgary submitted that ATCO Gas calculated its capital adjustments for rebasing purposes related to the IT common matters placeholder incorrectly. ATCO Gas calculated the capital amounts using a four-year average to determine the adjustment to the notional 2017 revenue requirement. In Calgary's view, the amounts should be averaged across two years (2015 and 2016) because using a four-year average halves the effect of the adjustment, because ATCO Gas is not subject to any reductions for 2013 and 2014, as the Wipro MSA was not in effect during this period.<sup>43</sup>

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<sup>41</sup> Decision 24880-D01-2019, paragraphs 6, 17, 21-23.

<sup>42</sup> Exhibit 25863-X0001, application, paragraphs 38-39.

<sup>43</sup> Exhibit 25863-X0051, Calgary argument, paragraphs 35-37.

53. Calgary also requested that ATCO Gas use a net present value (NPV) approach for capital adjustments for its 2015-2017 projects. Calgary explained that unlike the ATCO transmission utilities, which operate under cost-of-service and are able to exclude the disallowed costs from its rate base, the rebasing provisions in Decision 20414-D01-2016 (Errata) are based on a 2017 notional revenue requirement, and thus there is no ability for customers to obtain year-over-year adjustments. Calgary also explained that if an NPV approach is not adopted, even though the Wipro contract will be in effect beyond the end of the PBR term, only three years of capital-related reductions (2015-2017) will be reflected in ATCO Gas's rates. Calgary also noted that in Decision 25422-D01-2020, the Commission rejected Calgary's application for an anomaly to adjust ATCO Gas's operating and maintenance (O&M) costs beyond 2016 for this issue but explained that ATCO Gas is still receiving a benefit despite a prior finding of imprudence.<sup>44</sup>

54. Finally, with reference to the information obtained in ATCO transmission utilities proceedings, Calgary noted that the ATCO Utilities have for the most part abandoned the use of the Wipro contract for IT capital sourcing in 2018. As a result, Calgary suggested that the placeholder adjustments for ATCO Gas capital projects from 2015 to 2017 (the years when Wipro services were used) should instead be calculated using an NPV amount of a refund due to customers beginning in 2018 for all projects deployed in those years.<sup>45</sup>

55. In its reply argument, ATCO Gas stated that it incorporated the capital IT common matters adjustments and recalculated its 2017 notional and K-bar capital additions in accordance with the rebasing methodology that was approved in Decision 20414-D01-2016 (Errata), where the Commission directed the distribution utilities to use a four-year average over the 2013-2016 time period.<sup>46</sup> As a result, ATCO Gas stated that Calgary's proposal should be dismissed.

56. With respect to the NPV approach discussed by Calgary, ATCO Gas removed the IT adjustments to capital from its rate base for the same reasons as was approved by the Commission for the ATCO transmission utilities, as opposed to requesting a one-time NPV payment when determining its 2017 interim notional revenue requirement and 2018-2022 interim K-bar. The Commission noted in the ATCO transmission utilities' decisions that this approach captures the impact of the disallowed capital and ensures that it has been removed from the calculation of ATCO Gas's 2017 interim notional revenue requirement and 2018-2022 interim K-bar.<sup>47</sup>

### Commission findings

57. The Commission finds merit in Calgary's proposal to use a two-year (2015 and 2016) average for calculating ATCO Gas's capital adjustments related to the IT common matters placeholder for rebasing purposes. As Calgary pointed out, because the Wipro MSA was not in effect in 2013 and 2014, using a four-year average halves the effect of the adjustment. Notwithstanding the rebasing methodology approved in Decision 20414-D01-2016 (Errata) that uses a four-year average, the Commission finds that using a two-year average better aligns with the Commission's findings in the IT Common Matters Decision. ATCO Gas is therefore directed to recalculate its 2017 notional revenue requirement, K-bar and 2021 PBR rates, reflecting the

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<sup>44</sup> Exhibit 25863-X0051, Calgary argument, paragraphs 40-43.

<sup>45</sup> Exhibit 25863-X0051, Calgary argument, paragraphs 44-45.

<sup>46</sup> Exhibit 25863-X0054, ATCO Gas reply argument, paragraph 25.

<sup>47</sup> Exhibit 25863-X0054, ATCO Gas reply argument, paragraph 30.

use of a two-year (2015 and 2016) average of its capital adjustments related to the IT common matters refunds. This finding is consistent with the Commission's findings regarding ATCO Electric's IT common matters refunds in Decision 25864-D01-2020.<sup>48</sup>

58. The Commission denies Calgary's request to use an NPV approach for capital adjustment for 2015-2017 ATCO Gas projects. ATCO Gas has followed the same approach as was approved for the ATCO transmission utilities in Decision 24805-D01-2020 and Decision 24817-D01-2020. As noted by Calgary, the Commission rejected a similar proposal for O&M by Calgary in Decision 25422-D01-2020, and the Commission finds that there is no evidence to support Calgary's recommendation.

59. Based on the above, the Commission is satisfied that ATCO Gas's true-up calculations are consistent with the approaches and calculations<sup>49</sup> approved for ATCO transmission utilities, however an adjustment is required from what was previously filed in Proceeding 24880 for PBR rebasing purposes. Therefore, the Commission approves ATCO Gas's IT common matters refund adjustments directed in this decision as final, subject to the filing of post-disposition documents directed in Section 5.

## 6.2 Carrying costs on IT common matters refunds

60. As discussed in Section 6.1, in decisions 24817-D01-2020 and 24805-D01-2020, the Commission approved the ATCO transmission utilities approaches and calculations with the exception of the carrying costs calculation on the IT common matters refunds. The ATCO transmission utilities were directed to recalculate the carrying costs using the weighted average cost of capital (WACC) rather than applying Rule 023 for both the capital and O&M refunds.

61. In Proceeding 24880, ATCO Gas calculated carrying costs on the IT common matters refunds by applying Rule 023 to both the capital and O&M portions of the refund.<sup>50</sup> In the current application, ATCO Gas explained that given the direction provided in the ATCO transmission utilities' compliance decisions, it has adjusted the carrying costs and applied WACC for the capital portion, and Rule 023 for the O&M portion of the refund amounts, resulting in a collection of an additional \$16,000 and \$15,000 for ATCO Gas North and ATCO Gas South, respectively.<sup>51</sup>

62. ATCO Gas explained that because capital is financed with equity and long-term debt, using WACC aligns with the mechanics used in determining the revenue requirement related to capital. Rule 023 was applied to the O&M refund, as it best aligns with the one-for-one concept of operating costs in revenue requirement, as operating costs are not financed with long-term debt and are short term in nature.<sup>52</sup>

63. The CCA disagreed with ATCO Gas's decision to split the interest calculation between capital and O&M, as it appears to be contrary to the IT Common Matters Decision where the

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<sup>48</sup> Decision 25864-D01-2020: ATCO Electric Ltd., 2021 Annual Performance-Based Regulation Rate Adjustment, Proceeding 25864, December 18, 2020.

<sup>49</sup> Decision 24805-D01-2020, paragraphs 44-46; Decision 24817-D01-2020, paragraphs 119-121.

<sup>50</sup> Exhibit 25863-X0001, application, paragraph 41.

<sup>51</sup> Exhibit 25863-X0001, application, paragraphs 41-42; Exhibit 25863-X0007, Appendix E - IT Common Matters Compliance Carrying Costs Re-Calculation.

<sup>52</sup> Exhibit 25863-X0001, application, paragraph 41.

Commission determined that WACC, not Rule 023, should be used to calculate carrying costs on the refunds in respect of the IT common matters adjustments.

64. In reply argument, ATCO Gas supported its approach, reiterating that it better aligns with the calculation of revenue requirement. Further, it argued its proposed approach in this proceeding was not contemplated in the ATCO transmission utilities proceedings.<sup>53</sup>

65. ATCO Gas noted that as per Decision 2012-237,<sup>54</sup> the effects of regulatory decisions may be included as Y factor adjustments in the annual PBR rate adjustment filings with carrying charges calculated in accordance with the Rule 023 requirements. ATCO Gas pointed out the Commission has previously approved the application of Rule 023 for carrying costs related to refunds and collections associated with true-up proceedings included as Y factor adjustments, for such items as capital tracker true-ups and K-bar true-ups.<sup>55</sup>

66. In response to a Commission IR, ATCO Gas provided alternative rate schedules showing the rate impact of applying WACC to calculate the carrying charges for both the capital and O&M refund amounts resulting in a refund of \$0.31 million and \$0.26 million for ATCO Gas North and ATCO Gas South, respectively. In response to a Commission IR, ATCO Gas provided alternative rate schedules showing the rate impact of applying WACC to calculate the carrying charges for both the capital and O&M refund amounts, resulting in a refund of \$0.31 million and \$0.26 million for ATCO Gas North and ATCO Gas South, respectively.<sup>56</sup>

### Commission findings

67. While paragraph 983 of Decision 2012-237 sets out the general rule for calculating carrying costs on Y factor amounts, in Decision 21981-D01-2016,<sup>57</sup> the Commission considered and ruled on a similar IT carrying cost issue. In that decision, the Commission referenced a specific direction in Decision 3378-D01-2016<sup>58</sup> with respect to the carrying costs related to the Evergreen IT costs adjustments, and similarly directed ATCO Gas to use WACC for both the O&M and capital amounts<sup>59</sup> due to the same unique circumstances surrounding the Evergreen IT costs and the IT common matters costs. In Decision 21981-D01-2016, the Commission stated “(t)he Commission is satisfied that in these specific circumstances, the ATCO Utilities’ use of WACC to calculate the carrying charges is acceptable ... (emphasis added).”<sup>60</sup>

68. The Commission is not persuaded by ATCO Gas’s argument that WACC should be used for capital, and Rule 023 for O&M. The IT common matters refunds resulted from both O&M and capital; consequently, the use of WACC on both capital and O&M amounts to determine carrying costs would not be unreasonable in the circumstances. Further, in decisions 24817-D01-2020 and 24805-D01-2020, the ATCO transmission utilities were directed to recalculate the

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<sup>53</sup> Exhibit 25863-X0054, ATCO Gas reply argument, paragraphs 38-39.

<sup>54</sup> Decision 2012-237, paragraphs 672 and 983.

<sup>55</sup> Exhibit 25863-X0054, ATCO Gas reply argument, paragraphs 41-42.

<sup>56</sup> Exhibit 25863-X0060, AG-AUC-2020NOV26-001a, Attachment 1, Schedule 12.

<sup>57</sup> Decision 21981-D01-2016: ATCO Gas, a division of ATCO Gas and Pipelines Ltd., 2017 Annual Performance-Based Rate Adjustment Filing, Proceeding 21981, December 21, 2016.

<sup>58</sup> Decision 3378-D01-2016: ATCO Utilities (ATCO Gas, ATCO Pipelines and ATCO Electric Ltd.), Evergreen II Application Compliance Filing to Decision 2014-169 (Errata), proceeding 3378, March 4, 2016, paragraph 163.

<sup>59</sup> Decision 21981-D01-2016, Section 3.2.2.

<sup>60</sup> Decision 21981-D01-2016, paragraph 46.



carrying costs using WACC rather than applying Rule 023, for both the capital and O&M refunds.

69. Accordingly, the Commission does not see a compelling reason to change the directions from previous decisions. Therefore, the Commission directs ATCO Gas to reflect carrying costs on IT common matters refunds using WACC for both the capital and O&M refunds in the filing of post-disposition documents directed in Section 5.

### **6.3 Depreciation study implementation**

70. On February 20, 2020, the Commission issued Decision 24188-D02-2020<sup>61</sup> approving ATCO Gas's 2018 depreciation application. In that decision, the Commission directed ATCO Gas in its 2021 annual PBR rate adjustment filing to incorporate the depreciation rates reflective of the finding, conclusions and directions in the decision, including applicable revised schedules of depreciation parameters and rates.<sup>62</sup> To comply with the directions, ATCO Gas included revised schedules of depreciation parameters and rates resulting from Decision 24188-D02-2020 in Appendix N, including updated schedules for determining net annual depreciation expense and amortization of reserve differences. ATCO Gas has also updated its 2018-2022 interim K-bar amounts to reflect the impact of the updated depreciation parameters.<sup>63</sup>

71. ATCO Gas noted that an increase in customer bills of greater than 10 per cent occurs as a result of implementing the approved depreciation parameters in the calculation of the 2018-2020 interim K-bar. In order to mitigate these expected bill increases, ATCO Gas proposed to collect the incremental 2018 and 2019 K-bar amounts, net of Rider S,<sup>64</sup> in 2021 and defer the collection of the incremental 2020 K-bar amount, net of Rider S, to 2022.

### **Commission findings**

72. The Commission has reviewed Appendix N and the updated K-bar schedules provided by ATCO Gas and is satisfied that ATCO Gas has correctly incorporated the updated depreciation parameters approved in Decision 24188-D02-2020. As a result the Commission approves ATCO Gas's updated depreciation parameters on a final basis and finds that ATCO Gas has complied with directions from Decision 24188-D02-2020.

73. With respect to ATCO Gas's proposal to mitigate rate shock by deferring the collection of the 2020 depreciation impacts, the Commission considers this proposal to be moot due to the approval in Decision 26170-D01-2020 of the interim rate order to maintain ATCO Gas's current distribution rates in place, effective January 1, 2021. Accordingly, in the filing of post-disposition documents, ATCO Gas is directed to recalculate its 2021 PBR rates to reflect the implementation of the approved depreciation parameters, net of Rider S, in 2021. As noted earlier in this decision, the Commission will assess the impact of implementing the 2021 PBR rates (including the impact of the approved depreciation parameters) in a future proceeding

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<sup>61</sup> Decision 24188-D02-2020: ATCO Gas and Pipelines Ltd. 2018 Depreciation Application, Proceeding 24188, February 20, 2020.

<sup>62</sup> Decision 24188-D02-2020, paragraphs 3-4 and 14.

<sup>63</sup> Exhibit 25863-X0001, application, paragraphs 110-111.

<sup>64</sup> Rider S was approved in Decision 24188-D01-2020: ATCO Gas, a division of ATCO Gas and Pipelines Ltd., 2019 Rate Rider S, Proceeding 24188, July 25, 2019. ATCO Gas was approved to collect 25 per cent of the estimated 2018-2020 depreciation expense shortfall related to its 2018 depreciation study.

dealing with the implementation of rates and disposition of ATCO Gas's rate freeze deferral account.

#### **6.4 Terms and conditions of service**

74. In response to Direction 3 of Decision 24880-D01-2019,<sup>65</sup> in its application, ATCO Gas included a stand-alone Schedule of Non-Discretionary Charges and updated customer and retailer T&Cs to reflect the removal of this schedule and to reflect that, in addition to providing written acceptance for contracts, customers may provide acceptance through electronic transactions. These changes appear in sections 4.2.1(b) and 4.4(f) of the customer T&Cs and Note 2 on page 2 of the proposed Schedule of Non-Discretionary Charges.<sup>66</sup>

75. ATCO Gas also amended adjusted its non-discretionary charges by the 2021 I-X index.<sup>67</sup>

#### **Commission findings**

76. The Commission has reviewed ATCO Gas's Schedule of Non-Discretionary Charges provided in Appendix H of its application and finds the proposed increases to be consistent with the methodology approved in Decision 20414-D01-2016 (Errata).<sup>68</sup> The Commission finds that ATCO Gas has complied with Direction 3 from Decision 24880-D01-2019 as it provided a stand-alone Schedule of Non-Discretionary Charges. The Commission has reviewed the proposed minor updates to the customer and retailer T&Cs and finds them to be reasonable and administrative in nature because they clarify the means (written or electronic) by which a customer may execute a contract. Accordingly, the Commission approves ATCO Gas's Schedule of Non-Discretionary Charges, and its customer and retailer T&Cs as set out in Appendix 6, Appendix 4 and Appendix 5 to this decision, respectively, effective January 1, 2021, on a final basis.

#### **6.5 Financial reporting requirements and senior officer attestation**

77. In Decision 20414-D01-2016 (Errata), the Commission adopted the requirement from Decision 2012-237 that each distribution utility be required to provide the following financial information in its annual PBR rate adjustment filing:

- (a) a copy of its Rule 005 filing;
- (b) a schedule showing disallowed costs, excluded from a distribution utility's ROE; and
- (c) attestations and certifications signed by a senior officer of the distribution utility.<sup>69</sup>

78. The Commission provided a detailed summary or description of each of the above requirements in Section 4.6 of Decision 23355-D02-2018.<sup>70</sup>

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<sup>65</sup> Decision 24880-D01-2019, paragraph 78.

<sup>66</sup> Exhibit 25863-X0001, application, paragraphs 87-88.

<sup>67</sup> Exhibit 25863-X0011, Appendix H: Calculation of Non-Discretionary Charges.

<sup>68</sup> Decision 20414-D01-2016 (Errata), Appendix 5, Section 6, Maximum investment levels, PDF page 100.

<sup>69</sup> Decision 20414-D01-2016 (Errata), Appendix 5, Section 10, Financial reporting requirements, PDF pages 101-102.

<sup>70</sup> Decision 23355-D02-2018: Rebasement for the 2018-2022 Performance-Based Regulation Plans for Alberta Electric and Gas Distribution Utilities, Second Compliance Proceeding, Proceeding 23355, October 10, 2018, paragraphs 71-74.

79. ATCO Gas provided the required financial information: a copy of its 2019 Rule 005 filing,<sup>71</sup> a schedule showing disallowed costs,<sup>72</sup> and attestations and certifications signed by a senior officer.<sup>73</sup>

### **Commission findings**

80. The Commission has reviewed the financial information provided by ATCO Gas and is satisfied that it has complied with the financial reporting requirements set out in Decision 20414-D01-2016 (Errata).

### **6.6 Finalizing the going-in rates and associated 2018 capital factors**

81. As set out in Decision 20414-D01-2016 (Errata), the Commission set the going-in rates for the 2018-2022 PBR plans on the basis of a notional 2017 revenue requirement that was calculated using the actual pre-2017 costs, adjusted as required for anomalies.<sup>74</sup> However, the resulting going-in rates and associated 2018 capital factors (K-bar and K factors) were interim because they contained certain items that were either placeholders or subject to review and variance proceedings. In ATCO Gas's case, the most notable items that required finalization were the proposed anomaly adjustments, 2017 actual capital tracker amounts and IT common matters placeholders.

82. As detailed in Section 4.2 of this decision, the Commission approves ATCO Gas's 2017 capital tracker actual K factor amount. In Section 6.1 of this decision the Commission approves ATCO Gas's IT common matters refunds on a final basis. On November 3, 2020, the Commission issued Decision 25422-D01-2020,<sup>75</sup> concluding that no additional adjustments were required to account for anomalies for the purposes of calculating ATCO Gas's going-in rates.

83. On November 19, 2020, the Commission issued a letter on the record of this proceeding, notifying ATCO Gas of its intention to finalize the going-in rates and 2018 capital factors, as all outstanding proceedings and placeholders previously limiting the company's ability to finalize these rates have now been resolved.<sup>76</sup> In response, ATCO Gas confirmed that the schedules filed as part of the present 2021 PBR rate adjustment application include all adjustments necessary for the purposes of finalizing its going-in rates and associated 2018 capital factors in accordance with Decision 20414-D01-2016 (Errata) and all subsequent decisions and directions impacting these calculations.<sup>77</sup>

### **Commission findings**

84. The Commission has reviewed ATCO Gas's notional 2017 revenue requirement and 2018 capital factor schedules, and is satisfied all adjustments have been calculated correctly and are generally in alignment with the Commission's directions in Decision 20414-D01-2016 (Errata) and all subsequent decisions and directions impacting these calculations. Therefore, the

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<sup>71</sup> Exhibit 25863-X0018, Appendix J, ATCO Gas 2019 Rule 005 Annual Filing.

<sup>72</sup> Exhibit 25683-X0020, Appendix K: Reconciliation of Financial and Utility Returns and Summary of Non-Utility Costs.

<sup>73</sup> Exhibit 25863-X0001, application, Appendix O, PDF pages 50-51.

<sup>74</sup> Decision 20414-D01-2016 (Errata), paragraph 46.

<sup>75</sup> Decision 25422-D01-2020: Anomaly Adjustment Applications in Rebasing the 2018-2022 Performance-Based Regulation Plans for Alberta Electric and Gas Distribution Utilities, Proceeding 25422, November 3, 2020.

<sup>76</sup> Exhibit 25863-X0055, AUC letter - Finalizing the going-in rates and associated 2018 capital factors.

<sup>77</sup> Exhibit 25863-X0056, ATCO Gas response to AUC letter dated Nov. 19 2020.

Commission approves ATCO Gas's 2018 going-in rates and 2018 capital factor, K-bar, provided in this proceeding, as final, subject to the filing of post-disposition documents reflecting adjustments related to the IT common matters refunds (as directed in Section 6.1).

## 7 Order

85. It is hereby ordered that:

- (1) The calculation of 2021 distribution rates for ATCO Gas North and ATCO Gas South is approved, subject to filing the rate schedules reflecting the findings in this decision. These rates will not be charged to customers until otherwise ordered by the Commission as a result of the distribution rate freeze approved in Decision 26170-D01-2020.
- (2) ATCO Gas's customer and retailer terms and conditions of electric distribution service, and the Schedule of Non-Discretionary Charges, as set out in appendixes 4, 5 and 6, respectively, are approved effective January 1, 2021.

Dated on December 18, 2020.

