



ATCO Gas and Pipelines Ltd.

2021 Unaccounted-For Gas Rider D and Rider P

September 22, 2021

Alberta Utilities Commission

Decision 26776-D01-2021

ATCO Gas and Pipelines Ltd.

2021 Unaccounted-For Gas Rider D and Rider P

Proceeding 26776

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1 Decision

1. For the reasons set out in this decision, the Alberta Utilities Commission approves the unaccounted-for gas (UFG) Rider D and Rider P rates of 1.176 and 1.162 per cent, respectively, for ATCO Gas, a division of ATCO Gas and Pipelines Ltd. Both of these rates will become effective on November 1, 2021.

2 Introduction

2. In Decision 25798-D01-2020, the Rider D rate for 2020-2021, currently in effect, was approved at 1.102 per cent.¹

3. On August 16, 2021, ATCO Gas filed an application requesting approval (i) to update its UFG Rider D rate to 1.176 per cent, and (ii) of the new Rider P rate, which is the UFG rider charged to producer accounts, of 1.162 per cent.

4. On August 17, 2021, the Commission issued a notice of application asking interested parties to register their concerns or support for the application by August 31, 2021. The Commission did not receive any statements of intent to participate (SIPs). In a letter dated September 8, 2021, the Commission determined that no further process was necessary and, consequently, it would proceed directly to a decision. The Commission considers the record of this proceeding to have closed on August 31, 2021, the due date for filing SIPs.

5. In reaching the determinations contained in this decision, the Commission has considered all relevant materials comprising the record of this proceeding. Accordingly, references in this decision to specific parts of the record are intended to assist the reader in understanding the Commission's reasoning relating to a particular matter and should not be taken as an indication that the Commission did not consider all relevant portions of the record with respect to that matter.

3 Background

6. At a high level, UFG is the difference between total system receipt and total system consumption of natural gas. In accordance with the established practice, charges for UFG are recovered in-kind from all shippers on the ATCO Gas distribution system, including the default supply providers, by way of Rider D. For example, should the Commission approve ATCO Gas's Rider D rate of 1.176 per cent as proposed in this application, all customers of retailer and default supply providers utilizing distribution access service for delivering gas off the ATCO

¹ Decision 25798-D01-2020: ATCO Gas and Pipelines Ltd., 2020 Unaccounted-For Gas Rider D, Proceeding 25798, October 23, 2020.

Gas distribution system will be assessed a distribution UFG charge of 1.176 per cent at the point of delivery.² The effect is that all retailer and default supply provider customers must buy an extra 1.176 per cent of natural gas in order to zero-balance their receipts and deliveries on the ATCO Gas system.

7. In Decision 2013-380, the Commission approved a single, province-wide UFG rate and Rider D because ATCO Gas was planning to implement a single load balancing deferral account.³ The administration of ATCO Gas's load balancing through a province-wide deferral account was approved by the Commission in Decision 2014-078.⁴ ATCO Gas utilizes a three-calendar-year average of physical measurement data to determine UFG, a method that was approved in Decision 2009-183.⁵

8. In Decision 26283-D01-2021, the Commission approved the introduction by ATCO Gas of a new rate class for producer customers, on a pilot basis. As well, the Commission approved the introduction of a new Rider P to collect UFG from producer accounts using ATCO Gas's distribution system. More specifically, this rider will apply to producer volumes transacted off the distribution system and for which UFG would not be otherwise collected.⁶ In the same decision, the Commission set a Rider P rate equal to the 2020 approved UFG rate for delivery customers, effective April 1, 2021.⁷ Additionally, the Commission approved ATCO Gas's request to apply for Rider P through a joint application with Rider D going forward.