### **Alberta Utilities Commission**

*(original signed by)*

Carolyn Dahl Rees  
Chair

**Appendix 1 – Proceeding participants**

|  |
|--|
| <b>Name of organization (abbreviation)<br/>Company name of counsel or representative</b> |
| ATCO Gas<br>Bennett Jones LLP  |
| The City of Calgary (Calgary)<br>McLennan Ross Barristers & Solicitors                   |
| Consumers' Coalition of Alberta (CCA)  |
| Office of the Utilities Consumer Advocate (UCA)  |

|   |
|---|
| <p>Alberta Utilities Commission</p> <p>Commission panel<br/>C. Dahl Rees, Chair</p> <p>Commission staff<br/>N. Sawkiw (Commission counsel)<br/>A. Spurrell<br/>E. Derybina<br/>B. Edwards<br/>A. Jukov<br/>D. Fedoretz<br/>A. Corsi<br/>P. Howard</p> |
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## 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 also approves the calculation of ATCO Gas’s 2021 PBR distribution rates and directs ATCO Gas to file an updated notional 2017 revenue requirement schedule, updated K-bar schedules, and a complete set of rate and price schedules reflecting the findings in this decision, as post-disposition documents in this proceeding by January 21, 2021. .... paragraph 2
2. In accordance with a past Commission direction, ATCO Gas should use the unrevised actual index values filed in this proceeding as the basis for next year’s inflation factor calculations. These values are provided in Appendix 3 to this decision. As well, to facilitate the review of the underlying Statistics Canada indexes, the Commission directs ATCO Gas to provide dated screenshots of the CANSIM tables used in determining its I factor in future PBR annual rate adjustment filings. .... paragraph 18
3. The Commission has reviewed ATCO Gas’s calculation of its 2021 Q and finds it to be properly calculated and consistent with the approved methodology. Accordingly, the Commission approves ATCO Gas’s 2021 Q of 0.62 per cent for ATCO Gas North and 0.99 per cent for ATCO Gas South. The Commission directs ATCO Gas to continue providing Q value calculations in its future annual PBR rate adjustment filings. .... paragraph 26
4. The Commission considers that variances from forecasts resulting from circumstances such as those described by ATCO Gas for 2019 may reasonably be expected. Such occurrences do not generally call into question the predictive value of the methodology used to generate such forecasts and ATCO Gas is directed to continue to provide information on any variances from forecast to actual billing determinants by rate class and to identify the cause of variances larger than  $\pm$  five per cent on an annual basis. .... paragraph 36
5. For the reasons set out above, the Commission approves ATCO Gas’s calculations of its 2021 PBR rates, subject to incorporating the following adjustments directed in this decision: (i) recalculate the IT common matters refunds (as set out in Section 6.1); (ii) use revised carrying charges on IT common matters refunds (as set out in Section 6.2); and remove the proposed rate mitigation measure related to depreciation (as set out in Section 6.3). The Commission directs ATCO Gas to file 2021 PBR rate schedules reflecting the findings in this decision as a post-disposition documentation in this proceeding, by January 21, 2021. However, as a result of Decision 26170-D01-2020, these rates will not be charged to customers effective January 1, 2021. .... paragraph 50
6. Accordingly, the Commission does not see a compelling reason to change the directions from previous decisions. Therefore, the Commission directs ATCO Gas to reflect carrying costs on IT common matters refunds using WACC for both the capital and O&M refunds in the filing of post-disposition documents directed in Section 5. .... paragraph 69
7. With respect to ATCO Gas’s proposal to mitigate rate shock by deferring the collection of the 2020 depreciation impacts, the Commission considers this proposal to be moot due

to the approval in Decision 26170-D01-2020 of the interim rate order to maintain ATCO Gas’s current distribution rates in place, effective January 1, 2021. Accordingly, in the filing of post-disposition documents, ATCO Gas is directed to recalculate its 2021 PBR rates to reflect the implementation of the approved depreciation parameters, net of Rider S, in 2021. As noted earlier in this decision, the Commission will assess the impact of implementing the 2021 PBR rates (including the impact of the approved depreciation parameters) in a future proceeding dealing with the implementation of rates and disposition of ATCO Gas’s rate freeze deferral account. .... paragraph 73

### Appendix 3 – Inflation indexes used in the 2020 I factor calculation

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| Date           | Alberta CPI<br>v41692327<br>(2002=100) | Alberta AWE<br>v79311387<br>\$ | Average<br>July to June |              | Year over year<br>% change |             | 2021<br>I factor<br>% |
|----------------|--|--------------------------------|-------------------------|--------------|----------------------------|-------------|-----------------------|
|                |  |                                | AB CPI<br>(2002=100)    | AB AWE<br>\$ | AB CPI<br>%                | AB AWE<br>% |                       |
| July 2018      | 141.80                                 | 1149.77                        |                         |              |                            |             |                       |
| August 2018    | 141.60                                 | 1159.73                        |                         |              |                            |             |                       |
| September 2018 | 141.10                                 | 1139.33                        |                         |              |                            |             |                       |
| October 2018   | 141.40                                 | 1142.15                        |                         |              |                            |             |                       |
| November 2018  | 140.70                                 | 1149.74                        |                         |              |                            |             |                       |
| December 2018  | 140.50                                 | 1141.83                        |                         |              |                            |             |                       |
| January 2019   | 140.50                                 | 1147.69                        |                         |              |                            |             |                       |
| February 2019  | 142.00                                 | 1141.15                        |                         |              |                            |             |                       |
| March 2019     | 143.10                                 | 1155.88                        |                         |              |                            |             |                       |
| April 2019     | 143.70                                 | 1143.80                        |                         |              |                            |             |                       |
| May 2019       | 144.00                                 | 1183.43                        |                         |              |                            |             |                       |
| June 2019      | 142.70                                 | 1169.85                        | 141.93                  | 1152.03      |                            |             |                       |
| July 2019      | 143.60                                 | 1161.51                        |                         |              |                            |             |                       |
| August 2019    | 143.40                                 | 1166.27                        |                         |              |                            |             |                       |
| September 2019 | 142.90                                 | 1174.41                        |                         |              |                            |             |                       |
| October 2019   | 143.60                                 | 1192.13                        |                         |              |                            |             |                       |
| November 2019  | 143.60                                 | 1171.31                        |                         |              |                            |             |                       |
| December 2019  | 143.70                                 | 1171.78                        |                         |              |                            |             |                       |
| January 2020   | 144.70                                 | 1187.29                        |                         |              |                            |             |                       |
| February 2020  | 145.50                                 | 1179.61                        |                         |              |                            |             |                       |
| March 2020     | 144.10                                 | 1169.04                        |                         |              |                            |             |                       |
| April 2020     | 143.00                                 | 1243.85                        |                         |              |                            |             |                       |
| May 2020       | 144.10                                 | 1250.08                        |                         |              |                            |             |                       |
| June 2020      | 145.00                                 | 1205.07                        | 143.93                  | 1189.36      | 1.41                       | 3.24        | <b>2.42</b>           |

Source: Statistics Canada website (<http://www.statcan.gc.ca>) accessed on August 27, 2020.



## Appendix 4 – 2021 customer terms and conditions

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Appendix 4 - 2021  
customer terms and  
(consists of 44 pages)

## Appendix 5 – 2021 retailer terms and conditions

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



Appendix 5 - 2021  
retailer terms and cc

(consists of 71 pages)

## Appendix 6 – Schedule of Non-Discretionary Charges

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Appendix 6 -  
Schedule of Non-Di:  
(consists of 2 pages)



**CUSTOMER TERMS AND CONDITIONS  
FOR  
GAS DISTRIBUTION SERVICE**

**AUC Decision: 25863-D01-2020**

**Effective: January 1, 2021**



Effective: January 1, 2021  
 Previously Effective: January 1, 2020

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## ARTICLE 1 – PREAMBLE

In accordance with the provisions of the Gas Utilities Act (“GUA”) and the Regulations made there under (“Regulations”), ATCO Gas an operating division of ATCO Gas & Pipelines Ltd. (“ATCO Gas”) in its role as a pipe owner will carry out the functions necessary to furnish natural gas facilities to Customers in its service area to enable Customers to purchase natural gas for that person's own use from a Retailer or Default Supply Provider (“DSP”). These Terms and Conditions are intended to govern the relationship between ATCO Gas and Customer(s) that require a Service Connection to the Company's Gas Pipeline System. These Terms and Conditions will also govern the relationship between ATCO Gas and Retailer(s), DSP's or any other person whom the Customer has assigned to act on its behalf in its dealings with ATCO Gas, regarding the provision of Gas Distribution Service on its Gas Pipeline System.

These Terms and Conditions serve as a companion to the Retailer Terms and Conditions for Gas Distribution Service which are intended to enable Retailers/DSP's to acquire access to the Company's Gas Pipeline System for the purposes of allowing them to sell natural gas directly to Customers. A Customer may also act as a Self-Retailer by carrying out Retailer functions to obtain Gas Services solely for its own use.

The service provided by ATCO Gas hereunder is regulated by the Alberta Utilities Commission (“AUC”) and parties having any inquiries or complaints regarding these Terms and Conditions may direct such inquiries or complaints directly to ATCO Gas or to the AUC. These Terms and Conditions have been approved by the AUC.





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## ARTICLE 2 – DEFINITIONS AND INTERPRETATION

### 2.1 Definitions

The following words and phrases, whenever used in these Terms and Conditions, the Company's Natural Gas Rate Schedules or an application, contract or agreement for service, shall have the meanings set forth below:

"Act" means the *Gas Utilities Act*, R.S.A. 2000, c.G-5, as amended from time to time;

"Agent" means a person who performs functions on behalf of a Self-Retailer, Retailer, or DSP including, but not limited to, retailer transactions with the Company;

"AUC" means the Alberta Utilities Commission established under the *Alberta Utilities Commission Act*, S.A 2007. c. A-37.2, as amended from time to time;

"Automated Meter Reading Device" means a device attached to the meter used to collect meter readings from the meter. No customer information is collected through this device.

"Business Day" is any day other than Saturday, Sunday or a holiday as defined in the *Interpretation Act*, R.S.A. 2000, c.I-8; as amended from time to time;

"Company" means ATCO Gas, an operating division of ATCO Gas and Pipelines Ltd. or its successor;

"Connected Load" means the sum of the capacities or ratings of the Energy consuming apparatus connected to a supplying system or any part of such system;

"Custom Service" means Gas Distribution Service that is not Standard Service;

"Customer" means a person, firm, partnership, corporation, organization or association (including, without limitation, individual members of any unincorporated entity) who



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consumes Gas in end-use at its location and is connected to the Company Gas Pipeline System;

*"Customer Contribution"* means the amount that the Customer must pay to the Company to install the Specific Facilities and/or Gas Pipeline Systems necessary to provide a Service Connection to the Customer;

*"Customer Information"* means the data specified in the Natural Gas Settlement System Code and includes without limitation Site Customer name, Site Customer telephone number, Site Customer mailing address, Site Contact name, Site Contact phone number and other safety related information required to provide safe Gas Distribution Service to Customers;

*"Customer Usage Information"* means information regarding the historical natural gas consumption as specified in Article 4.8.3 for Site Customers or AUC Rule 10 for Retailers/DSP

*"Default Supply Provider"* or "DSP" means a Gas Distributor or a person authorized by a Gas Distributor who provides Gas Services to Customers under rates, tolls or charges fixed by the AUC and terms or conditions fixed by the AUC;

*"Distribution Access Service"* means the service required to transport Gas to Customer(s) by means of a Gas distribution system. This service enables a Customer to obtain Gas supply service through Self-Retailing, from a Retailer or the DSP and is governed by the Retailer Terms and Conditions for Gas Distribution Service;

*"Energy"* means natural gas energy (expressed in joules or sub-multiples or multiples thereof);

*"Force Majeure"* means circumstances not reasonably within the control of the Company, including acts of God, strikes, lockouts or other industrial disturbances, acts of the public enemy, wars, blockades, insurrections, riots, pandemics, epidemics, landslides, lightning,



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earthquakes, fires, storms, floods, high water, washouts, inclement weather, orders or acts of civil or military authorities, civil disturbances, explosions, breakdown or accident to equipment, mechanical breakdowns, temporary failures of gas supply, the intervention of federal, provincial, state or local government or from any of their agencies or AUC, excluding decisions and/or orders made by the AUC in the normal course of it exercising its authority to establish the revenue requirement of the parties to this agreement, the order or direction of any court, and any other cause, whether of the kind herein enumerated or otherwise;

"Gas" means all natural gas both before and after it has been subjected to any treatment or process by absorption, purification, scrubbing or otherwise, and includes all fluid hydrocarbons;

"Gas Distributor" means the owner, operator, manager or lessee of a gas distribution system as defined in the Act;

"Gas Distribution Service" means the service required to transport Gas to Customer(s) by means of a Gas Pipeline System and includes any services the Gas Distributor is required to provide by the AUC or is required to provide under the Act or Regulations made thereunder;

"Gas Distribution Tariff" means the rates, tolls or charges fixed by the AUC and the terms and conditions fixed by the AUC, for Gas Distribution Service;

"Gas Pipeline System" means all those facilities owned or used by Company in the receipt, delivery, transportation, measurement and testing of Gas, (including, without limitation, transmission and distribution lines, regulators, meters, equipment and machinery);

"Gas Services" as defined in the Act means:

- (i) the Gas that is provided and delivered, and
- (ii) the services associated with the provision and delivery of the Gas, including:



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- (A) arranging for the exchange or purchase of the Gas,
  - (B) making financial arrangements to manage the financial risk associated with the price of Gas,
  - (C) arranging for Gas Distribution Service,
  - (D) arranging for delivery of Gas to the gas distributor's specified Point(s) of Receipt,
  - (E) storage,
  - (F) billing, collection and responding to customer billing inquiries,
  - (G) maintaining information systems, and
  - (H) any other services specified by the Minister by order as Gas Services;

*"Load"* means the amount of natural Gas delivered or required to be delivered at any specific point or points in the Gas Pipeline System;

*"Lots"* means two or more contiguous lots or parcels of land;

*"Multiple Dwelling"* means a residential dwelling unit in a building containing more than one residential dwelling unit, all of which share common services or facilities;

*"Municipality"* means a city, town, village, summer village, municipal district or specialized municipality, a town under the *Park Towns Act, R.S.A. 2000, c.P-2*, or a municipality formed by special Act, and includes a Metis Settlement;

*"Natural Gas Service Agreement"* means an agreement for the provision of a Service Connection pursuant to these Terms and Conditions, made between the Company and a Customer;

*"Point of Delivery"*, for service by the Company to the Customer, means, unless otherwise specified in a Natural Gas Service Agreement, the outlet side of a meter;



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*"R3 Regulation"* means the *Roles, Relationships and Responsibilities Regulation, A.R. 186/2003*, as amended from time to time;

*"Rate Schedule"* means a natural gas rate schedule prepared by the Company and approved by the AUC, as amended from time to time;

*"Retailer"* means a person who sells or provides retail Gas Services directly to Customers and who is entitled to enroll Customers for Distribution Access Service under the Company's Retailer Terms and Conditions for Gas Distribution Service and includes Self-Retailers;

*"Retailer Guide"* means the guide prepared by the Company which describes the business processes for the transactions between the Company and the Retailer/DSP in relation to the provision of service under the Retailer Terms and Conditions for Gas Distribution Service;

*"Self-Retailer"* means a person carrying out Retailer functions to obtain Gas solely for its own use;

*"Service Connection (Service Line or Extension of Service)"* means the Specific Facilities required to physically connect the Customer's facilities to the Company's Gas Pipeline System to permit the Customer to obtain Gas Distribution Service;

*"Service Line"* means the section of the Gas Pipeline System from the boundary of the Customer's property which abuts the street or right of way in which the Company's distribution main is or will be situated to the meter on the Customer's premise;

*"Single Family Dwelling"* means a private residence provided with sleeping and cooking facilities intended for domestic use and in which the occupants live as a single housekeeping unit that is not part of a Multiple Dwelling;



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"Site" means a unique end-use Point of Delivery, being the finest level at which settlement recognizes Retailer and DSP assignments, and receives consumption data;

"Site ID" means a unique identification number assigned by the Company for each unique end-use Point of Delivery;

"Specific Facilities" means those facilities installed by the Company for the benefit of a particular Customer/Retailer/DSP which are connected to the Gas Pipeline System and are required to transport Gas.

"Standard Delivery Pressure" is 1.72 kPa

"Standard Service" is Gas Distribution Service whereby:

- (i) the Gas is delivered to the Customer at Standard Delivery Pressure, or at the Company's sole discretion, the prevailing operating pressure in the Gas Pipeline System at the Customer Site but with no guarantee of pressure greater than Standard Delivery Pressure,
- (ii) no additional Specific Facilities are required beyond those that would otherwise be required to accommodate the Customer Load at Standard Delivery Pressure, with the exception of the equipment described in Article 8.8, and
- (iii) annual consumption is less than 500,000 GJ.

## 2.2 Conflicts

- (a) If there is any conflict between a provision expressly set out in an Order of the AUC and these Terms and Conditions, the Order of the AUC shall govern.
- (b) If there is any conflict between a provision expressly set out in these Terms and Conditions, as may be amended from time to time, and a Natural Gas Service Agreement, the express provision of these Terms and Conditions shall govern, as of their effective date.



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### **2.3 Headings**

The division of these Terms and Conditions into Articles, subsections and other subdivisions and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of these Terms and Conditions.

### **2.4 Schedules and Appendices**

The following schedules and appendices form part of these Terms and Conditions:

- Schedule D – Custom Service Letter Agreement (attached to this document)
- Schedule of Non-Discretionary Charges (available at [atco.com](http://atco.com))

## **ARTICLE 3 – GENERAL PROVISIONS**

### **3.1 AUC Approval**

These Terms and Conditions have been approved by the AUC. The Company may amend these Terms and Conditions by filing a notice of amendment with the AUC. Included in the notice of amendment to the AUC shall be notification of which Customer groups are affected by the amendment and an explanation of how affected Customers will be notified of the amendment. Any amendment to the Terms and Conditions will take effect 60 days after such notice is filed, unless the AUC otherwise directs.

### **3.2 Gas Distribution Tariff**

The Gas Distribution Tariff is available for public inspection during normal business hours at the business offices of the Company and at the offices of the AUC and can be accessed at the Company's website at: [atco.com](http://atco.com). These Terms and Conditions form part of the Gas Distribution Tariff.



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### 3.3 Effective Date

These Terms and Conditions come into force as per the Effective Date shown on the cover page. Whenever the Company files a notice of amendment to these Terms and Conditions, or when the AUC approves an amendment to these Terms and Conditions, revisions will be issued, with the effective date of the amendments indicated thereon.

### 3.4 Application of Terms and Conditions

- (a) These Terms and Conditions, as amended from time to time, apply to the Company and to every Customer to which the Company provides a Service Connection. These Terms and Conditions also govern the relationship between the Company and Retailer/DSP, Agent or any other person whom the Customer has assigned to act on its behalf in its dealings with the Company regarding the provision of Gas Services on its Gas Pipeline System.
- (b) The application for a Service Connection, the entering into a Natural Gas Service Agreement, the use by the Customer of a Service Connection to obtain Gas Services or the payment by the Customer of an account rendered by the Company in relation to a Service Connection shall constitute acceptance by the Customer of these Terms and Conditions whether or not the Customer has signed an application or contract for service.
- (c) No agreement can provide for the waiver or alteration of any part of these Terms and Conditions unless such agreement is first filed with and approved by the AUC.

### 3.5 Ownership of Facilities

- (a) The Company remains the owner of all segments of the Gas Pipeline System and Specific Facilities necessary to provide a Service Connection to the Customer, unless an agreement between the Company and Customer specifically provides otherwise.





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- (b) Payment made by Customers for costs incurred by the Company in installing any segment of the Gas Pipeline System and Specific Facilities does not entitle Customers to ownership of any such segment of the Gas Pipeline System and Specific Facilities or any intellectual property, engineering, design, or other information or data, or any other rights relating to or in respect to such Facilities unless an agreement between the Company and the Customer specifically provides otherwise.

### **3.6 Fees and Other Charges**

The Company will provide all standard service and custom service hereunder pursuant to the Gas Distribution Tariff. All additional, supplementary or extra non-discretionary services provided by the Company to a Customer will be charged a separate rate or fee, such as those included, without limitation, in the Schedule of Non-Discretionary Charges and Schedule D. Payment for these services shall be in accordance with the provisions of these Terms and Conditions.

## **ARTICLE 4 – ESTABLISHMENT OF SERVICE**

### **4.1 Application for Service Connection**

- (a) To enable the Company to provide the requested Gas Distribution Service, applicants for service shall supply information regarding the location of the premises to be served; the Customer's Connected Load and preferred supply conditions; the manner in which the Service Connection will be utilized; prepayment; and, any other information that may be required by the Company.
- (b) Upon receipt of the required information, the Company will advise the applicant of the type and character of the Service Connection it will furnish to the Customer, and any special conditions that must be satisfied.



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## 4.2 Method of Application

### 4.2.1 *Form and Acceptance of Application*

- (a) All Customers must be of legal age to contract for service with the Company. The Company reserves the right to verify the identity of the Customer and the accuracy of the information provided and to require the Customer to execute an application in the form provided by the Company. If a Customer is not of legal age, a person of legal age may be required to accept responsibility for the Gas Distribution Service on the Customer's behalf.
- (b) For commercial and industrial Customers, written or electronic acceptance specifying the Customer has agreed to these Terms and Conditions must be received by the Company before construction of the Service Connection will proceed.

### 4.2.2 *Application by Retailer/DSP or Other Person*

A Retailer/DSP or any other person acting as an Agent of a Customer may apply for a Service Connection on behalf of the Customer. The Retailer/DSP or Agent must provide the Company, in a form acceptable to the Company, verifiable authorization from the Customer to make the application.

## 4.3 Payment for Service Connection

- (a) Customers applying for Service Connections are required to prepay the charge / estimate.
- (b) The Customer will be required to pay the complete cost upon completion of the work, including where prepayment was based on an estimate.
- (c) Customers owing money to the Company will be required to make full payment of all outstanding balances plus meet the conditions of (a) and (b) above.



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#### 4.4 Rejection of Application

The Company may, without limitation, reject any applicant's request for a Service Connection:

- (a) when the Customer does not have currently in force all permits or other authorizations that may be required for the installation of the Service Connection as defined in section 4.6; or
- (b) when the Company determines that a previous account held by the Customer is in arrears with the Company; or
- (c) when the Customer fails to provide a payment as specified in Article 4.3; or
- (d) when the Company determines that the form of the Natural Gas Service Agreement is not appropriate for the Service Connection due to its unique nature and the Customer refuses to enter into an alternate form of agreement acceptable to the Company; or
- (e) when any representation made by the applicant or the Customer to the Company for the purpose of obtaining a Service Connection is, in the Company's opinion, fraudulent, untruthful or misleading; or
- (f) when the Customer has not, when requested by the Company to do so, provided an executed written or electronic application for a Service Connection or a signed Natural Gas Service Agreement; or
- (g) when the proposed Loads, in the Company's opinion, have unusual characteristics that might adversely affect the quality of service supplied to other Customers, the public safety, or the safety of the Company's personnel or the Company's Gas Pipeline System or equipment; or



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- (h) for any other reason rejection of the application is deemed necessary by the Company.

#### 4.5 Natural Gas Service Agreement

- (a) A Customer may be required by the Company to sign a Natural Gas Service Agreement in respect of a Service Connection. The Natural Gas Service Agreement shall be signed by the Customer and not by its Agent.
- (b) In the absence of a signed Natural Gas Service Agreement, the supplying of a Service Connection by the Company and the acceptance thereof by the Customer shall be deemed to constitute an agreement by and between the Company and the Customer for delivery, receipt and payment for Gas Distribution Service under the Company's applicable Rate Schedules and Terms and Conditions.
- (c) If any provision of the Customer's Natural Gas Service Agreement, or the application thereof, is to any extent held invalid or unenforceable, the remainder of its Natural Gas Service Agreement and the application thereof, other than those provisions which have been held invalid or unenforceable, shall not be affected and shall continue in full force and effect and shall be enforceable to the fullest extent permitted by law or in equity.
- (d) A contract for service is not assignable by the Customer without the prior written consent of the Company, which consent shall not be unreasonably or arbitrarily withheld.

#### 4.6 Approvals

The Customer for a new, altered or relocated Service Connection shall be responsible for obtaining all permits, certificates, licenses, inspections, reports, and other authorizations necessary for the installation and operation of the Service Connection. The Company shall not be required to commence or continue installation or operation of a Service



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Connection unless and until the Customer has complied with the requirements of all permits, certificates, licenses, inspections, reports and other authorizations, and all right-of-way agreements, and all Company requirements applicable to the installation and operation of the Service Connection.