4 Discussion of issues

4.1 Calculation of Rider D and Rider P

9. In its application ATCO Gas explained that, consistent with previous Rider D applications, it calculated its Rider D rate using measurement data from the preceding three years, in this case from January 2018 to December 2020. ATCO Gas relied on receipt and delivery data for the UFG calculations, where receipt data is the sum of measurements at all points ATCO Gas receives gas onto its system, and delivery data is the sum of customer delivery measurements from the Daily Forecasting and Settlement System (DFSS).⁸

10. Given that Rider D applies to customer usage, it was calculated as a percentage of the deliveries for 2018, 2019 and 2020, as set out in Table 1:⁹

² Exhibit 26776-X0001, application, Attachment 2.

³ Decision 2013-380: ATCO Gas, Rider D Application for Unaccounted for Gas, Proceeding 2796, Application 1609860-1, October 16, 2013, paragraph 25.

⁴ Decision 2014-078: ATCO Gas, a division of ATCO Gas and Pipelines Ltd., Application for Administration of a Province-wide Load Balancing Deferral Account, Proceeding 2005, Application 1610221-1, April 3, 2014, paragraph 38.

⁵ Decision 2009-183: ATCO Gas (A Division of ATCO Gas and Pipelines Ltd.), 2009-2010 Unaccounted for Gas Rates – Rider “D,” Proceeding 282, Application 1605369-1, October 23, 2009.

⁶ Decision 26283-D01-2021: ATCO Gas and Pipelines Ltd., 2020 General Rate Application – Phase II Compliance Filing, Proceeding 26283, March 19, 2021, paragraph 10.

⁷ Decision 26283-D01-2021, paragraph 12.

⁸ Exhibit 26776-X0001, application, paragraph 5.

⁹ Exhibit 26776-X0001, application, paragraph 6.

Table 1. Annual UFG rates as a percentage of deliveries and the proposed 2021 Rider D

	UFG percentage
2018 Delivery UFG	1.211
2019 Delivery UFG	1.266
2020 Delivery UFG	1.051
Three-year average	1.176

Source: Exhibit 26776-X0001, application, paragraph 6, Table 1.

11. Since Rider P is applied to producer receipts transacted off the distribution system, ATCO Gas calculated the rider as a percentage of receipts for 2018, 2019 and 2020, as set out in Table 2:¹⁰

Table 2. Annual UFG rates as a percentage of receipts and the proposed 2021 Rider P

	UFG percentage
2018 Receipt UFG	1.197
2019 Receipt UFG	1.250
2020 Receipt UFG	1.040
Three-year average	1.162

Source: Exhibit 26776-X0001, application, paragraph 9, Table 2.

12. ATCO Gas indicated the methodology for calculating riders D and P was consistent with the methodology used by Apex Utilities Inc. for calculating its UFG riders E and H, approved by the Commission.¹¹

4.2 Compliance with previous Commission directions

13. The Commission has issued several directions to ATCO Gas in respect of Rider D in previous decisions. Most recently, in Decision 25798-D01-2020, it directed ATCO Gas to provide the following information in future Rider D applications:

- Clear explanations of seasonal UFG differences, measurement corrections and reasons for UFG increases or decreases.
- Information on practices and procedures it has employed to reduce UFG.
- Details with respect to all measurement adjustments showing the reconciliation of prior years' data in accordance with the direction found at page 7 of Decision 2008-105.^[12]
- The net results of the above adjustments to UFG, expressed both in terms of energy and as a percentage of receipts.

¹⁰ Exhibit 26776-X0001, application, paragraph 9.

¹¹ Exhibit 26776-X0001, application, paragraph 8.

¹² Decision 2008-105: ATCO Pipelines and ATCO Gas, 2008-2009 Unaccounted for Gas and Fuel Gas Rates – Rider “D” and Load Balancing Deferral Account Rider “F,” Proceeding 96, Application 1583677-1, October 28, 2008.