#### **4.7 Temporary Service**

- (a) Where the Company reasonably believes that a requested service will be temporary, it may require the Customer requesting the service to pay the Company in advance of a Service Connection, the estimated cost of Specific Facilities plus the estimated cost of installation and removal of Specific Facilities necessary for the desired service, less the value of the salvaged material.
- (b) Where the duration of service is to be less than one month, the Customer may be required to advance a sum of money equal to the estimated bill for service.

#### **4.8 Information and Requirements for Service**

##### *4.8.1 Distribution Service Connections*

Upon request, the Company shall provide to the Customer, information on the method and manner of making Service Connections. Such information may include a description of the Service Connection available, the location of entrance facilities and metering equipment, and Customer and Company responsibilities for installation of Specific Facilities including Customer responsibility for Retailer/DSP enrollment prior to meter installation.

##### *4.8.2 Distribution Access Service*

For Customers requesting information on Distribution Access Service, the Company will:

- (a) make available notification and informational materials about competition and consumer choices;



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- (b) make available the Company's Retailer Terms and Conditions for Gas Distribution Service;
- (c) direct Customers to an external source where they may obtain information about customer choice. The Company is under no obligation to assure the accuracy of this information.

#### *4.8.3 Customer Usage Information*

- (a) The Company shall provide Customer Usage Information to a Customer upon request in relation to:
  - (1) the 12-month period preceding the date of the request, or
  - (2) for any shorter period for which the Company has collected that information for the requesting customer.
- (b) An Agent or consultant, acting on behalf of a Customer, may request Customer Usage Information by obtaining and submitting to the Company the authorization from the Customer in a form as set out in the Retailer Guide.
- (c) The Customer shall submit requests for Customer Usage Information by referencing the Site ID. All such requests shall be in writing and may be delivered via electronic mail (e-mail), facsimile (fax) or by standard mail.
- (d) The Company will normally process requests within five (5) Business Days of receiving notification from the Customer. If the Company determines that it cannot process the request within five (5) Business Days, the Company shall notify the Customer of the approximate delivery date.
- (e) The information referred to in section (a) above will be provided by the Company at no cost for requests made once per year per account. The



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Company will assess a charge for additional Customer Usage Information requests as set forth in the Schedule of Non-Discretionary Charges.

#### 4.9 Application of Rate Schedules

- (a) The Company will make Customers aware of the various Rate Schedules under which the Company provides service to different Customer rate classes. The Company will endeavor to apply the applicable Rate Schedule which is most favorable to the Customer, providing the Rate Schedule applies to the service requested by the Customer, the Customer is eligible for the requested service, and that application of the requested Rate Schedule does not have an adverse impact on other Customers of the Company. The Company shall not be required to refund the difference in charges under different Rate Schedules for any past period during which the Customer did not request service under an alternate Rate Schedule that may have been available to such Customer.
- (b) Various riders and options are also applicable to the Gas Distribution Service as specified in the Rate Schedule approved from time to time by the AUC.
- (c) Subject to the above, where the Customer's service requirements change so that some other Rate Schedule(s), riders and options may apply to the service, upon the receipt of a written request from the Customer, the Company will advise the Customer of its eligibility for service under the alternate Rate Schedule, and the Company will change the Customer's billing accordingly.
- (d) In each circumstance, the Company may perform an investment contribution calculation to determine whether any adjustments are required to the Customer's Contribution, as specified in Article 7, to recognize the different levels of company investment which apply to each Rate Schedule.
- (e) In addition to payments for Gas Distribution Service, the Customer (or Retailer/DSP) is required to pay the Company the amount of any tax or



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assessment levied by any tax authority on Gas Distribution Service provided to the Customer.

- (f) Should a dispute arise between the Company and a Customer with regards to the Customer's eligibility to switch rates, the Company will normally bring the dispute before the AUC for resolution. This does not preclude the Customer from bringing the same dispute before the AUC. Switching will not be allowed before the AUC renders a decision.

## **ARTICLE 5 – SERVICE REQUIREMENTS AND FACILITIES**

After the Customer has complied with the Company's application and payment requirements and has been accepted for Gas Distribution Service by the Company, has obtained all required permits and/or inspections indicating that the Customer's facilities comply with local construction, safety standards or regulations, and the Company has received Retailer/DSP enrollment, the Company shall schedule that Site for Service Connection.

### **5.1 Customer Provided Facilities and Requirements**

#### *5.1.1 Protection of the Company's Specific Facilities and Gas Pipeline Systems*

The Customer shall furnish and maintain, at no cost to the Company, the necessary space, housing, fencing, barriers, and foundations for the protection of the Specific Facilities and Gas Pipeline Systems to be installed upon the Customer's premises which may or may not include a dedicated meter room and an active telecommunications line for measurement equipment. If the Customer refuses, the Company may at its option furnish and maintain, and charge the Customer for furnishing and maintaining, the necessary protection. Such space, housing, fencing, barriers and foundations shall be in conformity with all applicable laws and regulations and shall be subject to the Company's specifications and approval.





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*5.1.2 Compliance with Requirements and Use of Service Connection*

The Customer will ensure that its facilities comply with the applicable requirements and with any technical guidelines that may be issued from time to time by the Company or the applicable authority having jurisdiction.

*5.1.3 Extensions*

A Customer shall not, without the prior written consent of the Company, sell or otherwise permit any other person to use such Gas Distribution Service nor shall a Customer extend or permit the extension of facilities connected to the Company's distribution system beyond property owned or occupied by that Customer for any Point of Delivery.

## **ARTICLE 6 – RIGHTS OF WAY AND ACCESS TO GAS PIPELINE SYSTEM**

### **6.1 Easements**

By accepting Gas Distribution Service, the Customer is deemed to have granted to the Company, without cost to the Company, such easements or rights-of-way over, upon or under the property owned or controlled by the Customer as the Company reasonably requires for the construction, installation, maintenance, repair, and operation of the Gas Pipeline System required for a Service Connection to the Customer and extensions thereof and the performance of all other obligations required to be performed by the Company hereunder.

### **6.2 Right of Entry**

The Company's employees, agents and other representatives shall have the right to enter a Customer's property at all reasonable times for the purpose of installing, maintaining, replacing, testing, monitoring, reading, de-energizing at request of Retailer/DSP, or removing the Company's Gas Pipeline System and for any other purpose incidental to the provision of a Service Connection and the Customer shall not prevent or hinder the Company's entry. In the event that any of the Company's Gas Pipeline System is situated within a Customer's premises, the Company may require that Customer to provide to it a



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key for the purpose of gaining access to such Gas Pipeline System. The Company will endeavor to provide reasonable notice to the Customer when the Company requires entry to the Customer's property for planned maintenance or repairs to the Company's Facilities.

### **6.3 Vegetation Management**

The Customer shall permit the Company to manage vegetation on the property owned or controlled by the Customer to maintain proper clearances, reduce the risk of contact with, and allow access to the Company's Gas Pipeline System. The Company shall make reasonable efforts to notify the Customer before such work is performed.

### **6.4 Interference with Company's Gas Pipeline System**

The Customer shall not install or allow to be installed on property owned or controlled by the Customer any temporary or permanent structures that could interfere with the proper and safe operation of the Company's Gas Pipeline System or result in non-compliance with applicable statutes, regulations, standards and codes. The Company shall not be liable for any damage to any structure or improvement erected, installed or placed in contravention of these Terms and Conditions resulting from the maintenance of such gas line or service line.

## **ARTICLE 7 – EXTENSION OF SERVICE**

The Company shall, in accordance with these Terms and Conditions, extend its Gas Pipeline System for the purpose of providing permanent Gas Distribution Service to an applicant who qualifies for Gas Distribution Service hereunder if the following conditions, or such of them as are applicable, are satisfied.

- (a) The applicant shall pay to the Company the costs set out in the Schedule of Non-Discretionary Charges (the Customer Contribution) for the service line from the boundary of the applicant's property which abuts the street or right of way in which the Company's distribution main is or will be situated to the meter on the applicant's premises ("service line").



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- (b) Subject to clause (a) hereof, if the applicant's premises are situated in a Municipality which has a subsisting franchise agreement with the Company, the Company shall, without charges other than those payable under the applicable Rate Schedule, extend its Gas Pipeline System for the purpose of providing permanent Gas Distribution Service to the applicant provided that:
- i. the Municipality has, at its expense, extended or will concurrently extend its water and sewer services to serve the premises of such applicant, and
  - ii. the Gas Distribution Service being requested by the applicant is Standard Service as defined by these Terms and Conditions.
- (c) In any case where clause (b) (i) hereof does not apply and clause (b) (ii) does apply, but subject always to clause (a) hereof, the Company shall extend its Gas Pipeline System for the purpose of providing Gas Distribution Service to an applicant subject to the following conditions:
- (i) The extension required to the Company's Gas Pipeline System, excluding the service line, does not exceed 50 metres in length, and an easement or right of way satisfactory to the Company is provided, or
  - (ii) If the aforesaid extension exceeds 50 metres in length, the applicant has paid to the Company the amount, if any by which the total estimated costs of such extension exceed the amount which the Company estimates it will receive from the applicant for the first three years of Gas Distribution Service to the applicant excluding, however, amounts to be received in respect of revenue tax, property tax, federal excise tax, or any other federal or provincial tax other than income tax; provided that the Company may, at its option, accept in lieu of such payment the written undertaking of the applicant to pay such amount in such manner, upon such terms and over such period of time as is specified by the Company.



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- (d) (1) If an applicant requests that the Company extend its Gas Pipeline System for the purpose of providing permanent Gas Distribution Service to two or more contiguous lots or parcels of land (hereinafter called "Lots"), and if clause (b) (i) hereof does not apply thereto, the Company shall, in accordance with these Terms and Conditions, extend its Gas Pipeline System as requested provided that:
- (i) the applicant pays in respect of each Lot the costs referred to in clause (a) hereof; and
  - (ii) the applicant pays the estimated costs of such extension (which payment, for the purposes of clause (c) (ii) hereof, shall be divided by the number of such Lots to determine the Individual Lot Payment).
- (2) If permanent Gas Distribution Service to any such Lot commences to be taken within five years of such service being available, the Company shall, upon application by the applicant or his assignee, refund the Individual Lot Payment less any amount which would have been payable if clause (c) or (d) hereof would have otherwise applied.
- (e) In any case where clause (b) (ii) does not apply, but subject always to clause (a) hereof, the Company shall extend its Gas Pipeline System for the purpose of providing Gas Distribution Service to an applicant subject to the Applicant executing a Custom Service Letter Agreement in the form attached to these Terms and Conditions as Schedule D.



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## ARTICLE 8 – SERVICE CONNECTION

### 8.1 Company Responsibility and Liability

#### 8.1.1 *Continuous Supply*

The Company shall make all reasonable efforts to maintain continuity of Gas Distribution Service to its Customers, but the Company cannot guarantee an uninterrupted natural gas supply.

#### 8.1.2 *Interruption*

Without liability of any kind to the Company, the Company shall have the right to disconnect or otherwise curtail, interrupt or reduce service to Customers:

- (a) whenever the Company reasonably determines that such a disconnection, curtailment, interruption or reduction is necessary to facilitate construction, installation, maintenance, repair, replacement or inspection of any of the Company's Facilities;
- (b) to maintain the safety and reliability of the Company's distribution system;  
or,
- (c) due to any other reason related to dangerous or hazardous circumstances including emergencies, forced outages or Force Majeure.

#### 8.1.3 *Reasonable Efforts*

The Company shall use reasonable efforts to minimize any scheduled curtailment, interruption or reduction to the extent reasonably practicable under the circumstances, to provide the Customer with prior notification of any such curtailment, interruption or reduction to the extent reasonably practicable, and to resume the Customer's Service Connection as promptly as reasonably practicable.



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#### *8.1.4 Company Liability*

Notwithstanding anything to the contrary contained in these Terms and Conditions, the Company shall not be liable for any loss, injury, damage, expense, charge, cost or liability of any kind, whether of direct, indirect, special or consequential nature, (excepting only direct physical loss, injury or damage to a Customer or a Customer's property, resulting from the negligent acts or omissions of the Company, its employees or agents) arising out of or in any way connected with any failure, defect, fluctuation, reduction or interruption in the provision of service by the Company to its Customers. For the purpose of the foregoing and without otherwise restricting the generality thereof, "direct physical loss, injury or damage" shall not include loss of revenue, loss of profits, loss of earnings, loss of production, loss of contract, cost of purchased or replacement capacity and energy, cost of capital, and loss of use of any facilities or property, or any other similar damage or loss whatsoever.

#### *8.1.5 Force Majeure*

Should the Company be unable, because of an event of Force Majeure, to provide a continuous supply of Energy to a Customer, the Company's responsibilities, so far as they are affected by the Force Majeure, shall be relieved and suspended during the duration of such circumstances and the Company shall not be liable for any failure to perform any term of these Terms and Conditions to the extent that and when such failure is due to, or is a consequence of, an event of Force Majeure. Where practical, the Company shall give notice to the affected Customers of such Force Majeure.

#### *8.1.6 Provision of Customer Information to the Retailer*

The Company will notify the Retailer/DSP of customer information and/or activities in situations where it is known or suspected that the customer is vulnerable or where the Company and/or the Retailer/DSP are being adversely affected by the customer's actions.



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## 8.2 Customer Responsibility and Liability

### 8.2.1 *Customer Responsibility for Facilities*

The Customer shall be responsible for the installation and condition of all facilities on the Customer's side of the Point of Delivery, except Specific Facilities owned by the Company. The Customer shall be responsible for any destruction of or damage to the Company's Specific Facilities located on the Customer's premises where the destruction or damage is caused by a negligent act or omission or willful misconduct of the Customer or anyone permitted by the Customer to be on the premises.

### 8.2.2 *Customer Liability*

The Customer shall be solely responsible for and comply with the regulations regarding the installation, condition and maintenance of all piping, equipment, and apparatus on the Customer's side of the Point of Delivery, and the Customer shall indemnify and save harmless the Company from and against any claim or demand for injury to persons or damage to property arising out of or in any way connected with piping, equipment and apparatus on the customer's side of the Point of Delivery and the use made by the Customer of gas supplied by the Company, so long as such injury or damage is not caused by the negligence of the Company.

### 8.2.3 *Service Calls*

The Company may require a Customer to pay the actual costs of a service call if the source of the problem is the Customer's own facilities.

## 8.3 Interference with the Company's Property

No one other than an employee or authorized agent of the Company shall be permitted to remove, energize, operate, or maintain meters, equipment and other facilities owned by the Company without Company permission. The Customer shall not interfere with or alter the meter, seals, or other facilities or permit the same to be done by any person other than the authorized agents or employees of the Company.



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#### **8.4 Unauthorized Use**

Where the Company determines that there has been unauthorized use of the Service Connection including, but not limited to, meter or equipment tampering, unauthorized connection or reinstatement, theft, fraud, intentional or unintentional use of Energy whereby the Company is denied full compensation for Gas Distribution Services provided, the Company will bill the Retailer/DSP for the Company's estimate of energy for such unauthorized use and require Customer prepayment for any repairs, damages and reconstruction of Company Facilities. Nothing in this section shall limit any other rights or remedies that the Company may have in connection with such unauthorized use.

#### **8.5 Termination by Company**

- (a) If a Customer violates any of these Terms and Conditions, or tampers with any of the Company's Gas Pipeline System or permits its service piping, or equipment connected thereto to become, in the opinion of the Company, hazardous, or neglects to pay the charges for Gas Distribution Service due to the Company at any of the times fixed for the payment thereof, or refuses to provide entry for company meter readings, or violates the provision of any contract or Rate Schedule applicable, or increases its Customer Load without the permission of the Company, or makes fraudulent use of the Company's Gas Distribution Service, the Company, or anyone acting under its authority, may, without prejudice to any other right or remedy which it may have against the Customer, on giving forty-eight (48) hours notice to the customer, disconnect the Gas Distribution Service from its system. Notwithstanding the foregoing, if, in the opinion of the Company, the condition of the Customer's piping or equipment attached thereto is so hazardous as not to safely permit the giving of notice, no notice shall be required. The Customer shall, notwithstanding the discontinuance of Gas Distribution Service, be liable for and pay to the Company all charges for Gas Distribution Service supplied up to the time of such discontinuance





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- (b) When a contract for service is terminated by a Customer and a new application for service has not been received by the Company, the Company shall discontinue the Gas Distribution Service to the premises.
  - (c) If the piping or equipment described in (a) above is found to be hazardous or non-compliant, the Company, at its discretion, may choose to disconnect or shut off only that portion or piece of equipment which is in violation, in order to maintain Gas Distribution Service to the remaining Customer facilities. The Company will report these incidences to the Authority having jurisdiction as per the Regulations made under the Act.

#### **8.6 Multiple Dwellings**

- (a) Each individual unit within a multiple dwelling will be served as a separate Point of Delivery, unless the Company agrees otherwise.
- (b) Where the Company and a Customer have agreed that Gas Distribution Service to a Multiple Dwelling shall be delivered through a single Point of Delivery, the applicable Rate Schedule will apply to the Gas Distribution Service in which case resale shall be permitted only under and subject to a contract in writing entered into between the Company and the Customer.

#### **8.7 Mobile Homes**

- (a) Service shall normally be provided to mobile homes through separate Points of Delivery, based on the applicable Rate Schedule.
- (b) Service provided to common use areas (e.g. laundry facilities) in a mobile home park shall be separately metered and billed at the applicable Rate Schedule.



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- (c) In mobile home parks or trailer courts where the Company reasonably believes homes are temporary, the Company may elect to provide Gas Distribution Service only through the Point of Delivery billed to the mobile home park or trailer court.

### **8.8 Standard Delivery Pressure**

Customer requests for service beyond the standard utilization pressure of 1.72 kPa may be required to pay a non-refundable contribution for the installation, administration and maintenance of the equipment required to comply with the request. The Company will meet the peak flow requirements of the Customer (as signed up) at the standard delivery pressure.

## **ARTICLE 9 – METERS**

### **9.1 General Requirements**

The Customer shall authorize the Company to connect, verify, maintain and exchange automated meter reading and/or monitoring equipment for the purpose of transmitting and collecting meter reading information. The Customer shall permit the Company to perform meter reading using automated monitoring equipment. The Company shall comply with the regulations of the authority having jurisdiction with regard to measurement equipment and devices. If Customer requests removal of automated monitoring equipment, the Company will charge the fee as per the Schedule of Non-Discretionary Charges.

### **9.2 Installation and Maintenance of Meters**

The Company shall provide, install and maintain all necessary regulators and meters necessary for measuring the natural gas supplied to each Customer. Unless impractical, meters shall be installed on the outside of the premises, and in any case the location shall be subject to the approval of the Company so as to permit safe and convenient access, such approval not to be unreasonably withheld.



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### 9.3 Meter Test and Adjustments

- (a) The Company may inspect and test a meter at any reasonable time.
- (b) At the request of Measurement Canada or an accredited agency as may, from time to time, be designated for this purpose, the Company shall arrange for a meter to be removed and tested by an official designated for that purpose. The Company will direct customers wishing to dispute the meter to Measurement Canada.
- (c) If a test determines that the meter is not accurate within the limits set by government standards, the Retailer's/DSP bill will be adjusted accordingly. Where it is impossible to determine when the error commenced, it shall be deemed to have commenced three (3) months before the test or the date of the meter installation, whichever occurred later. The Company shall not be liable to the Customer or Retailer/DSP for any additional costs that are associated with such metering or meter reading errors.
- (d) The Company reserves the right to assess a charge to the Customer or Customer's Retailer/DSP at the time of a meter test. This charge is reimbursed in circumstances when the meter tested is found to be faulty.
- (e) If any appliance of a Customer connected to the Company's Gas Distribution Service prevents or impedes the meter from accurately recording the total amount of Energy supplied, the Company may forthwith disconnect the Gas Distribution Service, or disconnect such appliance from the Gas Distribution Service and shall, in either case, estimate the amount of Energy consumed and not registered, as accurately as it is able to do so, together with any costs incurred by the Company in disconnecting such Gas Distribution Service, or appliance, and repair any damage to the Company's Gas Pipeline System as the case may be. The Retailer's/DSP bill will be adjusted accordingly for the estimated amount of energy.



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## ARTICLE 10 – RENDERING AND PAYMENT OF BILLS

### 10.1 Meter Reading and Estimates

Meter Reading:

- (i) The Company shall determine the method of meter reading collection for its meters and equipment.
- (ii) Where the Company has determined the method of collection is through an automated meter reading device and the Customer refuses to allow installation, the Company will attempt Company meter readings approximately every six months. The Customer will be charged for each meter reading attempt as stated in the Schedule of Non-Discretionary Charges through the monthly tariff bill sent to the Retailer/DSP.
- (iii) Where the Customer requests the removal of an automated meter reading device, the Company will remove the device and will apply the appropriate fee as stated in the Schedule of Non-Discretionary Charges. In addition, the Company will attempt Company meter readings approximately every six months. The Customer will be charged for each meter reading attempt as stated in the Schedule of Non-Discretionary Charges through the monthly tariff bill sent to the Retailer/DSP.
- (iv) In any event the Company will require a meter reading twice per year or as directed by Measurement Canada or such other Regulatory requirement.
- (v) In the event that there is a discrepancy between the mounted meter index and a meter monitoring or automated meter reading device, the mounted meter index reading will be deemed to be correct.
- (vi) The Company will assess a charge to the Customer or Customer's Retailer/DSP for additional reads above the Company's standard practices as well as in situations where a Customer has refused to allow an



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automated meter reading device to be installed. This charge is defined in the Schedule of Non-Discretionary Charges.

- (vii) The Company shall keep an accurate record of all meter readings for the purpose of billing the Gas Distribution Services provided.
- (viii) The Company may elect to change the meter reading schedule for a site, providing advance notice to the Retailer/DSP as defined by Rule 004.
- (ix) The Company is not required to accept Customer meter readings. Where Customer meter readings are provided, the Company reserves the right to decline the use of the Customer meter reading based on specific criteria.

#### **10.2 Billing Delivery Charges to Retailer/DSP**

- (i) Billing to the Retailer/DSP will be based on meter readings made by the Company or on estimates for those billing periods when the meter is not read. The Company will issue billing to the Retailer/DSP in accordance with Rule 004.
- (ii) Bills shall be rendered in accordance with the Rule 004.
- (iii) Failure to receive a bill shall not release the Customer or the Retailer/DSP from its obligation to pay the same.

#### **10.3 Payment of Customer directly to the Company**

- (a) The payments for service provided to the Customer under the Rate Schedule and these Terms and Conditions (and collected by the Retailer, if applicable) shall commence on the earlier of the first billing date after the date upon which the Customer commences taking service, or thirty (30) days after the date that service is made available to the Customer.



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- (b) The Customer shall pay all amounts required to be paid under these Terms and Conditions upon receipt of a bill for such amounts. Bills shall be deemed rendered and other notices duly given when delivered to the Customer at the address provided by the Customer or Retailer/DSP for service. Failure to receive such bill from the Company will not entitle the Customer to any delay in the settlement of each account, or to any extension of the date after which a late payment charge becomes applicable. Any bill rendered to a Customer for which valid payment has not been received by the date indicated on the bill shall be considered past due. The Company reserves the right to assess a late payment charge as set forth in the Rate Schedule.
- (c) The Customer shall pay to the Company, on or before the 15<sup>th</sup> Business Day following the statement date, the amount invoiced by the Company and payable not later than the day shown upon the bill as the “due date”.
- (d) The Company may refuse to accept payment on a Customer's account when payment by cheque is drawn on a form other than a bank cheque form. In the event the Company accepts payment by cheque drawn on any other form, the Customer shall be liable for and pay to the Company all charges and costs incurred to process the cheque. The Company follows the Bank of Canada rules and regulations of currency acceptance limitations.

#### **10.4 Late Payment Charge**

Any amount owing for service and not paid by the due date shown on the bill shall be subject to a late payment charge in accordance with the Rate Schedule, all of which will be due and payable forthwith after the due date.

#### **10.5 Dishonored Cheque Fee**

The Company reserves the right to assess a service charge to the Customer, or the Customer's Retailer/DSP, in respect of any cheque returned by the Customer's bank for any reason as defined in the Schedule of Non-Discretionary Charges.



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## 10.6 Adjustment of Bills

### 10.6.1 Billing Error

Should the Customer or the Retailer/DSP dispute any amount owing, the Customer or Retailer/DSP shall nonetheless pay such disputed amount and submit the dispute for resolution in accordance with these Terms and Conditions. Following resolution of any such dispute, the Company will return any amount found owing, without interest, to the Customer or Retailer/DSP forthwith. The right or ability of either party to dispute a bill for service provided hereunder shall only apply to bills rendered during a period of two (2) years prior to the date of a written notice of such dispute. The Company may assess a charge to the Customer or Retailer/DSP for reviewing billing disputes, in circumstances where the Company has not been responsible for any billing error as established in the Schedule of Non-Discretionary Charges.

## ARTICLE 11 – CHANGE IN SERVICE CONNECTION

### 11.1 Prior Notice by Customer

- (a) A Customer shall give to the Company reasonable written notice prior to any change in Gas Distribution Service requirements, including any change in Load to enable the Company to determine whether or not it can supply such revised Gas Distribution Service without changes to its Gas Pipeline System. A Retailer/DSP, or any other person acting as Agent for a Customer, who provides the Company with verifiable authorization from the Customer, may give such notice to the Company on the Customer's behalf. If the Company receives such notice from a Retailer/DSP or Agent, the Company may, at its option, require such notice directly from the Customer. The Company shall not be obligated to supply to any Customer any Load in excess of that originally agreed to by the Company.



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- (b) The Customer shall not change its requirement for a Gas Distribution Service without the Company's written permission. The Customer shall be responsible for all damage caused to the Company's Gas Pipeline System as the result of the Customer changing its requirements for a Gas Distribution Service without the Company's permission.

### **11.2 Changes to Company Facilities**

If a change in a Customer's Load would require changes to the Company's Gas Pipeline System, that Customer may be required to pay the Company's costs of such changes other than those costs which the Company would have borne upon accepting an application to serve an increased Load in the first instance. In any event, that Customer shall pay the Company's capital cost, less depreciation, of existing Specific Facilities which would be removed as a result of such Load change, together with the estimated cost of removing the same less the estimated salvage value, if any, thereof.

### **11.3 Relocation of Company Facilities**

In any case in which the Company is requested to relocate any of its Gas Pipeline System, including service lines, regulators and meters, or to install a remote meter index or automated meter reading device, the person requesting such relocation or installation may be required to pay the costs set out in the Schedule of Non-Discretionary Charges for so doing, and shall, if requested by the Company, pay the same in advance of the Company undertaking such relocation or installation. Any relocation shall be subject to the provisions of these Terms and Conditions. Any installation of a remote meter index or meter monitoring device shall be subject to these Terms and Conditions. The Company reserves the right, at its expense, to relocate regulators or meters for operating convenience.





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## ARTICLE 12 – SERVICE DISCONNECTS, REINSTATEMENT AND REMOVAL

### 12.1 Disconnection

#### 12.1.1 Termination by Customer

Unless precluded by contract or industry rules from so doing, the Customer and/or Retailer /DSP may, at any time, give to the Company five (5) Business Days notice of termination of Gas Distribution Service. Upon receipt of such notice, the Company may read the meter attached to such Gas Distribution Service, and Customer and or Retailer/DSP shall pay for all Gas Distribution Service supplied prior to such reading. In the event that Company is unable to read the meter upon receipt of Customer or Retailer/DSP notice of termination, the charge for Gas Distribution service supplied shall be based on an estimated meter reading which will be prorated from the time of an actual meter reading.

#### 12.1.1A Temporary Disconnection

Upon the request of the Customer and or Retailer/DSP, the Company shall temporarily disconnect any Service Connection provided:

- (a) Upon the Retailer/DSP request to restore service the Customer or the Customer's Retailer/DSP will be responsible for and pay any applicable charges outlined under Article 12.2.
- (b) If the Service Connection remains disconnected for greater than six (6) months, the facilities located downstream of the meter outlet are subject to retest as prescribed by the authority having jurisdiction.
- (c) After six (6) months of service disconnection, ATCO Gas reserves the right to remove the meter.



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- (d) If the Service Connection remains disconnected for greater than twelve (12) months, it will be considered permanently disconnected and administered as per Article 12.1.1B herein.

**12.1.1B** *Permanent Disconnection*

- (a) If the Customer requests the Service Connection to be permanently disconnected, the Customer or Retailer/DSP billing for that service will be finalized. At the discretion of the Company, the Retailer/DSP will be allowed to remove the Customer from the account and the Gas Pipeline System provided by the Company may be removed.
- (b) If within three (3) years of permanent disconnection the Customer requests the Service Connection be restored, the Customer or the Customer's Retailer/DSP must pay all the costs associated with the original disconnection, removal of the Gas Pipeline System and restoration of service.

**12.1.2** *Disconnection at Request of Retailer/DSP*

In accordance with sub-section 5(1) of the R3 Regulation and the NGSSC, the Retailer/DSP shall have the right to request that the Company disconnect service to a particular Customer and/or Site, and Company shall comply with that request, unless such action is inconsistent with Schedule B of the Company's Retailer Terms and Conditions for Gas Distribution Service.

**12.1.3** *Disconnection by the Company*

- (a) The Company reserves the right to disconnect Gas Distribution Service to the Site in a number of circumstances, including, but not limited to: failure to provide access at least once per year for meter reading; threats or harassment of employees or agents of the Company; non-payment of the Company bills or any past due charges by the Customer; evidence of safety violations, Energy theft, or fraud by the Customer; refusal of the Customer



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to allow change in facilities or equipment, or the Customer failing to meet its obligations under these Terms and Conditions or the Natural Gas Service Agreement.

If a Customer notifies the Company to remove the meter, or permanently disconnect service, the Company will complete the request and subsequently notify the Customer's Retailer/DSP.

- (b) If the disconnect is a result of a safety violation, the Company will reinstate the service when the safety problem is resolved and when the Customer has prepaid all costs associated with repair, damage or restoration of service, and addressed prevention of such damage, interference or disturbance and upon receipt of Retailer/DSP authorization where required. The Company may assess a reinstatement charge to the Retailer/DSP as set forth in the Schedule of Non-Discretionary Charges.

## 12.2 Reinstate Service

This section applies when the Company is asked to reinstate or restore Gas Distribution Service to a Customer whose Gas Distribution Service was discontinued (whether or not at the request of the Customer, the Customer's Retailer/DSP or the Company).

Before reinstating or restoring service, the Customer or the Customer's Retailer/DSP must ensure facilities downstream of the meter conform to the requirements of the authority having jurisdiction and shall pay:

- (a) any amount owing to the Company including written off accounts;
- (b) any damages or replacement costs owed to the Company
- (c) a reinstatement charge as defined in the Schedule of Non-Discretionary Charges.



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### 12.3 Removal of Facilities

Upon termination of Gas Distribution Service, the Company shall be entitled to remove any of its Gas Pipeline System or Specific Facilities located upon the property of the Customer and to enter upon the Customer's property for that purpose. The Customer may be required to pay the actual cost of removal.



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**SCHEDULE D - CUSTOM SERVICE LETTER AGREEMENT**

Date \_\_\_\_\_

Attention: \_\_\_\_\_

Dear \_\_\_\_\_:

Re: Custom Service Request for \_\_\_\_\_

Further to the Custom Service request submitted by \_\_\_\_\_ to the location described below, ATCO Gas confirms its ability to provide such Custom Service subject to the conditions contained in this Agreement.

**1.0 Location**

Custom Service is to be provided at the following location \_\_\_\_\_

**2.0 Custom Service Requested**

\_\_\_\_\_ confirms that the Custom Service requested is as following:

- Maximum Daily Volume (GJ) \_\_\_\_\_
- Minimum Delivery Pressure (kPa) \_\_\_\_\_
- Maximum Hourly Flow Rate (GJ/hr) \_\_\_\_\_
- Other \_\_\_\_\_

**3.0 ATCO Gas Investment**

The amount of ATCO Gas Investment for the Specific Facilities is contingent on the Customer’s Contract Demand, the applicable High Use Rate and the Term of this Agreement. ATCO Gas Investment will be no greater than to the net present value of the revenue during the Term of this Agreement discounted at a rate equal to ATCO Gas’ weighted average costs of capital (WACC).

Where “revenue” is defined as the revenue per customer as determined by the approved PBR formula for the corresponding rate group, while the company is operating under an approved PBR Plan. Should the company be operating under cost of service regulation, revenue is defined as the revenue generated by existing rates based on expected customer usage or demand.

For the purposes of this Custom Service Letter Agreement and based on the Contract Demand of \_\_\_\_\_ and the Term of the Agreement as specified below, the ATCO Gas Investment is as shown below.



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#### **4.0 Specific Facilities**

The following facilities (the "Specific Facilities") are required to provide Custom Service as specified in Section 2.0 of this Agreement at the location specified in Section 1.0 of this Agreement:

- 1.
- 2.
- 3.
- 4.
- 5.
- 6.

Total Estimated Cost of Specific Facilities: \$ \_\_\_\_\_

#### **5.0 Term of Agreement**

\_\_\_\_\_ agrees that the term of this Agreement will be for \_\_\_\_\_ years commencing on \_\_\_\_\_.

#### **6.0 Customer Contribution**

Customer Contribution is defined as the difference between the estimated costs of the Specific Facilities as specified in Section 4.0 of this Agreement and any amount of ATCO Gas Investment as specified in Section 3.0 of this Agreement.

\_\_\_\_\_ agrees that the Customer Contribution for the Custom Service requested is as shown below.

#### **7.0 Payment of Customer Contribution**

##### **Option 1**

\_\_\_\_\_ agrees to pay for the Customer Contribution of \_\_\_\_\_ by \_\_\_\_\_. \_\_\_\_\_ agrees that no work shall commence until ATCO Gas has received the 50% of the Customer Contribution amount. The remaining 50% is due upon completion of the work, and prior to the commencement of Gas Distribution Service.

##### **Option 2**

Subject to credit approval by ATCO Gas, \_\_\_\_\_ agrees to pay for the Customer Contribution amount on a monthly basis over the Term of the Agreement. The monthly payment will include return, income tax and depreciation costs.

\_\_\_\_\_ agrees to pay ATCO Gas on a monthly basis over the Term of the agreement the following amount shown below.



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**8.0 Prudential Requirements**

\_\_\_\_\_ agrees to provide and comply with the prudential requirements specified by ATCO Gas below.

**9.0 Rate Schedule and Customer Terms and Conditions for Gas Distribution Service**

\_\_\_\_\_ agrees to pay for its Gas Distribution Service in accordance with the Company's Rate Schedules and Customer Terms and Conditions for Gas Distribution Service as approved by the Alberta Utilities Commission.

**10.0 Acceptance of Agreement**

Upon receipt of an executed original of this Agreement and compliance with the terms of this Agreement, ATCO Gas will proceed with all required engineering design work, purchase of materials, construction work and installation of the facilities as outlined herein.

This agreement is subject to all applicable regulatory approvals and ATCO management approvals.

Sincerely,

ATCO Gas

ATCO Gas Representative

AGREED TO AND ACCEPTED  
THIS \_\_\_\_\_ DAY OF \_\_\_\_\_

PER: \_\_\_\_\_

TITLE: \_\_\_\_\_



**RETAILER TERMS AND CONDITIONS  
FOR  
GAS DISTRIBUTION SERVICE**

**AUC Decision: 25863-D01-2020**

**Effective: January 1, 2021**





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## ARTICLE 1 – PREAMBLE

In accordance with the provisions of the Gas Utilities Act ("GUA") and the Regulations made thereunder ("Regulations"), ATCO Gas an operating division of ATCO Gas and Pipelines Ltd. ("ATCO Gas") will, for certain Customers, act solely as a Gas Distribution Service provider and will not be responsible for providing Gas directly to Customers or for billing delivery charges to Customers. In its role as a Gas Distribution Service provider, ATCO Gas will enable Retailers and the Default Supply Provider ("DSP") to acquire access to its Gas Pipeline System for the purposes of allowing them to sell Gas directly to Customers. A Customer may also act as a Self-Retailer by carrying out retailer functions to obtain Gas Services solely for its own use.

These Terms and Conditions are intended to apply to the relationship between ATCO Gas, as a Gas Distribution Service provider and all Retailers, the DSP, or any party who will be acting as an Agent on behalf of the Retailer/DSP for transactions governed by these Terms and Conditions. These Terms and Conditions will also govern the relationship between ATCO Gas and Customer(s) for whom the Retailer/DSP or any other party is acting as an Agent in its dealings with ATCO Gas. These Terms and Conditions serve as a companion to the Customer Terms and Conditions for Gas Distribution Service which are intended to govern the relationship between ATCO Gas and Customer(s), or any other person whom the Customer has assigned to act on its behalf in its dealings with ATCO Gas, regarding the provision of Gas Distribution Service on its Gas Pipeline System.

These Terms and Conditions outline the rules that Retailers, the DSP, and Agents must follow to engage in Retailer transactions with the Company.

The service provided by ATCO Gas hereunder is regulated by the Alberta Utilities Commission ("AUC"), and parties having any inquiries or complaints regarding these Terms and Conditions may direct such inquiries or complaints directly to ATCO Gas or to the AUC. These Terms and Conditions have been approved by the AUC.



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## ARTICLE 2 – DEFINITIONS AND INTERPRETATION

### 2.1 Definitions

The following words and phrases, whenever used in these Terms and Conditions, the Company's Natural Gas Rate Schedules, Company's Retailer Guide or a Distribution Access Service Agreement, shall have the meanings set forth below:

*"Account"* means a record maintained by ATCO Gas which contains receipts, deliveries, Rider D, Imbalance Purchase and Imbalance Sale, and adjustments applicable to each Retailer/DSP providing Gas Services to Customers on the Gas Pipeline System;

*"Account Balancing"* means the process of managing Gas receipts and/or deliveries in an Account in order to keep the difference, net of adjustments, within the tolerance specified by the Imbalance Window;

*"Account on the Transmission System"* means the account held by the Company on NOVA Gas Transmission Ltd.

*"Act"* means the *Gas Utilities Act, R.S.A. 2000, c.G-5*, as amended from time to time;

*"Agency Appointment Agreement"* means an agreement between a Retailer/Self-Retailer or DSP and another party wherein the other party is appointed as Agent for that Retailer/Self-Retailer, or DSP;

*"Agent"* means a person who performs functions on behalf of a Self-Retailer, Retailer, or DSP including, but not limited to, retailer transactions with the Company;

*"AUC"* means the Alberta Utilities Commission established under the *Alberta Utilities Commission Act, S.A. 2007, c.A-37.2*, as amended from time to time;

*"Backcast"* means an estimate of Customer Load prepared for the current Gas Day as described in the Retailer Guide;



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*"Business Day"* is any day other than Saturday, Sunday or a holiday as defined in the *Interpretation Act, R.S.A. 2000, c.1-8*, as amended from time to time;

*"Company"* means ATCO Gas, an operating division of ATCO Gas and Pipelines Ltd. or its successor;

*"Customer"* means a person, firm, partnership, corporation, organization or association (including without limitation, individual members of any unincorporated entity) who consumes Gas in end-use at its location and is connected to the Company Gas Pipeline System;

*"Customer Billing Information"* means the information required to be included on the Customer's bill issued by the Retailer/DSP as required by the Natural Gas Billing Regulation, A.R. 185/2003, or Default Gas Supply Regulation, A.R. 184/2003 respectively, as amended from time to time, and provided by the Company;

*"Customer Information"* means the data specified in the Natural Gas Settlement System Code and includes without limitation Site Customer name, Site Customer telephone number, Site Customer mailing address, Site Contact name, Site Contact phone number, site owner and alternate contact information and other safety related information required to provide safe Gas Distribution Service to Customers;

*"Customer Usage Information"* means information regarding the historical Gas consumption as specified in AUC Rule 10.

*"Day"* means a period of twenty-four (24) consecutive hours;

*"Default Supply Provider"* or "DSP" means a Gas Distributor or a person authorized by a Gas Distributor, who provides Gas Services to Customers under rates, tolls or charges fixed by the AUC and terms or conditions fixed by the AUC;

*"Distribution Access Service"* means the service required to transport Gas to Customer(s) by means of a Gas distribution system. This service enables a Customer to obtain Gas





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supply service through Self-Retailing, from a Retailer or the DSP and is governed by these Terms and Conditions;

*"Distribution Access Service Agreement"* means an agreement for the provision of Distribution Access Service pursuant to these Terms and Conditions between the Company and a Retailer/DSP, in the form attached as Schedule A hereto;

*"Fair Trading Act"* means the *Fair Trading Act, R.S.A. 2000, c.F-2*, as amended from time to time;

*"Final Monthly Settlement"* means the last Gas Settlement performed for a Retailer/DSP's Sites(s) for a Month, as described in the Natural Gas Settlement System Code;

*"Forecast"* means an estimate of Customer Load prepared for the current or next Gas Day and includes forecast F1, F2, and F3 as described in the Retailer Guide;

*"Force Majeure"* means circumstances not reasonably within the control of the Company, including acts of God, strikes, lockouts or other industrial disturbances, acts of the public enemy, wars, blockades, insurrections, riots, pandemics, epidemics, landslides, lightning, earthquakes, fires, storms, floods, high water, washouts, inclement weather, orders or acts of civil or military authorities, civil disturbances, explosions, breakdown or accident to equipment, mechanical breakdowns, temporary failures of gas supply, the intervention of federal, provincial, state or local government or from any of their agencies or boards excluding decisions and/or orders made by the AUC in the normal course of it exercising its authority to establish the revenue requirement of the parties to this agreement, the order or direction of any court, and any other cause, whether of the kind herein enumerated or otherwise;

*"Gas"* means all natural gas both before and after it has been subjected to any treatment or process by absorption, purification, scrubbing or otherwise, and includes all fluid hydrocarbons;

*"Gas Day"* means a Day beginning at eight hours (08:00), Mountain Standard Time;



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"*Gas Distribution Service*" means the service required to transport Gas to Customers by means of a Gas Pipeline System, and includes any services the Gas Distributor is required to provide by the AUC or is required to provide under the *Act* or Regulations made thereunder;

"*Gas Distributor*" means the owner, operator, manager or lessee of a gas distribution system as defined in the *Act*;

"*Gas Distribution Tariff*" means the rates, tolls or charges fixed by the AUC and the terms and conditions fixed by the AUC, for Gas Distribution Service;

"*Gas Pipeline System*" means all those facilities owned or used by the Company in the receipt, delivery, transportation, measurement and testing of Gas, (including, without limitation, transmission and distribution lines, regulators, meters, equipment and machinery);

"*Gas Services*" as defined in the *Act* means:

- (i) the Gas that is provided and delivered, and
- (ii) the services associated with the provision and delivery of the Gas, including:
  - (A) arranging for the exchange or purchase of the Gas,
  - (B) making financial arrangements to manage the financial risk associated with the price of Gas,
  - (C) arranging for Gas Distribution Service,
  - (D) arranging for delivery of Gas to the gas distributor's specified Point(s) of Receipt,
  - (E) storage,
  - (F) billing, collection and responding to customer billing inquiries,
  - (G) maintaining information systems, and
  - (H) any other services specified by the Minister by order as Gas Services;



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*"Gas Settlement"* means any or all of Initial Monthly Settlement, Interim Monthly Settlement and/or Final Monthly Settlement as defined in the Natural Gas Settlement System Code;

*"GJ"* means gigajoules or one billion (1 000 000 000) joules;

*"Gross Heating Value"* means the number of megajoules obtained from the combustion of a cubic metre of gas at a temperature of fifteen degrees Celsius (15°C), with the gas free of water vapor, and at a pressure of 101.325 kPa absolute and with the products of combustion cooled to the initial temperature of the gas and the water formed by the combustion condensed to the liquid state;

*"Imbalance"* means the difference between energy quantities of Gas received and Gas delivered, net of adjustments, in an Account each Gas Day;

*"Imbalance Window"* means a range of Imbalances within which an Account is considered to be in balance without action being taken to adjust receipts into or deliveries from that Account;

*"Imbalance Purchase/Sale"* means the removal from, by Imbalance Purchase, or addition to, by Imbalance Sale the daily Account Imbalance energy quantity outside the nearest Account daily Imbalance Window boundary, as the case may be, in a Retailer/DSP Account by ATCO Gas which will be settled financially;

*"Intercontinental Exchange"* means Intercontinental Exchange, Inc., an electronic trading platform that may be used by market participants for transactions related to, among others, natural gas energy purchase or sale;

*"J"* or *"joule"* means the amount of work done when the point of application of a force of one (1) newton is displaced a distance of one (1) metre in the direction of the force;

*"kPa"* means kilopascals of pressure gauge unless otherwise specified;



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*"Load"* means the amount of natural Gas delivered or required to be delivered at any specific point or points in the Gas Pipeline System;

*"LBDA"* means the Company's load balancing deferral account that is used to record certain revenues and expenses associated with load balancing the Gas Pipeline System, including without limitation balancing purchase/sales and Imbalance Purchase/Sales;

*"Month"* means a period beginning at eight hours (08:00), Mountain Standard Time, on the first day of a calendar month and ending at eight hours (08:00), Mountain Standard Time, on the first day of the next succeeding calendar month;

*"NGX"* means Natural Gas Exchange Inc., an exchange for the trading and clearing of natural gas and electricity contracts that operates in a North American Technology and Physical Clearing Alliance with Intercontinental Exchange, Inc.;

*"Natural Gas Service Agreement"* means an agreement for the provision of a Service Connection pursuant to the Terms and Conditions for Distribution Service Connection, between the Company and a Customer;

*"NGSSC"* means the Natural Gas Settlement System Code that governs the standards for determining and communicating retail natural gas consumption for the purpose of load settlement;

*"Nomination"* means a request in electronic or other written or verbal form for Gas to flow at a Point of Receipt, a Point of Delivery or for receipt into or delivery out of an Account at a specified quantity on a specified date(s);

*"Point of Delivery"* for service by the Company to the Customer, means, unless otherwise specified in a Natural Gas Service Agreement, the outlet side of a meter;

*"Point of Receipt"* means the point on Company's system at which Retailer/DSP delivers Gas to the Gas Pipeline System under the Distribution Access Service Agreement. For clarity, this is usually indicated by Company's acceptance of a receipt Nomination into the Retailer/DSP's Account;



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*"R3 Regulation"* means the *Roles, Relationships and Responsibilities Regulation, A.R. 186/2003*, as amended from time to time;

*"Rate Schedule"* means the natural gas rate schedule prepared by the Company and approved by the AUC, as amended from time to time;

*"Retailer"* means a person who sells or provides retail Gas Services directly to Customers and who is entitled to enroll Customers for Distribution Access Service under these Terms and Conditions and includes Self-Retailers;

*"Retailer Business Function Identification"* means the 2 character identification that describes the Retailer's/DSP's business function as a Retailer or a DSP as is specified in the Company's Retailer Guide.