- A table showing the monthly linear heater fuel usage, the associated carbon levy dollars and the difference from the previous year.¹³

14. ATCO Gas provided the following general explanation of the seasonal differences in UFG:

8. ATCO Gas has over 1.2 million delivery points of which the vast majority are read on monthly cycles. Cycle billing is the most efficient method for billing large numbers of customers. The DFSS allocates monthly meter readings to daily flow using daily average temperature as well as other factors such as season and day of week. As a result, the calendarized monthly deliveries reported are calculated estimates and affect the accuracy of UFG on a month to month basis in the shoulder and summer months. ATCO Gas maintains that the accuracy of UFG is more appropriately reviewed over a longer period of time, such as a year, to reduce the timing effect of the DFSS estimates.

9. ATCO Gas designs and builds the distribution system for peak operating conditions. During the shoulder and summer months, the operation of the distribution system needs to be adjusted to ensure accurate measurement during low-flow conditions. The appropriate timing of these adjustments is weather dependent since local temperature fluctuations are unpredictable. For example, there may be a week of unseasonably warm weather early in the spring, but due to the expected return to normal temperatures immediately following, the seasonal operating plan would not be implemented, and meters may be under measuring during this period.¹⁴

15. ATCO Gas also provided details of the aggregated 85 terajoules of measurement adjustments processed in 2020, explaining that there were 14 measurement equipment problems and 11 occurrences of reallocation of measurement.¹⁵

16. ATCO Gas identified the following issues that may cause UFG to increase or decrease, as set out in Table 3:

Table 3. Sources of UFG

Source	Issue/concern
Seasonal operating plans	The timing of when the seasonal operating plan can be implemented is dependent on the weather. In the shoulder months of spring and fall, temperatures can vary significantly and may affect UFG due to timing of the implementation of the seasonal operating plan.
Equipment failure	Event in which any part of the equipment does not perform according to its operational specifications.
Construction	Mixing of heat areas during construction. Purging and filling of pipelines.
Pipeline leaks	Gas lost to atmosphere.
Hit lines	Gas lost to atmosphere.
Unsolicited use	Gas lost to theft.
Line heater fuel	Gas used during distribution system delivery.

Source: Exhibit 26776-X0001, application, paragraph 15, Table 4.

17. In response to the direction on the steps that it has taken to reduce UFG, ATCO Gas noted that it continues to take various additional steps to minimize the UFG amount, such as

¹³ Decision 25798-D01-2020, paragraphs 30-32 and 34.

¹⁴ Exhibit 26776-X0001, application, paragraphs 11-12.

¹⁵ Exhibit 26776-X0001, application, paragraph 13.

meter sizing procedures, seasonal operating plans, and by collaborating with ATCO Pipelines, the transmission division of ATCO Gas and Pipelines Ltd. More specifically, ATCO Gas implements procedures to ensure measurement accuracy in the expected flow conditions. ATCO Gas also implemented a program to monitor all regulating stations for low flow conditions, since gas may not be measured accurately at receipt meters if the flow is below the minimum range of the meter. Finally, ATCO Gas and ATCO Pipelines work together cooperatively to identify and address UFG issues through upgrades in measurement equipment, data monitoring, verification of measurement data, seasonal operating adjustments, and adjusting sample points and heat areas.¹⁶

18. With respect to the direction around measurement adjustments, ATCO Gas compared 2018 data used in the 2020 Rider D application to 2018 data used in this application and found there was no receipt or delivery deviation.¹⁷ Similarly, ATCO Gas compared 2019 data used in the 2020 Rider D application to 2019 data used in this application found there was a 3 terajoule receipt deviation (a 0.001 per cent deviation).¹⁸ There was no delivery deviation for 2019.