*"Retailer/DSP Account"* means an Account held by a Retailer or the DSP;

*"Retailer Guide"* means the guide prepared by the Company which describes the business processes between the Company and the Retailer/DSP in relation to the provision of service under these Terms and Conditions and the NGSSC;

*"Retailer Identification"* means the 9 digit number that uniquely represents each Retailer/DSP operating within Alberta;

*"Retailer of Record"* means the Retailer or DSP who is listed in the Company's records through the procedures outlined in these Terms and Conditions, Gas Settlement System Code and Retailer Guide and thereby recognized by the Company, as a particular Customer's Retailer or DSP for a Point of Delivery at a particular time;

*"Rider D"* means a rate rider, expressed as a percentage, approved by the AUC applicable to Retailer/DSP Accounts for the recovery in kind of Unaccounted For Gas;

*"Same Day Market"* means the intra-Alberta natural gas market that is generally available during trading hours on a calendar Day for transactions applicable to the Gas Day commencing on the same calendar Day;



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*"Self-Retailer"* means a person carrying out Retailer functions to obtain Gas solely for its own use;

*"Service Connection"* shall have the meaning ascribed thereto in Company's Customer Terms and Conditions for Gas Distribution Service;

*"Single Family Dwelling"* means a private residence provided with sleeping and cooking facilities intended for domestic use and in which the occupants live as a single housekeeping unit that is not part of a multiple dwelling;

*"Site"* means a unique end-use Point of Delivery, being the finest level at which settlement recognizes Retailer and DSP assignments, and receives consumption data;

*"Site ID"* means a unique identification number assigned by the Company for each unique end-use Point of Delivery;

*"Specific Facilities"* means those facilities installed by the Company for the benefit of a particular Customer/Retailer/DSP which are connected to the Gas Pipeline System and are required to transport Gas;

*"Tariff Bill File"* means a physical electronic file containing site-specific tariff charges, usage and demand information for given tariff bill periods; it may also contain applicable site-specific one time charges. The tariff bill file rules are contained in AUC Rule 004 Alberta Tariff Billing Code;

*"Transmission System"* means all those facilities owned or operated by ATCO Pipelines and NOVA Gas Transmission Ltd. in the receipt, delivery, transportation, measurement and testing of Gas (including, without limitation, transmission lines, regulators, meters, equipment and machinery);

*"Unaccounted For Gas"* means Retailer's and DSP's share of Company's unaccounted for Gas, as specified in rate Rider D of the Company's Rate Schedule;



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"Yesterday Market" means the intra-Alberta natural gas market that is generally available during trading hours on a calendar Day for transactions applicable to the Gas Day commencing on the previous calendar Day;

## 2.2 Conflicts

- (a) If there is any conflict between a provision expressly set out in an Order of the AUC and these Terms and Conditions, the Order of the AUC shall govern.
- (b) If there is any conflict between a provision expressly set out in these Terms and Conditions, as may be amended from time to time, and a Distribution Access Service Agreement, the express provision of these Terms and Conditions shall govern, as of their effective date.

## 2.3 Headings

The division of these Terms and Conditions into Articles, subsections and other subdivisions and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of these Terms and Conditions.

## 2.4 Schedules and Appendices

The following schedules and appendices form part of these Terms and Conditions:

- Schedule A - Distribution Access Service Agreement (attached to this document)
- Schedule B - Disconnect Customer Site (attached to this document)
- Schedule C - Imbalance Purchase/Sales Charges (attached to this document)
- Schedule of Non-Discretionary Charges (available at [atco.com](http://atco.com))

## ARTICLE 3 – GENERAL PROVISIONS

### 3.1 AUC Approval

These Terms and Conditions have been approved by the AUC. The Company may amend these Terms and Conditions by filing a notice of amendment with the AUC. Included in the notice to the AUC shall be notification of which Retailers/DSP are affected by the



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amendment and an explanation of how affected Retailers/DSP will be notified of the amendments. Any amendment to the Terms and Conditions will take effect 60 days after such notice is filed, unless the AUC otherwise directs.

### **3.2 Gas Distribution Tariff**

The Gas Distribution Tariff is available for public inspection during normal business hours at the business offices of the Company and at the offices of the AUC and can be accessed at ATCO Gas's website at: [atco.com](http://atco.com). These Terms and Conditions form part of the Gas Distribution Tariff.

### **3.3 Effective Date**

These Terms and Conditions come into force as per the Effective Date shown on the cover page. Whenever the Company files notice of an amendment to these Terms and Conditions, or when the AUC approves an amendment to these Terms and Conditions, revisions will be issued, with the effective date of the amendments indicated thereon.

### **3.4 Application of Terms and Conditions**

- (a) These Terms and Conditions, as amended from time to time, apply to the Company, to each Retailer and DSP. These Terms and Conditions also govern the relationship between the Company and Customer(s) for whom the Retailer/DSP is acting as an Agent in its dealings with the Company.
- (b) These Terms and Conditions also apply to any party appointed as Agent for a Retailer pursuant to an executed Agency Appointment Agreement, as set out in the Retailer Guide.
- (c) No agreement can provide for the waiver or alteration of any part of these Terms and Conditions unless such agreement is first filed with and approved by the AUC.





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### 3.5 Retailer Guide

The Company has developed the Retailer Guide to help Retailers/DSP and Customers understand the normal practices of the Company. The Retailer Guide is available on the Company website at [atco.com](http://atco.com). The Retailer Guide will be updated, from time to time, to reflect changes to the Gas utility industry, or the changing needs of the Retailers, DSP or Customers. The Company is committed to follow practices in the Retailer Guide. However, as these practices cannot cover every situation that arises, it may be necessary to deviate from the Retailer Guide in certain circumstances.

### 3.6 Ownership of Gas Pipeline System

- (a) The Company remains the owner of all segments of the Gas Pipeline System, unless an agreement between the Company and the Retailer, DSP, or Customer specifically provides otherwise.
- (b) Payment made by Retailers/DSP or Customers for costs incurred by the Company in installing any segment of the Gas Pipeline System does not entitle Retailers/DSP or Customers to ownership of any such segment or any intellectual property, engineering, design, or other information or data, or any other rights relating to or in respect to such Facilities unless an agreement between the Company and the Retailer, DSP or Customer specifically provides otherwise.

### 3.7 New Gas Pipeline System Segments, Specific Facilities and Service Additions

The Company reserves the right to communicate directly with the Customer in respect of any requests made by the Customer, or a party acting on its behalf, for the construction of new Gas Pipeline System segments, Specific Facilities or additional services as provided for in the *Natural Gas Billing Regulation, A.R. 185/2003*, as may be amended from time to time. The Company reserves the right to charge the Customer directly for any amounts required to be provided by the Customer under the Customer Terms and Conditions for Gas Distribution Service.



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### **3.8 Title or Interest in Gas**

The Company shall not acquire any title or interest in the Gas being transported under the Distribution Access Service Agreement.

### **3.9 Exclusive Control of Gas**

Gas delivered to the Company by Retailer or DSP for transportation shall be under the exclusive control of the Company from the time such Gas is accepted for transportation at the Point of Receipt until delivered at the Point of Delivery.

### **3.10 Routing and Facilities**

The Company does not dedicate the Gas Pipeline System or Specific Facilities to transport Gas for Retailers or DSP, and accordingly the routing and facilities used in the transportation of Gas through the Gas Pipeline System for Retailers and DSP shall be at the Company's sole discretion and may change from time to time.

### **3.11 Commingling or Exchange**

The Company may in the course of transporting Gas through the Gas Pipeline System commingle with or exchange Gas owned by or transported for others, or remove certain hydrocarbon components present in the Gas. As commingling, exchanging, or the removal of certain hydrocarbon components may alter the Gross Heating Value or constituent parts of the Gas between the Point of Receipt and the Point of Delivery, the Company shall not be required to deliver at the Point of Delivery Gas with the same Gross Heating Value or containing the same constituent parts as Gas delivered at the Point of Receipt and the Company shall make whatever compensating adjustments to volume and Gross Heating Value as may be warranted. In the event, and to the extent, that any hydrocarbon components in the Gas delivered at the Point of Receipt are absent from the Gas delivered at the Point of Delivery as the result of commingling, exchanging or removal of such hydrocarbon components in the course of transporting the Gas, title to such hydrocarbon components shall, notwithstanding anything to the contrary otherwise contained in the



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Distribution Access Service Agreement, be deemed conclusively to have passed to the Company.

### **3.12 Right to Transport**

Retailer/DSP covenants with the Company that Retailer/DSP shall have the right to transport all Gas delivered under the Distribution Access Service Agreement to Company at the Point of Receipt.

## **ARTICLE 4 – GENERAL OBLIGATIONS OF RETAILERS, DEFAULT SUPPLY PROVIDER**

### **4.1 Timeliness, Due Diligence and Security Requirements**

- (a) The Retailer/DSP shall exercise due diligence and use reasonable efforts in meeting its obligations hereunder, and perform same in a timely manner.
- (b) The Retailer shall adhere to all credit, deposit and security requirements specified in these Terms and Conditions.
- (c) The Retailer/DSP shall make every effort to ensure that its Customers are aware of the provisions of these Terms and Conditions that may affect the Customer(s).

### **4.2 Arrangements with Customers**

Unless otherwise stated herein, the Retailer shall be solely responsible for having appropriate contractual or other arrangements with Customer(s) necessary to provide service to Customers. The Company shall not be responsible for monitoring, reviewing or enforcing such contracts or arrangements and shall not be liable for any loss, damages, cost, injury, expense or other liability, whether direct, indirect, consequential or special in nature, howsoever caused, as a result of the Retailer's failure to perform its obligations to its Customer(s).



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#### **4.3 Responsibility for Gas Purchases**

The Retailer/DSP will be solely responsible for the purchase of Gas supply for the Customer(s) it provides Gas Services to and for arranging the delivery of such Gas to the Point of Delivery for the Customer(s), subject to these Terms and Conditions.

#### **4.4 Retailer Authorization**

The Retailer shall be responsible for obtaining authorization from each Customer authorizing the enrollment of the Customer for receipt of Distribution Access Service by such Retailer.

#### **4.5 Retailer and DSP Identification**

Any information exchange or communications between the Retailer or DSP and the Company under these Terms and Conditions shall employ Retailer Identification. The Retailer or DSP is required to specify the "Operating As" business name for each Retailer Identification.

#### **4.6 Single Retailer/DSP for Customer**

The Company shall not be required to recognize and deal with more than one Retailer and/or DSP in respect of a Point of Delivery at any given time. Nothing in these Terms and Conditions shall prohibit a Customer from entering into arrangements with multiple Retailers and/or DSP for a Point of Delivery, provided that a single Retailer/DSP is designated to be the Customer's Retailer/DSP for the purposes of these Terms and Conditions.

#### **4.7 Fees and Other Charges**

The Company will provide all standard services hereunder pursuant to the Gas Distribution Tariff. All additional, supplementary or extra non-discretionary services provided by the Company to a Retailer/DSP or Customer where applicable will be charged a separate rate or fee, such as those included, without limitation, in the Schedule of Non-Discretionary



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Charges. Payment for these services shall be in accordance with the provisions of these Terms and Conditions.

## **ARTICLE 5 – CUSTOMER INQUIRIES AND CUSTOMER INFORMATION**

### **5.1 Customer Inquiries**

For Customers requesting information about retailer choice, the Company shall:

- (a) make available notification and informational materials to consumers about competition and consumer choices;
- (b) direct Customers to an external source where they may obtain information about consumer choice. The Company is under no obligation to assure the accuracy of this information.

### **5.2 Customer Inquiries Related to Emergency Situations and Outages**

Retailers/DSP shall make every effort to ensure Customers contacting the Retailer/DSP regarding distribution emergency conditions, outages, safety or environment situations related to the Company's distribution system are referred directly to the Company immediately. The Company reserves the right, without providing notice to the Retailer/DSP, to test or audit the response time of the Retailer/DSP. The Company will communicate any unacceptable patterns to the Retailer/DSP to be corrected.

### **5.3 Customer Information**

#### *5.3.1 Provision of Customer Usage Information to a Retailer/DSP*

The provision of Customer Usage Information to a Retailer/DSP will be as specified in AUC Rule 10.

#### *5.3.2 Provision of Customer Information to the Company*

The Retailer/DSP must notify the Company as promptly as reasonably practical of any changes to Customer Information, as the Company relies on this information to



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reasonably perform its Gas Distribution Service obligations to Customers. Such information shall be provided in a form that is compliant with the NGSSC and the Retailer Guide. The Company shall not be liable for any loss, damages, cost, injury, expense or other liability, whether direct, indirect, consequential or special in nature, howsoever caused, as a result of the Retailer's/DSP's failure to provide up-to-date and accurate Customer Information to the Company. The Company reserves the right to assess a charge to recover the costs incurred by the Company for additional work undertaken by the Company as a result of inaccurate Customer Information provided by the Retailer/DSP, as set forth in the Schedule of Non-Discretionary Charges.

### 5.3.3 *Provision of Customer Information to the Retailer*

The Company will notify the Retailer/DSP of customer information and/or activities in situations where it is known or suspected that the customer is vulnerable or where the Company and/or the Retailer/DSP are being adversely affected by the customer's actions.

## **ARTICLE 6 – PROVISION OF SERVICE**

### **6.1 Qualification for Service**

#### *6.1.1 Qualification for Service*

The Retailer/DSP must fulfill the following requirements to the satisfaction of the Company before the Company will provide Distribution Access Service to that Retailer/DSP:

- (a) submit to the Company a fully completed, executed Distribution Access Service Agreement (Schedule A) and a Retailer of Record and Credit Application Form as set out in the Retailer Guide;
- (b) (1) for Retailers, providing Gas Services to Customers whose annual consumption is less than or equal to 2500 GJ of gas per year, furnish a certified copy of the license issued to it and warrant in writing to the



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Company that it is licensed pursuant to and will comply with the provisions of the Fair Trading Act, and any regulations or policies made thereunder;

- (2) for Retailers providing Gas Service to Customers whose annual consumption is greater than 2500 GJ of gas per year, warrant in writing to the Company that it will comply with the provisions of the Fair Trading Act, and any regulations or policies made thereunder.
- (c) the Retailer (excluding the DSP) must satisfy the credit requirements of the Company as set forth in Article 11 hereof;
- (d) warrant in writing to the Company that it will comply with the guidelines established in the Retailer Guide;
- (e) meet the compliance testing protocol of the Company in respect of information exchange, which protocol is set forth in the Retailer Guide;
- (f) meet any other requirements that the Company, acting reasonably, may impose in order to provide Distribution Access Service hereunder. If the Company determines that additional requirements must be satisfied in order to qualify for Distribution Access Service, the following process will apply:
  - (1) where the Company is confronted with a situation which the Company, in its sole discretion, considers would materially alter the risk to the Company, or where the Company must impose additional requirements in order to comply with applicable legislation, the Company may implement the additional requirement and then apply to the AUC for approval of same; or,
  - (2) where the Company is not confronted with the circumstances outlined in (1), above, the Company shall apply to the AUC for approval of the proposed additional requirement prior to implementing same.



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### 6.1.2 *Provision of Distribution Access Service*

Upon satisfaction of the above requirements and ability of Retailer to meet processes specified in the Retailer Guide, the Company will provide Distribution Access Service to the Retailer/DSP, subject to these Terms and Conditions. Subject to complying with all applicable laws, and the directions or requirements of any of those mentioned above, the Company reserves the right upon giving the Retailer/DSP ten (10) Business Days notice, acting reasonably, to discontinue Distribution Access Service to the Retailer/DSP if at any time the Retailer/DSP no longer fulfills the above requirements, subject to the provisions of Article 7.3, Article 11.2(d), Article 13 and Article 14.1(d) herein.

## 6.2 **Application for Site Enrollment**

- (a) In order to initiate the provision of Distribution Access Service by the Company, the Retailer/DSP shall complete and provide to the Company an enrollment for Distribution Access Service in the form and manner set out in the NGSSC. The Retailer/DSP shall provide updated Customer Information with each enrollment.
- (b) The Company will, subject to the Retailer/DSP meeting the provisions of these Terms and Conditions and in compliance with the NGSSC, accept an enrollment by a Retailer/DSP for provision of Distribution Access Service hereunder. The Company reserves the right to verify the identity of the Customer and the accuracy of the Customer Information.
- (c) Upon receipt of a valid enrollment from a Retailer/DSP in the form and manner set out in the NGSSC, the Company will recognize the Retailer/DSP as the Retailer of Record for that particular Site.
- (d) Enrollments will be processed for Retailers by the Company on a first-come, first-served basis, followed by the DSP at the end of business day. Each enrollment will be time and date-stamped when received by the Company.





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- (e) Enrollments will be accepted by Company from a Retailer/DSP on a daily basis. Once the enrollment is accepted or rejected, the Company will provide the Retailer/DSP, in electronic form, a status notification. If an enrollment is accepted, the effective date of the acceptance and the commencement of Distribution Access Service will be in accordance with the NGSSC and will be confirmed in the response to the Retailer/DSP. If an enrollment is rejected, the Company will provide reasons for the rejection in accordance with the NGSSC.
  - (f) In accordance with Article 12 of these Terms and Conditions, the Company will obtain meter reads from time to time. The Company does not obtain a company meter reading at the time of enrollment; the Company will estimate a meter read. At the request of the Retailer/DSP, the Company shall obtain an actual off-cycle meter read and assess a charge to the Retailer/DSP as set forth in the Schedule of Non-Discretionary Charges.
  - (g) If more than one Retailer enrollment is received for a Site while an earlier Retailer enrollment is pending, only the first valid Retailer enrollment received by the Company shall be processed in that period.
  - (h) If a Retailer finds that it has enrolled an incorrect Site, that Retailer/DSP shall notify the Company as soon as reasonably possible. Upon receiving notice from the Retailer/DSP, the Company will notify the previous Retailer/DSP to enroll the Site.
  - (i) The Retailer/DSP will not be liable to the Company for any outstanding indebtedness of the Customer to the Company, which accrued prior to the receipt by the Retailer/DSP of Distribution Access Service hereunder.



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## ARTICLE 7 – BILLING & PAYMENT

### 7.1 Retailer/DSP Billing

The Company will bill the Retailer/DSP for Distribution Access Services provided to the Retailer/DSP in accordance with the Tariff Billing Code (Rule 4) billing procedures set out as follows:

- (a) For the purpose of determining the amount to be billed by the Company and paid by the Retailer/DSP for the transportation of Gas under the Distribution Access Service Agreement, the unit to be used shall be one (1) GJ.
- (b) The Company will invoice the Retailer/DSP each billing cycle for Distribution Access Service provided by the Company for the period prior to the billing cycle; including the Imbalance Purchase/Sale amount, if any, as stipulated in Article 7.2(b) and Article 13.3 herein. The Company also reserves the right to perform off-cycle billings.
- (c) The Company will not assume any billing or collection obligations or responsibilities for or on behalf of the Retailer/DSP. The Retailer/DSP shall process Customer payments and handle collection responsibilities.
- (d) The Company reserves the right to bill the Customer directly for any amounts required to be provided by the Customer under the Customer Terms and Conditions for Gas Distribution Service. The Retailer/DSP shall refer to the Schedule of Non-Discretionary Charges – with respect to these services.
- (e) Retailers, DSP, or any party acting as an Agent on behalf of Retailers/DSP are required to provide Customers with notification of a Company distribution rate change in the billing envelope or through the electronic billing and payment process that accompanies the first charge to the Customer at the new rate.



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## 7.2 Payment and Collection Terms

- (a) The Retailer/DSP shall pay to the Company, on or before the 15th Business Day following the Business Day on which the Retailer/DSP was invoiced, the amount invoiced by the Company for the preceding period.
- (b) Company shall invoice, and Retailer/DSP shall pay, the monthly net Imbalance Purchase/Sale amount, if any, on the next available billing cycle following the date on which the Imbalance Purchase/Sale amount was authorized by the Company;
- (c) The Company will establish an electronic billing and payment procedure for the payment of services hereunder. Notwithstanding, the Company will accept payment by cash or certified cheque if agreed to by the Company.
- (d) The Company has established two electronic billing options for Retailers/DSP electing to send and receive payments electronically. The Preauthorized Payment Agreement ("Authorization") and the Electronic Payment Transfer Agreement, as set out in the Retailer Guide, set forth the terms and conditions for making payments and providing remittance information electronically.
- (e) The Retailer/DSP shall pay all amounts owed to the Company for any of the Distribution Access Services (which includes Imbalance Purchase/Sale) provided by the Company whether or not the Customer has paid the Retailer/DSP.
- (f) Failure to receive a bill does not release a Retailer/DSP from the obligation to pay the amount owing for any of the Distribution Access Services provided by the Company.
- (g) The Company shall charge interest on the late payment as set forth in the Company's Rate Schedule.

## 7.3 Late or Unpaid Bills

- (a) If a Retailer defaults or is late in paying charges, subject to (b)(4) below, the Company will provide the Retailer notice as required below in (b)(1), and will be



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entitled to draw on the security of the Retailer if the Retailer's arrears are not paid within (3) three Business Days after the date of the notice. The Retailer must provide an additional deposit to replace the funds drawn down because of the default or late payment as stipulated in Article 11.2 herein.

- (b) (1) If a Retailer defaults in its payments the Company must provide the Retailer with a notice in writing stating that the Retailer is in default in its payments to the Company under the Company's Rate Schedule and these Terms and Conditions, and advising that the Company may make a claim against the Retailer's security if the arrears are not paid within (3) three Business Days after the date of the notice.
- (2) If after the expiry of the period set out in (b)(1) the Retailer's arrears remain unpaid, the Company may make a claim against the Retailer's security to cover the arrears. The Company may also discontinue or restrict Distribution Access Service to the Retailer with three (3) Business Day's notice if in its opinion not doing so could impair its ability to use the Retailer's security for continuing arrears or amounts that have not been billed but are owed to ATCO Gas.
- (3) If the Retailer has provided security in the form of a financial deposit, the Company may deduct from that deposit the amount of the unpaid arrears.
- (4) If in the opinion of the Company the giving of notice in accordance with (b)(1) would impair the Company's ability to make a claim against a Retailer's security or to deduct the unpaid arrears from a Retailer's financial deposit, the Company may make the claim or deduct the unpaid arrears without notice.
- (c) The Company may, at its sole discretion and in addition to any other remedies available to it, restrict enrollment or terminate Distribution Access Service to the Retailer/DSP, if such Retailer/DSP does not pay all outstanding bills in accordance with these Terms and Conditions.



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## 7.4 Adjustment of Bills

### 7.4.1 *Billing Error*

Should the Retailer/DSP dispute any amount owing, the Retailer/DSP shall nonetheless pay such disputed amount and submit the dispute for resolution in accordance with these Terms and Conditions. Following resolution of any such dispute, the Company will return any amount found owing, without interest, to the Retailer/DSP forthwith. The right or ability of either party to dispute a bill for service provided hereunder shall only apply to requests in writing and are limited to a period where electronic cancel and recharge may occur. The Company may assess a charge to the Retailer/DSP for reviewing billing disputes, in circumstances where the Company has not been responsible for any billing error.

### 7.4.2 *Unauthorized Use*

Where the Company determines that there has been unauthorized use of Gas Services including, but not limited to, meter or equipment tampering, unauthorized connection or reinstatement, theft or fraud whereby the Company is denied full compensation for Distribution Access Services provided, the Company will bill the Retailer/DSP for the Company's estimated delivery charges of such unauthorized use. Nothing in this Article shall limit any other rights or remedies that the Company may have in connection with such unauthorized use.

## ARTICLE 8 – DISTRIBUTION ACCESS SERVICE INTERRUPTION

### 8.1 **Continuous Supply**

The Company shall make all reasonable efforts to maintain a continuous Gas supply to the Retailer's/DSP's Customers, but the Company cannot guarantee an uninterrupted Gas supply.



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## 8.2 Interruption

Without liability of any kind to the Company, the Company shall have the right to disconnect or otherwise curtail, interrupt or reduce service to the Retailer/DSP (and the Retailer's/DSP's Customers):

- (a) whenever the Company reasonably determines that such a disconnection, curtailment, interruption or reduction is necessary to facilitate construction, installation, maintenance, repair, replacement or inspection of any segment of the Gas Pipeline System;
- (b) to maintain the safety and reliability of the Gas Pipeline System; or,
- (c) due to any other reason related to dangerous or hazardous circumstances including emergencies, forced outages, potential overloading of the Gas Pipeline System or Force Majeure.

## 8.3 Reasonable Efforts

The Company shall use reasonable efforts to minimize any scheduled curtailment, interruption or reduction to the extent reasonably practicable under the circumstances, to provide the Customer with prior notification of any such curtailment, interruption or reduction to the extent reasonably practicable, and to resume Distribution Access Service as promptly as reasonably practicable.

## ARTICLE 9 – DISCONTINUANCE OF DISTRIBUTION ACCESS SERVICE

This Article, as amended from time to time, describes the relationship between the Company and the Retailer/DSP in relation to de-enrollment of a Site, which includes, without limitation, the circumstances when a Retailer chooses not to arrange for Distribution Access Service to the Customer as set forth in Article 9.1, or when the Company discontinues Distribution Access Service to the Retailer/DSP as set forth in Article 9.2 herein, or when Retailer/DSP fails to provide supply or balance its Account as set forth in Article 13 herein. This Article does not cover the provisions under which a Customer requests its meter be removed or service line to be disconnected.



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## 9.1 Discontinuance by the Retailer

- (a) To discontinue Distribution Access Service, a Retailer shall complete and provide to the Company an electronic de-enrollment in the form and manner set out in the NGSSC.
- (b) In accordance with Article 12 of these Terms and Conditions, the Company will obtain meter reads from time to time. If the Company does not obtain an actual read at the time of the de-enrollment, the Company will estimate a meter read. At the request of the Retailer, the Company shall obtain an actual off-cycle meter read and assess a charge to the Retailer as set forth in the Schedule of Non-Discretionary Charges.
- (c) The Company will accept or reject the Retailer's de-enrollment in accordance with the NGSSC.
- (d) The Retailer is responsible to ensure that its Customers are provided notice of the de-enrollment, and the consequences thereof, and that the Company will not be held liable for any Customer disputes with the Retailer.
- (e) Upon receipt of a successful de-enrollment from a Retailer in the form and manner set out in the NGSSC, the Company will notify the Default Supply Provider of the pending enrollment. If the site is not enrolled by a replacement Retailer within the period set out in the NGSSC, the Company will notify the DSP to enroll the site.
- (f) The Retailer shall remain responsible for Gas Services to the Site until the de-enrollment effective date, a replacement Retailer/DSP is enrolled for the Site or the site is salvaged.
- (g) The Retailer may revoke a notification to de-enroll a Site as set out in the NGSSC.



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## 9.2 Discontinuance by the Company

### 9.2.1 *Discontinuance of DSP*

The Company may discontinue or restrict Distribution Access Service to the DSP if any of the following occur:

- (a) the DSP has failed to meet its obligations under these Terms and Conditions or the Distribution Access Service Agreement with the Company.

### 9.2.2 *Discontinuance of Retailer*

The Company may discontinue or restrict Distribution Access Service to the Retailer if any of the following occur:

- (a) the Retailer has failed to meet its obligations under these Terms and Conditions or the Distribution Access Service Agreement with the Company, or
- (b) the Retailer has failed to meet its credit requirements pursuant to Article 11, or
- (c) the Retailer has failed to meet its obligations pursuant to Article 13, or
- (d) the Retailer's license has been revoked by Service Alberta.

### 9.2.3 *Notice of Discontinuance*

Notification of discontinuance will be made electronically to the Retailer/DSP. The Company will provide the Retailer/DSP notice before the Company discontinues Distribution Access Service to the Retailer/DSP, subject to the provisions of these Terms and Conditions. Upon discontinuance of Distribution Access Service to a Retailer pursuant to this Article, the provision of the affected service(s) will be assumed by the DSP.





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## ARTICLE 10 – SERVICE DISCONNECTS AND REINSTATEMENT

This Article, as amended from time to time, describes the relationship between the Company and the Retailer/DSP in relation to the physical disconnect of a Point of Delivery.

### 10.1 Disconnection of Service

#### 10.1.1 *Disconnection by the Company*

- (a) The Company reserves the right to disconnect Gas Distribution Service to the site in a number of circumstances, including but not limited to non-payment of the Company bills or any past due charges by the Customer; evidence of safety violations or fraud at the site; threats or harassment of employees or agents of the Company, failure to provide access for meter readings, or the Customer failing to meet its obligations under the Customer Terms and Conditions for Gas Distribution Service.
- (b) If the disconnect is a result of a safety violation, the Company will reinstate the service when the safety problem is resolved and when the Customer has paid all of the Company's costs related to addressing damage, interference or disturbance, including installation of devices or equipment as necessary. The Company may assess a reinstatement charge to the Retailer/DSP as set forth in the Schedule of Non-Discretionary Charges.

#### 10.1.2 *Disconnection at Request of Retailer/DSP*

- (a) In accordance with subsection 5(1) of the R3 Regulation, the Retailer/DSP shall have the right to request that the Company disconnect service to a particular Site.
- (b) The Retailer/DSP shall remain responsible for all Gas Services to the Site until the Company has completed the disconnection.
- (c) The Company will notify the Retailer/DSP if a disconnect request was not successfully completed and include the reason why it was not successfully



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completed. If the Retailer/DSP still requires a disconnect, the Retailer/DSP must re-issue a disconnect request.

- (d) The Company shall not be liable to any person for any damages, cost, expense, injury, loss or other liability of any kind whatsoever, or however caused, resulting directly or indirectly from its good faith performance of its responsibilities under the provisions of this Article.

## 10.2 Reinstate Service

Before reinstating or restoring service to a particular Site:

- (a) the Retailer/DSP must provide the Company with authorization to reinstate service;
- (b) if the reason for the reinstatement request is to resume access service after a Site was Cut Off for Non-Payment ("CONP"), and the Customer Information on the reinstatement request matches the Customer Information on the original CONP disconnect request, then the Company will not reinstate until such time as a site lock release is received by the Company from the Retailer/DSP that issued the disconnect request. Such release shall be sent to the Company within 24 hours of the Retailer/DSP receiving payment.
- (c) the Retailer/DSP or Customer must provide proof of compliance with Article 12 of the Customer Terms and Conditions for Gas Distribution Service.
- (d) the Company reserves the right to assess a reinstatement charge for all attempts to reinstate service as set forth in the Schedule of Non-Discretionary Charges, pursuant to this Article.

## ARTICLE 11 – PRUDENTIAL REQUIREMENTS

In circumstances where the Retailer has multiple Retailer Identification numbers, the review, setting and maintaining of prudential requirements shall be based on the Retailer Business Function Identification level.



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### 11.1 Setting of Prudential Requirements

- (a) The Retailer must fulfill the requirements as set forth in this Article to the satisfaction of the Company before the Company will provide Distribution Access Service to that Retailer.
- (b) Subject to review and reassessment of the Prudential Requirements of a Retailer by the Company from time to time, a Retailer shall meet and maintain such financial and other Prudential Requirements as set out in the Natural Gas Billing Regulation, A.R. 185/2003, as amended from time to time, to ensure that the Retailer is and remains of sufficient financial standing to meet its ongoing financial obligations.
- (c) The Company will confirm the credit rating of the Retailer, affiliate or person which guarantees the financial obligation of the Retailer. The credit rating will mean the bond rating according to Standard and Poor's Bond Rating Service or an equivalent bond rating from Dominion Bond Rating Service or Moody's Investors Service.

The minimum credit rating that will qualify a Retailer for a reduction in security or allowing a person to provide an irrevocable guarantee of the Retailer's financial obligation is BBB-, as set out in Section 6(3) of the Natural Gas Billing Regulation A.R 185/2003 as amended from time to time.

If a Retailer has obtained more than one credit rating, the lowest credit rating will be used in the assessment.

- (d) Subject to review and reassessment, the Company shall determine the amount of the security reduction available for each Retailer, and the maximum amount of any guarantee required from the person guaranteeing the financial obligations of the Retailer, subject to sections 5, 6 and 7 of the Natural Gas Billing Regulation, A.R. 185/2003, as amended from time to time. The Company shall notify the Retailer of its security requirement within 20 (twenty) Business Days from the receipt of the Retailer's complete application for service.



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- (e) For the purposes of calculating the amount of the Retailer's security deposit pursuant to section 5(2) of the Natural Gas Billing Regulation, A.R. 185/2003, as amended from time to time, the Retailer must project its payments under the Company's Rate Schedule over a period equal to the lesser of (A) 75 days, or (B) the total of (i) 20 days, plus (ii) the number of days between consecutive bills issued by the Company to the Retailer, plus (iii) the number of days from the issuance of a bill by the Company until payment is due from the Retailer.
- (f) For the purposes of calculating the amount of the Retailer's security deposit required, the Retailer will add an additional 20 days of projected payments (the Load Balancing Security) under the Company's Rate Schedule to the amount of security deposit required under the Natural Gas Billing Regulation A.R. 185/2003, as amended from time to time as identified in part (e) above which shall serve as separate security in respect of any Imbalance Sales that ATCO Gas may be required to charge the Retailer in order to balance their accounts.
- (g) Subject to section 6 of the Natural Gas Billing Regulation, A.R., 185/2003, as amended from time to time, the Retailer shall provide security in the manner set out in the Retailer Guide, in the form of a financial deposit, a bond, an irrevocable letter of credit from a financial institution acceptable to the Company, or an irrevocable guarantee. An irrevocable guarantee may only be provided from a person acceptable to the Company, other than the Retailer, with a qualifying credit rating.

## 11.2 Maintaining Prudential Requirements

- (a) If a Retailer's actual outstanding charges under the Company's Rate Schedule and these Terms and Conditions are materially greater than the value projected by the Retailer under Article 11.1 of these Terms and Conditions, the Company will update the projection and, if additional security is required based on the updated projection, require the Retailer to provide additional security within five (5) Business Days of the Company's request.
- (b) The Company requires Retailers to report any downgrading of their corporate bond



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rating to the Company within two (2) Business Days of said rating revisions, and must provide any additional security required as a result of the downgrading within five (5) Business Days of the downgrading.

- (c) If a Retailer fails to pay any amount billed, subject to Article 7.3 of these Terms and Conditions, the Company will apply all or any portion of that Retailer's security deposit to the unpaid amount. The Retailer will then be required to replenish the security deposit within five (5) Business Days.
- (d) If the Retailer fails to maintain its prudential requirements in accordance with Article 11 the Company reserves the right to suspend the provision of additional Distribution Access Service to the Retailer, or discontinue Distribution Access Service to the Retailer. The Company will provide the Retailer notice of discontinuance three (3) Business Day before the Company discontinues Distribution Access Service to the Retailer. Upon discontinuance of Distribution Access Service to a Retailer pursuant to this Article, provision of the affected service(s) will be assumed by the DSP.
- (e) A Retailer that is required to provide security in accordance with the *Natural Gas Billing Regulation*, AR 185/2003, as amended from time to time, and these Terms and Conditions must maintain that amount of security until all obligations of the Retailer under the Company's Distribution Tariff are satisfied. A Retailer who provides security other than by means of a financial deposit held by the Company, must either ensure that its security has no expiry date and cannot be terminated, or must at all times ensure that its security is automatically extended from year to year, for successive periods of a minimum of one year from any expiration date thereof, unless the Company is notified in writing by prepaid registered mail not less than 30 days prior to any expiration date that the security will not be renewed for any such additional period ("Notice of Non-Renewal").
- (f) Upon receipt of a Notice of Non-Renewal, the Company shall provide notice of same in writing to the Retailer advising that the Retailer's failure to provide the Company with alternate security meeting the requirements set out in the *Natural Gas Billing Regulation*, AR 185/2003, within 3 business days after the date of the notice shall



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be in breach of the Retailer's obligation to maintain its security in accordance with s.8 of the *Natural Gas Billing Regulation*, AR 185/2003, and an event of default under Article 14.1(d) of these Terms and Conditions. If after 3 business days the Company is not in receipt of such alternate security, the full amount of the Retailer's security determined in accordance with Article 11.1 of these Terms and Conditions shall become due and payable to the Company and the Company shall be entitled to make demand or claim against the Retailer's security in accordance with Article 14.3.

- (g) In the event of a default by a Retailer, the Company is entitled to recover as part of the Gas Distribution Tariff any costs not covered by a claim against the Retailer's security under section 9 of the *Natural Gas Billing Regulation* AR 185/2003 as amended from time to time.

### 11.3 Confidentiality

All information provided by the Retailer in relation to its financial standing and designated by the Retailer as confidential will be treated as such under the Confidentiality Agreement between the Retailer and the Company. The terms and conditions of the Confidentiality Agreement are set out in the Retailer Guide.

### 11.4 Costs

All costs associated with obtaining financial security and meeting prudential requirements under this Article are the responsibility of the Retailer.

### 11.5 Interest on Security Deposits

Interest on each Retailer's cash security deposit held by the Company will be calculated at the rate specified from time to time in the *Residential Tenancies Act, S.A. 2004, C.R-17.1*. Interest will be paid to the Retailer annually.



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## ARTICLE 12 – METERING

### 12.1 Provision and Ownership

The meters used by the Company to assess the level of Distribution Access Service charges to the Retailer/DSP will be the same meters used to provide regular site billing Information to the Retailer/DSP. The Company will provide and install all meters for each Point of Delivery at a site enrolled by the Retailer/DSP in accordance with the Company's Customer Terms and Conditions for Gas Distribution Service. Each meter shall remain the property of the Company.

### 12.2 Meter Reading

Billing will be based on meter readings made by the Company from time to time or on estimates for those billing periods when the meter is not read. The Company reserves the right to assess a charge to the Retailer/DSP for additional reads above the Company's standard practices as set forth in Schedule of Non-Discretionary Charges hereof.

### 12.3 Changes to Metering Equipment

- (a) Notwithstanding Article 3.7, should a Retailer/DSP request or consent to a Customer request for new metering equipment beyond the basic service, the Company shall provide, install, test and maintain the required metering equipment. The metering equipment must be requested or consented to in writing by the Customer and meet the Company's requirements. The Customer shall bear the cost of providing and installing the metering equipment, and ongoing operating costs as set forth in the Schedule of Non-Discretionary Charges.

The metering equipment will remain the property of the Company and will be maintained by the Company. The Company shall complete installation of the metering equipment within thirty (30) days of delivery from the supplier. The Company may require prepayment prior to installation. In any event, the Customer shall pay the Company in full as per the terms stated on the invoice. If payment is not received as per the terms stated on the invoice, the Company shall charge



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interest on the late payment as per the terms stated on the invoice. Article 7.3 herein will also apply in the event of late or unpaid bills.

- (b) Notwithstanding Article 3.7, should a Customer request to return the metering equipment to its previous basic form, the Customer shall bear the cost of removal and installation of the metering equipment.
- (c) At the request of a Retailer/DSP, or with the Retailer's/DSP's consent, the Company may provide other metering services, above standard metering service, in its discretion, acting reasonably, and may charge separate fees for such services.
- (d) The Company reserves the right to bill costs related to requests for changes in metering made by the Customer or Retailer/DSP to the Retailer/DSP.

#### 12.4 Meter Reading and Estimates

Meter Reading:

- (i) The Company shall determine the method of meter reading collection for its meters and equipment.
- (ii) Where the Company has determined the method of collection is through an automated meter reading device and the Customer refuses to allow installation, the Company will attempt Company meter readings approximately every six months. The Customer will be charged for each meter reading attempt as stated in the Schedule of Non-Discretionary Charges through the monthly tariff bill sent to the Retailer/DSP.
- (iii) Where the Customer requests the removal of an automated meter reading device, the Company will remove the device and will apply the appropriate fee as stated in the Schedule of Non-Discretionary Charges. In addition, the Company will attempt Company meter readings approximately every six months. The Customer will be charged for each meter reading attempt





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as stated in the Schedule of Non-Discretionary Charges through the monthly tariff bill sent to the Retailer/DSP.

- (iv) In any event the Company will require a meter reading twice per year or as directed by Measurement Canada or such other Department as may from time to time be charged with such responsibility.
- (v) In the event that there is a discrepancy between the mounted meter index and a meter monitoring or automated meter reading device, the mounted meter index reading will be deemed to be correct.
- (vi) The Company will assess a charge to the Customer or Customer's Retailer/DSP for additional reads above the Company's standard practices as well as in situations where a Customer has refused to allow an automated meter reading device to be installed. This charge is defined in the Schedule of Non-Discretionary Charges.
- (vii) The Company shall keep an accurate record of all meter readings for the purpose of billing the Gas Distribution Services provided.
- (viii) The Company may elect to change the meter reading schedule for a site, providing advance notice to the Retailer/DSP as defined by Rule 004.
- (ix) The Company is not required to accept Customer meter readings. Where Customer meter readings are provided, the Company reserves the right to decline the use of the Customer meter reading based on specific criteria.

## 12.5 Meter Test and Adjustments

- (a) The Company may inspect and test a meter at any reasonable time.



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- (b) The Company shall arrange for a meter to be removed and tested by an official designated for that purpose by Measurement Canada or an accredited agency as may, from time to time, be designated for this purpose in the event of a Customer initiated meter test.
  - (c) If a test determines that the meter is not accurate within the limits set by government standards, the Retailer's/DSP's bill will be adjusted accordingly. Where it is impossible to determine when the error commenced, it shall be deemed to have commenced three (3) months before the test or the date of the meter installation, whichever occurred later. The Company shall not be liable to the Retailer/DSP or Customer for any additional costs that are associated with such metering or meter reading errors.
  - (d) The Company reserves the right to assess a charge to the Customer or Customer's Retailer/DSP for a meter test, in circumstances where the Company has not been responsible for any metering error, as set forth in the Schedule of Non-Discretionary Charges. This charge does not apply to circumstances when the meter tested is found to be faulty.
  - (e) If any appliance of a Customer connected to the Gas Pipeline System prevents or impedes the meter from accurately recording the total amount of energy supplied, the Company may forthwith disconnect the Customer, or disconnect such appliance from the Gas Pipeline System and shall, in either case, estimate the amount of energy consumed and not registered, as accurately as it is able to do so and charge the Retailer/DSP.

## **ARTICLE 13 – ACCOUNT BALANCING**

### **13.1 Retailer/DSP Account**

- (a) The Retailer/DSP Account shall be accumulated and recorded by Company each Day and, without limitation, shall include such items as Gas supply Nominations, Retailer Load, Imbalance quantity, opening Imbalance quantity, previous Month(s)



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true-up quantity(ies), Retailer/DSP's share of Company's Unaccounted For Gas and/or other adjustment quantity(ies) deemed appropriate as determined by the Company from time to time.

- (b) Each Day the Company shall Forecast and Backcast Retailer's Load according to the practices specified in the Company's Retailer Guide.
- (c) The Retailer/DSP shall provide in kind Unaccounted For Gas each Day at the rate specified in Rider D.
- (d) The Company shall make the Account available to the Retailer/DSP in the manner described in the Retailer Guide.
- (e) The Retailer/DSP shall be required to hold one Account for each of the north zone and south zone corresponding to Retailer/DSP's aggregate north zone and aggregate south zone Customers, as applicable.

### **13.2 Exchange of Gas**

- (a) The Retailer/DSP warrants that it will make its Gas supply available in an Account on the Transmission System and that the Company will make that Gas available in the Retailer/DSP's Account by means of an exchange with that Account on the Transmission System and the Company's Account on the Transmission System, subject to the procedures described in the Retailer Guide.

### **13.3 Daily Retailer/DSP Account Balance**

- (a) For each Gas Day, the energy quantity of the Retailer/DSP Account Imbalance Window shall be calculated by multiplying the daily Backcast by the  $\pm$ Imbalance Window percentage specified on Schedule C and rounded to the nearest GJ, provided that the resultant is not less than the minimum energy Imbalance Window specified on Schedule C.
- (b) The Retailer/DSP shall at all times endeavor to maintain its daily Account Imbalance energy within the quantity specified by the daily Imbalance Window.



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- (c) For each Gas Day, in the event the absolute value of the Retailer/DSP Account daily Imbalance energy is greater than the absolute value of the quantity specified by the daily Imbalance Window, the difference quantity shall be settled by Imbalance Purchase/Sale at the price specified on Schedule C.
  - (d) The net quantity and dollars resulting from the Imbalance Purchase and Imbalance Sales transactions in (c), if any, will be invoiced to Retailer/DSP once per Month as specified in Article 7.