19. In response to the direction concerning the net results of the adjustments to UFG, ATCO Gas stated the net amount of total adjustments for 2020 was 25 terajoules, or 0.01 per cent, of total receipts.¹⁹

20. ATCO Gas provided the following table showing the monthly line heater fuel usage, the associated carbon levy dollars and the difference from the previous year:²⁰

Table 4. 2019 and 2020 line heater usage (in GJ) and carbon levy costs

	Jan-19	Feb-19	Mar-19	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	Total
GJ	34,269	89,170	38,831	15,018	11,388								188,677
\$	51,986	135,271	58,907	22,783	17,276								\$286,223
	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	Total
GJ	66,181	38,175	43,597	22,886	9,865	8,550	11,960	11,692	7,745	24,014	32,851	35,739	313,256
\$	69,487	40,084	45,777	36,068	15,548	13,474	18,849	18,427	12,206	37,846	51,774	56,324	\$415,864
Difference between 2020 and 2019													
GJ	31,912	-50,994	4,766	7,868	-1,523	8,550	11,960	11,692	7,745	24,014	32,851	35,739	124,579
\$	17,501	-95,187	-13,130	13,285	-1,729	13,474	18,849	18,427	12,206	37,846	51,774	56,324	\$129,641

Source: Exhibit 26776-X0001, application, paragraph 26, Table 6.

21. As seen in Table 4, the carbon levy costs for 2019 and 2020 amounted to \$286,223 and \$415,864, respectively. ATCO Gas indicated that the primary difference between the years was due to the fact that no carbon levy was in effect from June to December 2019. Additionally, the

¹⁶ Exhibit 26776-X0001, application, paragraphs 16-19.

¹⁷ Exhibit 26776-X0001, application, paragraph 21, Table 5.1.

¹⁸ Exhibit 26776-X0001, application, paragraph 22, Table 5.2.

¹⁹ Exhibit 26776-X0001, application, paragraph 24.

²⁰ Exhibit 26776-X0001, application, paragraph 26.

2019 carbon levy rate was \$1.517/GJ, while the 2020 carbon levy rate was \$1.050/GJ from January to March and \$1.576/GJ from April to December.²¹

5 Commission findings

22. For the reasons that follow, the Commission approves riders D and P at 1.176 per cent and 1.162 per cent, respectively, effective November 1, 2021. The Rider D and Rider P schedules are also approved, and are attached as [Appendix 3](#) and [Appendix 4](#), respectively, to this decision.

23. The Commission has reviewed the calculation of Rider D and Rider P and is satisfied with the methodology used, as it is consistent with previous decisions.

24. In approving ATCO Gas's application, the Commission took into account the increase in the applied-for Rider D of 1.176 per cent from the approved 2020 Rider D of 1.102 per cent. The Commission recognizes that UFG is an element of operating a natural gas distribution system and acknowledges the reasons cited by ATCO Gas in its application for possible increases and decreases in UFG. The Commission is satisfied that ATCO Gas's proposed Rider D for UFG is within the historical range of UFG amounts (0.766²² per cent in 2013 to 1.220²³ per cent in 2020), and for the purposes of this application, accepts ATCO Gas's explanation that the increase is due to normal year-to-year fluctuations.

25. The Commission finds that ATCO Gas has complied with the directions of the Commission in Decision 25798-D01-2020. Specifically, in its application ATCO Gas satisfactorily explained various measurement adjustments, the seasonal differences in UFG, the reason for changes in UFG, its efforts to implement operational changes and the metering related to UFG. ATCO Gas also provided the monthly linear heater fuel usage and associated carbon levy dollars, and provided a sufficient explanation for the difference in carbon levy costs between 2019 and 2020. Thus, the Commission is satisfied that the level of detail provided in the application provides adequate information on UFG.

26. As approved in Decision 26283-D01-2021, the Commission expects ATCO Gas to continue filing future Rider D and Rider P applications jointly. As part of this proceeding, ATCO Gas filed its 2018, 2019 and 2020 UFG calculations as a PDF attachment in the application.²⁴ For future applications, the Commission directs ATCO Gas to file the UFG calculations as a separate attachment in Excel format, with all formulae intact.

27. The Commission directs ATCO Gas to continue providing the following in future UFG rider applications on an annual basis:

- Clear explanations of seasonal UFG differences, measurement corrections and reasons for UFG increases or decreases;

²¹ Exhibit 26776-X0001, application, paragraph 27.

²² Decision 23838-D01-2018: ATCO Gas and Pipelines Ltd., 2018 Unaccounted-For Gas Rider D, Proceeding 23838, October 25, 2018.

²³ Decision 20737-D01-2015: ATCO Gas and Pipelines Ltd., 2015-2016 Rider D Application, Proceeding 20737, October 26, 2015.

²⁴ Exhibit 26776-X0001, application, Attachment 1.

- Information on practices and procedures it has employed to reduce UFG;
- Details with respect to all measurement adjustments showing the reconciliation of prior years' data;
- Net results of the adjustments to UFG, both in terms of energy and as a percentage of receipts; and
- A table showing the monthly line heater fuel usage, the associated carbon levy dollars and the difference from the previous year.

6 Order

28. It is hereby ordered that:

- (1) ATCO Gas and Pipelines Ltd.'s Rider D is approved as filed, effective November 1, 2021, as set out in Appendix 3 to this decision.
- (2) ATCO Gas and Pipelines Ltd.'s Rider P is approved as filed, effective November 1, 2021, as set out in Appendix 4 to this decision.

Dated on September 22, 2021.

Alberta Utilities Commission

(original signed by)

Vera Slawinski
Commission Member

Appendix 1 – Proceeding participants

Name of organization (abbreviation) Company name of counsel or representative
ATCO Gas and Pipelines Ltd. (ATCO Gas)

Alberta Utilities Commission
Commission panel V. Slawinski, Commission Member
Commission staff A. Ayri A. Spurrell

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. As approved in Decision 26283-D01-2021, the Commission expects ATCO Gas to continue filing future Rider D and Rider P applications jointly. As part of this proceeding, ATCO Gas filed its 2018, 2019 and 2020 UFG calculations as a PDF attachment in the application. For future applications, the Commission directs ATCO Gas to file the UFG calculations as a separate attachment in Excel format, with all formulae intact. paragraph 26
2. The Commission directs ATCO Gas to continue providing the following in future UFG rider applications on an annual basis:
 - Clear explanations of seasonal UFG differences, measurement corrections and reasons for UFG increases or decreases;
 - Information on practices and procedures it has employed to reduce UFG;
 - Details with respect to all measurement adjustments showing the reconciliation of prior years' data;
 - Net results of the adjustments to UFG, both in terms of energy and as a percentage of receipts; and
 - A table showing the monthly line heater fuel usage, the associated carbon levy dollars and the difference from the previous year. paragraph 27

Appendix 3 – Rate Rider D

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Effective November 1, 2021, by Decision 26776-D01-2021
This Replaces Rider “D” Previously Effective November 1, 2020

ATCO GAS AND PIPELINES LTD. ATCO GAS

RIDER “D” TO DISTRIBUTION ACCESS SERVICE CUSTOMERS FOR THE RECOVERY OF UNACCOUNTED-FOR GAS (UFG)

All Retailer and Default Supply Provider Customers utilizing Distribution Access Service for delivering gas off the ATCO Gas distribution system will be assessed a distribution UFG charge of 1.176% at the Point of Delivery. The UFG assessment will be made up “In-Kind” from each Customer Account.

Appendix 4 – Rate Rider P

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Effective November 1, 2021, by Decision 26776-D01-2021
This Replaces Rider “P” Previously Effective April 1, 2021

ATCO GAS AND PIPELINES LTD. ATCO GAS

RIDER “P” TO PRODUCERS THE RECOVERY OF UNACCOUNTED-FOR GAS (UFG)

All Producers utilizing Distribution Access Service for exporting gas off the ATCO Gas distribution system will be assessed a distribution UFG charge of 1.162% at the Point of Export. The UFG assessment will be made up “In-Kind” from each Producer Account.