### 13.4 Retailer/DSP Account Monitoring Rules

The Company shall perform monitoring of the Retailer/DSP's Account according to the following:

- (a) Step 1
  - i. If there is no evidence of a Nomination in the Retailer's Account by 10:00 a.m. local time of the current Gas Day (Gas Day 1), which has not been pre-authorized by the Company, the Company will attempt to contact the Retailer for an explanation. If the Retailer indicates in writing (by email or FAX) that it intends to balance the Account within the Account Balancing timeline specified in the Retailer Guide, then the Company will take no further action at Step 1. For the purposes of this clause, "balance the Account" means the Retailer provided sufficient gas supply for Gas Day 1 such that the resulting Account Imbalance on Gas Day 1 was within the Imbalance Window and no Imbalance Purchase/Sale was triggered.
  - ii. If at (a)(i) above:
    - 1. the Company, with reasonable effort by telephone and email, is unable to contact the Retailer by the time of the release of the F3 Forecast for Gas Day 1, or



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2. the Retailer has indicated an inability to make Nominations to its Account for Gas Day 1, or
  3. there continues to be no evidence of a Nomination in the Retailer's Account by the time of the release of the F3 Forecast for Gas Day 1,

then the Company will transact on the Same Day Market based on the F3 Forecast for Gas Day 1. The transaction(s) will be recorded in the Company's Account on the Transmission System, not the Retailer's Account, and charged to the LBDA. The Retailer's Account will be closed for the remainder of Gas Day 1 and the rules related to Imbalance Purchase/Sale as stipulated in these Terms & Conditions will be in effect for the Retailer's Account on Gas Day 1.

(b) Step 2

- i. If there is no evidence of a Nomination in the Account by 10:00 a.m. local time of the Gas Day following Gas Day 1 (i.e. Gas Day 2), which has not been pre-authorized by the Company, the Company will attempt to contact the Retailer for an explanation. This rule will also apply to those Retailers who made a commitment to balance their Account in Step 1, but did not fulfill that commitment, even if a nomination was made for Gas Day 1. The Retailer will be required to nominate gas supply equal to the F3 Forecast for Gas Day 2 no later than one half ( $\frac{1}{2}$ ) hour after the F3 Forecast has been issued.
- ii. If at (b)(i) above
  1. the Company, with reasonable effort by telephone and email, is unable to contact the Retailer by the time of one half ( $\frac{1}{2}$ ) hour after the release of the F3 Forecast for Gas Day 2, or
  2. the Retailer has indicated an inability to make the Nominations to its Account for Gas Day 2, or



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3. the gas supply in the Retailer's Account does not equal the F3 Forecast energy by the time of one half (½) hour after the release of the F3 Forecast for Gas Day 2,

then the Company will transact on the Same Day Market based on the F3 Forecast for Gas Day 2. The transaction(s) will be recorded in Company's Account on the Transmission System, not the Retailer's Account, and charged to the LBDA. The Retailer's Account will be closed for the remainder of Gas Day 2 and the rules related to Imbalance Purchase/Sale as stipulated in these Terms & Conditions will be in effect for the Retailer's Account on Gas Day 2.

The Company will also provide electronic notice to the Retailer indicating that unless the Retailer takes action to provide gas supply to its Account sufficient to alleviate Company's concerns by 10:00 a.m. local time of the next Gas Day (i.e. Gas Day 3), the Company intends to permanently close the Retailer's Account during Gas Day 3.

(c) Step 3

If there is no evidence of a Nomination in the Retailer's Account by 10:00 a.m. local time of the current Gas Day (Gas Day 3), which has not been pre-authorized by the Company, the Company will provide electronic notice to the Retailer that its Account is permanently closed. The Company will commence de-enrollment of Sites associated with the Retailer's Account during Gas Day 3 to first take effect on Gas Day 4.

The Company will transact on the Same Day Market based on the F3 Forecast for Gas Day 3. The transaction(s) will be recorded in the Company's Account on the Transmission System, not the Retailer's Account, and charged to the LBDA. The rules related to Imbalance Purchase/Sale as stipulated in these Terms & Conditions will be in effect for the Retailer's Account.

(d) Step 4



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The Company will continue to transact in the Same Day Market based on the F3 Forecast for the Retailer who has defaulted until all the Retailer's Sites have been de-enrolled and successfully re-enrolled with the DSP. The transaction(s) will be recorded in the Company's Account on the Transmission System, not the Retailer's Account and the rules related to Imbalance Purchase/Sale as stipulated in these Terms & Conditions will be in effect. When all of the defaulting Retailer's Sites have been successfully enrolled with the DSP, the termination of Distribution Access Service will be complete and Company will not undertake any further transactions on behalf of the defaulting Retailer. The Company will continue to apply the rules related to Imbalance Purchase/Sale to the Retailer's Account as a result of adjustments related to settlement or other matters which occur after the Retailer's Account has been permanently closed.

(e) Step 5

In the event of non-payment on the part of the Retailer, and without limiting the Company's rights or remedies at law or in equity, the Company shall have the right to recover any charges to a Retailer by claiming against the Retailer's or Agent's performance bond (as stipulated in Article 11 of these Terms and Conditions) which exists to secure due performance by the Retailer or Agent of its obligation under the Distribution Access Service Agreement.

(f) The Account monitoring rules described above will also be used to monitor the DSP Account to provide early detection of issues that may result in obligations under the terms specified in the commercial arrangements between the Company and the DSP.

(g) In the event that the Company is notified by the Retailer in writing (by email or FAX) or in the event that the Company becomes aware that the Retailer has declared itself or has been declared to be insolvent prior to the full three days of Account monitoring described in this section, the Company shall have the right to discontinue Distribution Access Service with one (1) Business Day's notice.



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### 13.5 Termination of Retailer Service

- (a) These Terms and Conditions shall continue in force until all the Retailer's Sites have been de-enrolled and Final Monthly Settlement for the Retailer's Account has been completed, whereupon Company shall terminate the Retailer's Account. The Company will continue to transact in the Same Day Market based on the F3 Forecast for the Retailer who has defaulted until all the Retailer's Sites have been de-enrolled and successfully re-enrolled with the DSP. The transaction(s) will be recorded in the Company's Account on the Transmission System, not the Retailer's Account and the rules related to Imbalance Purchase/Sale as stipulated in these Terms & Conditions will be in effect.
- (b) Notwithstanding the provisions of (a), upon mutual agreement, the Retailer and the Company may enter into an arrangement to settle the outstanding energy amounts in the Retailer's terminating Account, including without limitation, the Account closing Imbalance and adjustments to the Account from Gas Settlement, in a manner that is different than is normally required under the provisions of these Terms and Conditions and/or the Retailer Guide.

### 13.6 Request for Additional Information

A Retailer may request additional settlement information above the basic service provisions specified in the Retailer Guide or information previously provided by the Company if:

- (a) the Retailer provides a written request to the Company outlining the purpose for the additional settlement information; and
- (b) the additional settlement information applies only to the Customers of the Retailer.

Upon satisfaction of the above requirements, the Company will advise the Retailer in a written proposal of the type of work, time of delivery and charges necessary to provide the additional settlement information to the Retailer.





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### 13.7 Liability

The Company shall not be liable to any person for any damages, cost, expense, injury, loss or other liability of any kind whatsoever, or however caused, resulting directly or indirectly from its good faith performance of its responsibilities under the provisions of this Article. No express or implied warranties of any kind shall apply to information or services provided by the Company to any person as part of such good faith performance, including without limitation implied warranties of fitness for a particular purpose.

## ARTICLE 14 – DEFAULT

### 14.1 Events of Default

An event of default under these Terms and Conditions and the Distribution Access Service Agreement will occur if either the Company, the DSP or the Retailer (“Defaulting Party”):

- (a) is the subject of a bankruptcy, insolvency or similar proceeding;
- (b) makes an assignment for the benefit of its creditors;
- (c) applies for, seeks, consents to, or acquiesces in the appointment of a receiver, custodian, trustee, liquidator or similar official to manage all or a substantial portion of its assets;
- (d) fails to pay the other party (“Non-Defaulting Party”) when payment is due, or to satisfy any other material obligation under these Terms and Conditions or the Distribution Access Service Agreement including, without limiting the generality of the foregoing, fulfilling the prudential requirements as set forth in Article 11, in accordance with these Terms and Conditions, and fails to remedy the failure or satisfy the obligation, as the case may be, within three (3) Business Days after receipt of written notice thereof from the Non-Defaulting Party;
- (e) fails to balance its Account in accordance with Article 13.



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## 14.2 Rights Upon Default

In an event of default, the Non-Defaulting Party shall, subject to these Terms and Conditions and any applicable regulatory requirements, be entitled to pursue any and all available legal and equitable remedies and terminate the Distribution Access Service Agreement. Where the Defaulting Party is the Company or the Retailer and the Non-Defaulting Party elects to terminate, the Distribution Access Service Agreement is terminated without any liability or responsibility whatsoever, except for obligations arising prior to the date of termination. The Non-Defaulting Party shall provide written notice to the Defaulting Party of its intention to terminate Distribution Access Service hereunder.

## 14.3 Recourse to Security Upon Retailer Default

In addition to any other rights and remedies set out herein, in an event of default by the Retailer, other than a default in payment addressed under section 9 of *Natural Gas Billing Regulation*, AR 185/2003, the full amount of the Retailer's security determined in accordance with article 11.1 of these terms and conditions shall become due and payable to the Company and the Company shall be entitled to make demand or claim against the Retailer's security for the full amount secured thereunder. All funds received by the Company in respect of such claim shall be retained by the Company and applied against the Retailer's obligations hereunder until such time as all of the Retailer's obligations have been determined and satisfied. Any balance remaining after satisfaction of the Retailer's obligations shall be returned to the issuing party of the security for the benefit of the Retailer.

## 14.4 Termination on Default

If any one or more of the parties to the Distribution Access Service Agreement fails to perform any of the covenants or obligations imposed upon it under and by virtue of the Distribution Access Service Agreement (the "Defaulting Party"), then in any such event, the other party or parties to the Distribution Access Service Agreement (the "Non-Defaulting Party") may at its option terminate the Distribution Access Service Agreement insofar and only insofar as the Distribution Access Service Agreement pertains to the Defaulting Party by proceeding as follows:



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- (a) The Non-Defaulting Party shall cause a notice in writing or fax to be given to the Defaulting Party advising as to the nature of any default and declaring it to be the intention of the Non-Defaulting Party to terminate the Distribution Access Service Agreement.

## **ARTICLE 15 – IMPAIRED DELIVERIES**

### **15.1 Impaired Deliveries**

If by reason of the causes set forth in this Article, the Company is unable, in whole or in part, to deliver the quantities of Gas provided for in the Distribution Access Service Agreement, then the Company shall be relieved of liability for not delivering such quantities, and the Company may curtail or discontinue deliveries of Gas under the Distribution Access Service Agreement during the continuance and to the extent of the inability; provided however that the Company shall endeavor to give reasonable notice of any curtailment or discontinuance of deliveries arising by virtue of such causes and shall promptly endeavor to remedy the cause of any curtailment or discontinuance of deliveries as soon as reasonably possible. Such notice shall specify the Company's estimate of the duration of any such curtailment or discontinuance of deliveries under the Distribution Access Service Agreement. The causes above referred to shall be:

- (a) the necessity, in the Company's sole opinion, of making modifications or improvements to the Gas Pipeline System; provided however that the Company shall, when practicable, endeavor to effect such modifications or improvements, which are not emergency in nature, at a time and in a manner which shall not unduly interfere with or interrupt deliveries of Gas; or
- (b) the necessity of making repairs to the Gas Pipeline System.



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## ARTICLE 16 – LIABILITY AND INDEMNITY

### 16.1 Indemnity

- (a) Each party (as applicable, the "Indemnitor") will indemnify and hold harmless the other party and its directors, officers, employees, agents and representatives ("Indemnitee(s)") from and against any direct damages, injuries, losses and other liabilities claimed against the Indemnitee or any of them, and all related costs and expenses (including reasonable legal fees) suffered or incurred by any of them in relation to any claim, cause of action, action, suit or proceeding by a third party ("Claim") which arises from damage to property or injury to or death of persons resulting from the Indemnitor's failure to perform its obligations under these Terms and Conditions which failure is caused by the negligence or willful act of the Indemnitor or any of its directors, officers, employees, agents or representatives acting within the scope of their authority or employment. The indemnity under this Article will be limited to an amount in proportion to the degree to which the Indemnitor or its directors, officers, employees, agents or representatives acting within the scope of their authority or employment are at fault. For the purpose of this Article "willful act" means any act or omission which is an intentional tort or an intentional breach of any obligations under these Terms and Conditions.
- (b) In the event that an Indemnitee is entitled to and desires to assert its right to indemnification from an Indemnitor under this Article 16.1 such Indemnitee will give the Indemnitor prompt notice of the Claim, which shall describe the Claim in reasonable detail and shall indicate the estimated amount, if practicable, of the indemnifiable loss that has been or may be sustained by the Indemnitee. The failure to promptly notify the Indemnitor hereunder shall not relieve the Indemnitor of its obligations hereunder, except to the extent that the Indemnitor is actually and materially prejudiced by the failure to so notify promptly.
- (c) Subject to Article 16.1(d) hereof, if the Indemnitor delivers to the Indemnitee a written acknowledgement of its unconditional and irrevocable obligation to indemnify the Indemnitee under Article 16.1(a) in respect of:



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- (1) all of the damages, injuries, losses, liabilities, costs and expenses that may be claimed against, or suffered or incurred by, the Indemnitee in respect of the Claim within 10 days following the Indemnitor's receipt of the Indemnitee's notice of such Claim and if the existence of such obligation to indemnify is made known by the Indemnitor to the third party claimant (and, if applicable, to the court or other tribunal determining the Claim), the Indemnitee shall make available to the Indemnitor all information in its possession or to which it has access, other than information that has been designated as confidential by the provider of such information, which is or may be relevant to the particular Claim and the Indemnitor shall be entitled, at its option, to take carriage of the defense of the Claim by its own counsel and, if it elects to do so, the Indemnitee shall cooperate with the Indemnitor to the fullest reasonable extent in the defense, settlement or compromise of the Claim; or
  
  - (2) some, but less than all, of the damages, injuries, losses, liabilities, costs and expenses that may be claimed against, or suffered or incurred by, the Indemnitee in respect of the Claim within 10 days following the Indemnitor's receipt of the Indemnitee's notice of such Claim and if the Indemnitee is of the opinion that the Indemnitor's interests are not in conflict with its own, the Indemnitee shall make available to the Indemnitor all information in its possession or to which it has access, other than information that has been designated as confidential by the provider of such information, which is or may be relevant to that portion of the Claim in respect of which the Indemnitor has an obligation to indemnify the Indemnitee and consult with the Indemnitor in respect thereof.

The Indemnitee shall not make any admission of the liability regarding, or settle or compromise, that portion of the Claim in respect of which the Indemnitor has acknowledged its obligation to indemnify the Indemnitee without the written consent of the Indemnitor, which consent shall not be unreasonably withheld.



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- (d) The provisions of Article 16.1(a) hereof shall not apply in respect of any Claim to which the Indemnitor is, or may reasonably be expected to be, a party and where the Indemnitee is asserting legal defenses in relation to the Claim that conflict with legal defenses being asserted by the Indemnitor.
- (e) Except to the extent to which either party is required to indemnify the other party (and those other persons specified in this Article 16) by the express terms of Article 16, neither party, nor its directors, officers, agents, employees, and representatives, will be liable to the other party for any damages, costs, expenses, injuries, losses, or liabilities suffered or incurred by the other party, its directors, officers, employees, agents and representatives howsoever and whenever caused, and each party, for itself and as agent for its directors, officers, agents, employees and representatives hereby forever releases the other party, its directors, officers, agents, employees and representatives from any liability or obligation in respect thereof. For greater certainty, neither party shall be limited in a claim against the other for specific performance or other equitable relief in relation thereto, or direct damages only and related costs and expenses (including reasonable legal fees), arising from a breach of these Terms and Conditions.

## 16.2 Consequential Loss

Notwithstanding anything to the contrary contained in these Terms and Conditions, neither party will be liable to the other party, and the Company shall not be liable to the Customer with respect to matters for which the party is acting as agent for the Customer, for any damage, cost, expense, injury, loss or other liability of an indirect, special or consequential nature suffered by the other party or claimed by any third party against the other party which arises due to such party's failure to perform its obligations under these Terms and Conditions or for any other reason (including negligence on its part or on the part of any person for whose acts it is responsible), howsoever and whensoever caused, and whether arising in contract, negligence or other tort liability, strict liability or otherwise; and without limiting the generality of the foregoing, damage, injury or loss of an indirect or consequential nature shall include loss of revenue, loss of profits, loss of production, loss



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of earnings, loss of contract, cost of purchased or replacement capacity and energy, cost of capital and loss of the use of any segment of the Gas Pipeline System or property owned, operated, leased or used by the other party.

## **ARTICLE 17 – FORCE MAJEURE**

### **17.1 Force Majeure Relief**

The Company or Retailer/DSP, as the case may be, is relieved of its obligations hereunder, and shall not be liable for any failure to perform any term of these Terms and Conditions to the extent that and when such failure is due to, or is a consequence of, any event of Force Majeure.

Retailer/DSP shall not be relieved by Force Majeure as described in this Article 17 from the obligation to pay the charges set forth pursuant to this Article unless Force Majeure has been invoked by the Company.

### **17.2 Exclusions**

Notwithstanding the definition of Force Majeure, lack of funds shall not be an event of Force Majeure.

### **17.3 Notice**

The party claiming relief from liability under the provisions of this Article 17 shall promptly give the other party notice of the Force Majeure including full particulars thereof and shall promptly give the other party notice when the Force Majeure event ceases to prevent performance pursuant to these Terms and Conditions.

### **17.4 Obligation to Remedy**

The party claiming relief from liability under the provisions of this Article 17 shall promptly remedy the cause and effect of the Force Majeure insofar as it is reasonably able to do so.



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### **17.5 Strikes and Lockouts**

Notwithstanding any other provision of these Terms and Conditions the settlement of any strike, lockout or other industrial disturbance shall be wholly in the discretion of the party claiming relief from liability and such party may settle such strike, lockout or industrial disturbance at such time and on such terms and conditions as it may deem appropriate and no failure or delay in settling such strike, lockout or industrial disturbance shall constitute a cause or event within the control of such party or deprive such party of the benefits of this Article 17.

## **ARTICLE 18 – DISPUTE RESOLUTION**

### **18.1 Resolution by Company and Retailer/DSP**

If any dispute between the Company and a Retailer/DSP arises at any time in connection with these Terms and Conditions, the Company and the Retailer/DSP acting reasonably and in good faith, shall use all reasonable efforts to resolve the dispute as soon as possible in an amicable manner.

### **18.2 Resolution by Arbitration**

If any dispute has not been resolved pursuant to Article 18.1 hereof within 30 days after notice from the Company or the Retailer/DSP to the other of its desire to have the dispute resolved, then the dispute shall be resolved pursuant to Articles 18.3 to 18.11 hereof. The Company and the Retailer/DSP shall abide by the terms of any award rendered by the arbitrator(s) appointed hereunder without delay.

### **18.3 Arbitrators**

All disputes or differences between the Company and a Retailer/DSP in connection with these Terms and Conditions shall be referred (unless the Company and the Retailer/DSP concur in the appointment of a single arbitrator) to a board of arbitrators consisting of one (1) arbitrator to be appointed by each of the Company and the Retailer/DSP who shall, by instrument in writing, appoint a third arbitrator immediately after they are themselves appointed. Notwithstanding the foregoing, any disputed matters between the Company





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and a Retailer/DSP relating to an order or direction made or approved by the AUC or falling within the exclusive jurisdiction of the AUC, shall be referred to the AUC for resolution.

#### **18.4 Failure to Concur**

The Company and a Retailer/DSP shall be deemed to have failed to concur in the appointment of a single arbitrator if such an arbitrator shall not have been appointed within fifteen (15) days after the serving by either the Company or the Retailer/DSP on the other of notice requesting it to concur in the appointment of such an arbitrator.

#### **18.5 Refusal to Appoint an Arbitrator**

If either the Company or the Retailer/DSP shall neglect or refuse to appoint an arbitrator within fifteen (15) days after the other party (provided such other party has appointed its arbitrator) has served the Company or the Retailer/DSP, as the case may be, with notice to make the appointment, the party who has appointed its arbitrator shall be entitled to apply, upon notice to the other party, to a Justice of the Court of Queen's Bench of Alberta to appoint an arbitrator for the party in default.

#### **18.6 Failure to Appoint a Third Arbitrator**

If the arbitrators appointed by the Company and the Retailer/DSP have not, within fifteen (15) days after their appointment or the appointment of the arbitrator last appointed, as the case may be, appointed a third arbitrator, either the Company or the Retailer/DSP shall be entitled to apply upon notice to the other party to a Justice of the Court of Queen's Bench of Alberta to appoint such an arbitrator.

#### **18.7 Technical Competence**

Any arbitrator appointed under the provisions of this Article whether by concurrence of the Company and the Retailer/DSP, by either party, by the arbitrators, or by a Justice of the Court of Queen's Bench of Alberta shall, in the opinion of the persons making such



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appointment, be possessed of such technical or other qualifications as may be reasonably necessary to enable him to properly adjudicate upon the dispute or difference.

### **18.8 Compensation of Arbitrators**

Each party shall be responsible for the costs of the arbitrator appointed by it hereunder. The costs of the third arbitrator shall be divided evenly between the parties.

### **18.9 Application of the Arbitration Act (Alberta)**

Except as herein modified, the provisions of the *Arbitration Act, R.S.A., 2000, c. A-43*, as amended from time to time, shall apply to any arbitration proceeding.

### **18.10 Decisions Binding**

A decision of the single arbitrator or the majority of the three arbitrators named or appointed shall be final and binding upon each of the parties to the dispute or difference.

### **18.11 Continuity of Service**

All performance required under these Terms and Conditions by the Company and the Retailer/DSP and payment therefore shall continue during the dispute resolution proceedings contemplated by this Article 18, provided that in the case of any such proceedings pertaining to amounts payable under these Terms and Conditions, any payments or reimbursements required as a result of the proceedings shall be effective as of a date to be determined in such proceedings and interest shall be paid thereon by the party required to make the payment or reimbursement on the amount thereof at the rate specified from time to time in the Residential Tenancies Act, S.A. 2004, C.R-17.1.

## **ARTICLE 19 – MISCELLANEOUS**

### **19.1 Compliance with Applicable Legal Authorities**

The Company, DSP and the Retailer are subject to, and shall comply with, all existing or future applicable federal, provincial and local laws, all existing or future orders or other



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actions of governmental authorities having applicable jurisdiction. The Company will not violate, directly or indirectly, or become a party to a violation of any requirement of any applicable federal, provincial or local statute, regulation, bylaw, rule or order in order to provide Distribution Access Service to the Retailer/DSP (or a Customer of the Retailer/DSP). The Company's obligation to provide Distribution Access Service is subject to the condition that all requisite governmental and regulatory approvals for the provision of such Distribution Access Service will have been obtained and will be maintained in force during such period of Distribution Access Service.

### **19.2 No Assignment**

Neither the Company nor the Retailer/DSP shall assign any of its rights or obligations under these Terms and Conditions or the Distribution Access Service Agreement without obtaining (a) any necessary regulatory approval(s); and (b) the prior written consent of the non-assigning party, which consent shall not be unreasonably withheld. No assignment shall relieve the assigning party of any of its obligations under these Terms and Conditions or the Distribution Access Service Agreement until such obligations have been assumed by the assignee. Any assignment in violation of this Article shall be void. However, the Company may assign any or all of its rights and obligations under these Terms and Conditions and the Distribution Access Service Agreement, without the Retailer's/DSP's consent, to any entity succeeding to all or substantially all of the assets of the Company, if the assignee agrees, in writing, to be bound by all of the Terms and Conditions hereof and if any necessary regulatory approvals are obtained.

### **19.3 No Waiver**

The failure of either party to insist on strict performance of any provisions of these Terms and Conditions or a Distribution Access Service Agreement, or to take advantage of any of its rights hereunder, shall not be construed as a waiver of any such provisions or the relinquishment of any such right or any other right hereunder, which shall remain in full force and effect. No term or condition of these Terms and Conditions or a Distribution Access Service Agreement shall be deemed to have been waived and no breach excused unless such waiver or consent to excuse is in writing and signed by the party claimed to have waived or consented to excuse.



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#### 19.4 Law

These Terms and Conditions and the Distribution Access Service Agreement between the Company and the Retailer/DSP shall be governed by the laws of the Province of Alberta and the federal laws of Canada applicable in the Province of Alberta, without regard to principles of conflicts of law. Any lawsuit arising in connection with these Terms and Conditions and the Distribution Access Service Agreement shall be brought in the courts of the Province of Alberta.

#### ARTICLE 20 – NOTICE

Unless otherwise stated herein, all notices, demands or requests required or permitted under these Terms and Conditions or a Distribution Access Service Agreement shall be in writing and shall be personally delivered or sent by courier-service or electronic transmission addressed as follows:

- (a) If to the Retailer/DSP, to the address and the addressee set out in the Distribution Access Service Agreement between the Retailer/DSP and the Company.
  
- (b) If to the Company to: ATCO Gas  
10035 - 105 Street, Edmonton, Alberta, T5J 2V6  
**Attention:** Senior Manager, Client Services and Customer Care  
**Fax:** (780) 420-3123

Notice received after the close of the Business Day shall be deemed received on the next Business Day.



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## **SCHEDULE A – DISTRIBUTION ACCESS SERVICE AGREEMENT**

MEMORANDUM OF AGREEMENT made the (day) of (month), (year)

BETWEEN: **(RETAILER/DSP NAME)**

Operating As: **(RETAILER/DSP OPERATING AS BUSINESS NAME)**

(address)

(hereinafter called the "Retailer"/"DSP")

- and -

**ATCO Gas and Pipelines LTD.**, a body corporate with its Head Office in the City of Edmonton in the Province of Alberta ("ATCO Gas" or "Company")

WHEREAS the Retailer/DSP has requested the Company to provide the Retailer/DSP with Distribution Access Service for the purpose of serving its Gas customer(s) ("the Customer"):

The Retailer/DSP and the Company agree as follows:

1. The Retailer/DSP is solely responsible for the provision of accurate and timely Customer Information to the Company. The Retailer/DSP agrees to provide the following information by electronic form to the Company, and represents and warrants that such information is true and accurate:
  - (a) Retailer Identification No(s): Refer to Appendix A
  - (b) Customer Information, in a form acceptable to the Company, for each Customer of the Retailer/DSP.



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Should any of the Customer Information change during the term of this Distribution Access Service Agreement, the Retailer/DSP shall advise the Company of the change, by electronic means as soon as is reasonably practicable in the circumstance, and in any event within (5) Business Days of the Retailer becoming aware of the change. The company reserves the right to request the Retailer/DSP provide Customer Information update.

2. This Distribution Access Service Agreement is subject to the Company's Retailer Terms and Conditions for Gas Distribution Service ("Terms and Conditions"), as amended from time to time, which are approved by the Alberta Utilities Commission ("AUC").
3. The Retailer/DSP acknowledges that it has been offered a copy of the Company's Terms and Conditions, has reviewed and understands these Terms and Conditions and agrees to be bound by them, and any amendments thereto, in all transactions with the Company or its Customers.
4. No person, whether an employee or agent of the Company or otherwise, can agree to change, alter, vary or waive any provision of the Terms and Conditions without the express approval of the AUC.
5. The Retailer/DSP acknowledges that it has been offered a copy of the Company's Retailer Guide and is aware of the policies and business practices of the Company detailed therein.
6. This Distribution Access Service Agreement shall be effective on the date first noted herein, and thereafter shall remain in effect until terminated by either party in accordance with Article 9 or Article 11, as applicable, of the Terms and Conditions; or for the reasons set out in Article 14 of the Terms and Conditions.
7. The Retailer/DSP understands and agrees that the Distribution Access Service provided hereunder is provided solely for the Retailer's/DSP's use at the locations and for the Customers identified to the Company in accordance with paragraph 1 hereof. The Retailer/DSP shall not use the Distribution Access Service provided by the Company for any other purpose.



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8. If the Retailer/DSP, at any time, becomes aware that any Customer is using the service(s) provided by the Retailer/DSP or the Company in a manner which is inconsistent with the Terms and Conditions, which could potentially create safety, health or environment concerns or damage the Company's Distribution System or Gas Pipeline System, the Retailer/DSP shall immediately notify Company of such circumstances.
  9. In providing service to its Customer, the Retailer/DSP shall not, in any way, damage or interfere with or otherwise disturb, alter or tamper with the Gas Pipeline System of the Company. The Retailer/DSP shall notify the Company immediately of any problem or defect relating to Company's Gas Pipeline System, which is discovered by or brought to the attention of the Retailer/DSP.
  10. The Retailer/DSP agrees to pay all rates, charges, invoices or fees levied or billed to it by the Company in accordance with Article 7 of the Terms and Conditions.
  11. The Retailer/DSP acknowledges, understands and agrees that the Company will not perform any billing or collection activities on its behalf. The Retailer/DSP agrees to pay all amounts due and owing to the Company in accordance with Article 7 of the Terms and Conditions, regardless of any billing or collection disputes the Retailer/DSP may have with its Customer(s).
  12.
    - (a) The Retailer agrees to comply with the Company's Prudential Requirements established pursuant to Article 11 of the Terms and Conditions for purposes of enabling the Company to assess the Retailer's credit risk and required security.
    - (b) The Company shall be entitled to access the financial security provided by the Retailer/DSP in any event of default including late payment or default on any invoices or bills of the Company, in accordance with Articles 7, 11 and 14 of the Terms and Conditions.
  13. This Distribution Access Service Agreement is subject to all applicable legislation, including the *Gas Utilities Act, R.S.A. 2000, c.G-5*, as amended from time to time, and the Regulations made thereunder, and all applicable orders, rulings, regulations and decisions



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of the AUC or any other regulatory authority having jurisdiction over the Company or the matters addressed herein.

14. This Distribution Access Service Agreement shall enure to the benefit of and be binding and enforceable by the parties hereto and their respective executors, administrators, successors and, where permitted, assigns.
15. If any provision of this Distribution Access Service Agreement, or the application thereof, is to any extent held invalid or unenforceable, the remainder of this Distribution Access Service Agreement and the application thereof, other than those provisions which have been held invalid or unenforceable, shall not be affected and shall continue in full force and effect and shall be enforceable to the fullest extent permitted by law or in equity.
16. Neither Party may disclose any Confidential Information obtained pursuant to this Distribution Access Service Agreement to any third Party, without the express prior written consent of the other Party. As used herein, the term "Confidential Information" shall include all business, financial, and commercial information pertaining to the Parties, Customers of either Party, suppliers for either Party, personnel of either Party, any trade secrets and other information of a similar nature, whether written or otherwise that is marked "proprietary" or "confidential" with the appropriate owner's name.

Notwithstanding the preceding, a receiving Party may disclose Confidential Information to any governmental, judicial or regulatory authority requiring such Confidential Information pursuant to any applicable law, regulation, ruling or order, providing that:

- (a) such Confidential Information is submitted under the applicable provision, if any, for confidential treatment by such governmental, judicial or regulatory authority; and
- (b) prior to such disclosure, the other Party is given prompt notice of the disclosure requirement so that it may take whatever action it deems appropriate, including intervention in any proceeding and the seeking of any injunction to prohibit such disclosure.





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17. All notices required hereunder shall be in writing and may be given personally, by facsimile or prepaid registered mail addressed to the party for which the notice is intended to its address designated hereunder or to such other address as may be substituted therefore from time to time.

The Retailer's address for notice is:

The Corporation's address for notice is:

**Retailer Name**

**ATCO Gas and Pipelines Ltd**

**Retailer Operating As Business Name**

Retailer Address

10035 – 105 Street

P.O. Box 2426

Edmonton, Alberta, T5J 2V6

Attention:

Attention: Manager, Client Service and  
Customer Care

Facsimile:

Facsimile: (780) 420-3123



Effective: January 1, 2021  
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**APPENDIX "A"**

MEMORANDUM OF AGREEMENT made the (day) of (month), (year)

APPENDIX "A" to the Retail Service Agreement between <RETAILER NAME> and **ATCO Gas**.

**RETAILER IDENTIFICATION NUMBERS**

The following Retailer Identification numbers have been assigned to the Retailer noted above as of the effective date noted herein:

- (1)
- (2)
- (3)

The Retailer must notify the Company as promptly as reasonably practical of any additions or changes to the Retailer Identification Numbers. This Appendix "A" supersedes the Appendix "A" made the (day) of (month), (year).

IN WITNESS WHEREOF the Parties have executed this Agreement as of the day first above mentioned.

**[RETAILER/DSP NAME]**  
**[RETAILER/DSP OPERATING AS BUSINESS NAME]**

**ATCO Gas and Pipelines LTD.**

Per: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

Per: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**ATCO Gas and Pipelines LTD.**

Per: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_



Effective: January 1, 2021

Previously Effective: January 1, 2020

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## **SCHEDULE B – DISCONNECT CUSTOMER SITE**

The Company's policy (as approved in these Terms and Conditions) with respect to disconnecting Customers is set out below. The same policies shall apply to all Retailers/DSP.

1. Where a Retailer/DSP requests the Company to disconnect a Customer for non-payment, the Retailer/DSP shall provide to the Company updated Customer Information, the proof of payment amount the Retailer/DSP will accept in the event the Customer provides ability of payment, the date the Customer was provided 10 days written notice and a direct phone number to the Retailer's/DSP's collection department for circumstances when the Customer is required to contact the Retailer/DSP immediately to resolve payment issues. The Company will not assume any billing or collection obligations or responsibilities for or on behalf of the Retailer/DSP.
2. A Retailer/DSP that submits a disconnect for non-payment, must submit a disconnect release to the Company within 24 hours of receiving the Customer payment.
3. Disconnection by Company or at request of Retailer/DSP (including Cut Off For Non-Payment "CONP" activity) will commence for residential and commercial residential property sites on April 15<sup>th</sup> of each year. Residential and commercial residential, including multi-family, property sites will not be disconnected during the winter season defined as November 1<sup>st</sup> to April 14<sup>th</sup>, or between April 15<sup>th</sup> and October 31<sup>st</sup> when the overnight temperature is forecast to drop below zero (0) degrees Celsius in the 24 hour period immediately following the proposed disconnect, unless there is written notification to the Retailer/DSP from the property owner requesting the disconnection. The notification must state that the property owner accepts full responsibility for protecting the property against damage that may be caused by the ending of gas service and that ATCO Gas will not be held liable for any damage or loss. The Retailer/DSP will forward a copy of the property owner's written request to the Company before the Company will schedule field work.



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4. CONP activity will be scheduled during regular business hours on weekdays of Monday, Tuesday, Wednesday and Thursday. No CONP activity will be scheduled on Friday, Saturday and Sunday or any statutory holiday or any day prior to a statutory holiday observed in the service area.
  5. The Company will not disconnect a Customer if the Retailer/DSP has not provided the Customer with a written notice at least 10 Business Days in advance of the proposed disconnect. The Company must be provided with a copy of such notice upon request.
  6. The Company may, upon visiting the Site, delay the disconnection until the Company is satisfied that all conditions for disconnection are met. Reasons for delay include, but are not limited to:
    - (a) Customer Information does not match Customer Information provided by the Retailer/DSP.
    - (b) Customer has proof of payment in hand at site in the amount as specified in Part 1 of this Schedule B.
    - (c) Immediate danger may exist to the occupants or the companies' representatives.
    - (d) Disconnecting the service will adversely affect other Customers who are not to have their service disconnected.
    - (e) Where meters are located inside or on another Customer's property and access to the meter cannot be obtained. These situations will require additional distribution requirements including construction arrangements to disconnect elsewhere on the service line.



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Previously Effective: January 1, 2020

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## **SCHEDULE C – IMBALANCE PURCHASE/SALE CHARGES**

### **1.0 Imbalance Window Percentage**

The daily Imbalance Window percentage applicable to each Retailer/DSP Account is  $\pm 5\%$ .

### **2.0 Minimum Energy Imbalance Window**

The daily minimum energy Imbalance Window applicable to each Retailer/DSP Account for each Day is:

- (a) When the daily Backcast is less than or equal to 5,000 GJ the daily minimum energy Imbalance Window quantity shall be  $\pm 500$  GJ;
- (b) When the daily Backcast is greater than 5,000 GJ the daily minimum energy Imbalance Window quantity shall be  $\pm 1,000$  GJ.

### **3.0 Imbalance Purchase/Sale Price**

The Imbalance Purchase/Sale price applicable to each Retailer/DSP Account is:

- (a) For Imbalance Purchase, the price used by the Company will be the lowest Same Day Market or Yesterday Market trade price that occurs on the ICE NGX for the Gas Day as reported by the ICE NGX as the “ICE NGX AB-NIT Same Day Index” and “ICE NGX AB-NIT Yesterday Index” obtained from the “ICE NGX Price Indices” webpage [http://www.ngx.com/?page\\_id=235](http://www.ngx.com/?page_id=235)
- (b) For Imbalance Sale, the price used by the Company will be the highest Same Day Market or Yesterday Market trade price that occurs on the ICE NGX for the Gas Day as reported by the ICE NGX as the “ICE NGX AB-NIT Same Day Index “ and “ICE NGX AB-NIT Yesterday Index” obtained from the “ICE NGX Price Indices” webpage [http://www.ngx.com/?page\\_id=235](http://www.ngx.com/?page_id=235)



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#### 4.0 Change to Imbalance Window Percentage and Minimum Energy Imbalance Window

In the event that the Transmission System determines the Pipeline Tolerance Level needs to be increased or decreased and the Transmission Balance Zone is changed the Company will change the daily Imbalance Window percentage and the daily minimum energy Imbalance Window for Retailer/DSP Accounts to the following:

| Transmission Balance Zone |     | ATCO Gas Imbalance Window |     |                    |                      |
|---------------------------|-----|---------------------------|-----|--------------------|----------------------|
| -%                        | +%  | -%                        | +%  | 5000 GJ or Less    | Greater than 5000 GJ |
| -4%                       | +4% | -5%                       | +5% | -500 GJ to +500 GJ | -1000 GJ to +1000 GJ |
| -3%                       | +4% | -3%                       | +5% | -300 GJ to +500 GJ | -600 GJ to +1000 GJ  |
| -2%                       | +4% | -2%                       | +5% | -200 GJ to +500 GJ | -400 GJ to +1000 GJ  |
| -1%                       | +4% | -1%                       | +5% | -100 GJ to +500 GJ | -200 GJ to +1000 GJ  |
| 0%                        | +4% | 0%                        | +5% | 0 GJ to +500 GJ    | 0 GJ to +1000 GJ     |
| -4%                       | +3% | -5%                       | +3% | -500 GJ to +300 GJ | -1000 GJ to +600 GJ  |
| -3%                       | +3% | -3%                       | +3% | -300 GJ to +300 GJ | -600 GJ to +600 GJ   |
| -2%                       | +3% | -2%                       | +3% | -200 GJ to +300 GJ | -400 GJ to +600 GJ   |
| -1%                       | +3% | -1%                       | +3% | -100 GJ to +300 GJ | -200 GJ to +600 GJ   |
| 0%                        | +3% | 0%                        | +3% | 0 GJ to +300 GJ    | 0 GJ to +600 GJ      |
| -4%                       | +2% | -5%                       | +2% | -500 GJ to +200 GJ | -1000 GJ to +400 GJ  |
| -3%                       | +2% | -3%                       | +2% | -300 GJ to +200 GJ | -600 GJ to +400 GJ   |
| -2%                       | +2% | -2%                       | +2% | -200 GJ to +200 GJ | -400 GJ to +400 GJ   |
| -1%                       | +2% | -1%                       | +2% | -100 GJ to +200 GJ | -200 GJ to +400 GJ   |
| 0%                        | +2% | 0%                        | +2% | 0 GJ to +200 GJ    | 0 GJ to +400 GJ      |
| -4%                       | +1% | -5%                       | +1% | -500 GJ to +100 GJ | -1000 GJ to +200 GJ  |
| -3%                       | +1% | -3%                       | +1% | -300 GJ to +100 GJ | -600 GJ to +200 GJ   |
| -2%                       | +1% | -2%                       | +1% | -200 GJ to +100 GJ | -400 GJ to +200 GJ   |
| -1%                       | +1% | -1%                       | +1% | -100 GJ to +100 GJ | -200 GJ to +200 GJ   |
| 0%                        | +1% | 0%                        | +1% | 0 GJ to +100 GJ    | 0 GJ to +200 GJ      |
| -4%                       | 0%  | -5%                       | 0%  | -500 GJ to 0 GJ    | -1000 GJ to 0 GJ     |
| -3%                       | 0%  | -3%                       | 0%  | -300 GJ to 0 GJ    | -600 GJ to 0 GJ      |
| -2%                       | 0%  | -2%                       | 0%  | -200 GJ to 0 GJ    | -400 GJ to 0 GJ      |
| -1%                       | 0%  | -1%                       | 0%  | -100 GJ to 0 GJ    | -200 GJ to 0 GJ      |
| 0%                        | 0%  | 0%                        | 0%  | 0 GJ to 0 GJ       | 0 GJ to 0 GJ         |

The change to the daily Imbalance Window percentage and daily minimum energy Imbalance Window for Retailer/DSP Accounts will be in effect for the same gas days as the Transmission Balance Zone change.



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## SCHEDULE OF NON-DISCRETIONARY CHARGES

### Effective January 1, 2021

The following Non-Discretionary Charges are applicable to every Customer and Retailer/DSP within ATCO Gas' service area, unless otherwise specified.

1. **SERVICE LINES:** Applicable to all services except those eligible for grants under the Rural Gas Act.

#### 1.1 Pipe Installation:

| <b>ATCO Gas (North)</b>   |                |                |
|---|----------------|----------------|
| <b>Service Line Diameter</b>  | <b>Summer</b>  | <b>Winter</b>  |
| 15.9 mm or 26 mm (up to and including 15 metres)                    | \$936          | \$1,207        |
| Linear charge for length over 15 metres                             | \$52/metre     | \$70/metre     |
|   |                |                |
| 42.2 mm or 60.3 mm (up to 15 metres)                                | \$1,243        | \$1,623        |
| Linear charge for length over 15 metres                             | \$73/metre     | \$97/metre     |
|   |                |                |
| Greater than 60 mm  | Contract Price | Contract Price |
|   |                |                |
| Credit for provision of service line trench in 4-party installation | \$43           | \$219          |

| <b>ATCO Gas (South)</b>   |                |                |
|---|----------------|----------------|
| <b>Service Line Diameter</b>  | <b>Summer</b>  | <b>Winter</b>  |
| 15.9 mm or 26 mm (up to and including 15 metres)                    | \$676          | \$881          |
| Linear charge for length over 15 metres                             | \$33/metre     | \$47/metre     |
|   |                |                |
| 42.2 mm or 60.3 mm (up to 15 metres)                                | \$1,243        | \$1,623        |
| Linear charge for length over 15 metres                             | \$73/metre     | \$97/metre     |
|   |                |                |
| Greater than 60 mm  | Contract Price | Contract Price |
|   |                |                |
| Credit for provision of service line trench in 4-party installation | \$43           | \$219          |

#### Service Line Notes:

1. Winter and Summer conditions are determined by the ATCO Gas representative on site. Typically, winter conditions are 150mm or more of frozen ground conditions and / or 300mm or more of snow cover. If construction occurs within the winter construction season as determined by ATCO Gas, winter construction rates will apply.
2. The customer will be charged for the Primary Service line from the property line to the Gas Meter location when the main is located outside the customer's property.
3. The customer will be charged for the Primary Service line from the edge of easement to the Gas Meter location when the main is located in an easement within the customer's property.



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- 1.2 Mobilization Charge:** A mobilization charge of \$219.00 will be levied for each additional site visit required when a site with an inspector confirmed site ready date does not meet ATCO Gas requirements for service line installations upon arrival of the service installation crew
- 1.3 Pavement and Concrete Breaks:** Contract Price. Applicant responsible for settlement and permanent repair
- 1.4 Crossings:** Including highway, railroad, road, pipeline, canal - Contract Price
- 1.5 Compaction:** Contract Price
- 1.6 Shallow Utility Crossings:** Contract Price
- 1.7 Waste Removal:** Contract Price
- 2. COMPANY RURAL INVESTMENT:** "three times net revenue"
- 3. REINSTATEMENT CHARGE:**
- a. Residential (not before 8am of the next business day) - \$126.00
  - b. Residential (before 8am of the next business day) - \$294.00
  - c. Non-Residential (not before 8am of the next business day) - Contract Price (minimum \$126.00)
  - d. Non-Residential- (before 8am of the next business day) - Contract Price (minimum \$294.00)
- 4. AMR REMOVAL FEE:**
- a. Residential (not before 8am of the next business day) - \$126.00
  - b. Non-Residential (not before 8am of the next business day) - Contract Price (minimum \$126.00)
- 5. METER RELOCATIONS:**
- 5.1 Single Family Dwelling:** Inside to outside – No direct ATCO Gas charges if viewed as required by ATCO Gas. Customer may be responsible for permitting fees and site clean up. All other moves at Contract Price.
  - 5.2 Other:** Contract Price
- 6. ALTERATIONS, RELOCATIONS AND REPLACEMENT:** Contract Price
- 7. DAMAGE OR PROBLEMS CAUSED BY CUSTOMERS:** Contract Price including estimated cost of lost gas
- 8. TEMPORARY SERVICE:** Contract Price
- 9. SPECIAL METER READ FEE:** \$114.00
- 10. METER DISPUTE FEE:**
- a. Residential - \$121.00
  - b. Non-Residential - Contract Price (minimum \$121.00)
  - c. Customer Usage Information Fee will apply as required.
- 11. DISHONOURED CHEQUES:** \$32.00
- 12. CUSTOMER USAGE INFORMATION:** Contract Price
- 13. PROVISION OF CUSTOMER INFORMATION TO THE COMPANY:** Contract Price
- 14. BILLING ERROR:** Contract Price

Notes:

1. All charges in Schedule C are subject to GST except the "Dishonored Cheque" charge.
2. The contract price charged to customers may be based on actual costs, or it may be based on an agreed upon price. In most cases, the customer will be required to provide written or electronic acceptance of a contract and pay the agreed upon price. Where pre-payment is based on an estimate, the Customer will be required to pay the actual cost upon completion of the work.