



**ATCO Gas, a division of ATCO Gas and Pipelines
Ltd.**

2022 Transmission Service Charge (Rider T)

December 6, 2021

Alberta Utilities Commission

Decision 26952-D01-2021

ATCO Gas, a division of ATCO Gas and Pipelines Ltd.

2022 Transmission Service Charge (Rider T)

Proceeding 26952

December 6, 2021

Published by the:

Alberta Utilities Commission
Eau Claire Tower
1400, 600 Third Avenue S.W.
Calgary, Alberta T2P 0G5

Telephone: 310-4AUC (310-4282 in Alberta)
1-833-511-4AUC (1-833-511-4282 outside Alberta)

Email: info@auc.ab.ca

Website: www.auc.ab.ca

The Commission may, within 60 days of the date of this decision and without notice, correct typographical, spelling and calculation errors and other similar types of errors and post the corrected decision on its website.

Contents

1	Decision summary	1
2	Introduction	1
3	Background	1
4	Discussion of issues	3
	4.1 Timing of the application.....	3
	4.2 Cross-subsidization between north and south customers.....	4
	4.3 Rider T rates and bill impacts	5
5	Order	7
	Appendix 1 – Proceeding participants	8
	Appendix 2 – Summary of Commission directions	9
	Appendix 3 – ATCO Gas North Rider T rates	10
	Appendix 4 – ATCO Gas South Rider T rates	11

List of tables

Table 1.	Cross-subsidization analysis	5
Table 2.	ATCO Gas Rider T	6
Table 3.	Estimated bill changes for north and south customers	6

1 Decision summary

1. For the reasons set out in this decision, the Alberta Utilities Commission approves the 2022 transmission service charge rider (Rider T) rates for ATCO Gas, a division of ATCO Gas and Pipelines Ltd., effective January 1, 2022. The approved Rider T rates are as follows:

- Alternative Technology and Appliance (ATA) delivery service customers: \$1.074 per gigajoule (GJ)
- low-use customers: \$1.074 per GJ
- mid-use customers: \$1.030 per GJ
- high-use customers: \$0.281 per day of GJ demand
- ultra-high-use customers: \$0.290 per day of GJ demand

2 Introduction

2. On November 2, 2021, ATCO Gas filed an application with the Commission requesting approval of its Rider T rates for 2022, effective January 1, 2022.

3. The Commission issued a notice of application on November 4, 2021, that required interested parties to submit a statement of intent to participate (SIP) by November 12, 2021. The Commission did not receive any SIPs. The Commission used a *notice-only* proceeding to review this filing, as outlined in Commission Bulletin 2015-09.¹

3 Background

4. ATCO Gas flows through to its customers by way of a Rider T the rates charged by the transmission service provider, NOVA Gas Transmission Ltd. (NGTL). Rider T is the service charge used to collect forecast transmission costs and to refund or collect any differences between the prior year's forecast and actual costs.² ATCO Gas forecasts its transmission expense based on NGTL's rates and charges applied to the contract demand quantity (CDQ). Any difference between what ATCO Gas collects through Rider T based on its forecast and what it

¹ Bulletin 2015-09, Performance standards for processing rate-related applications, March 26, 2015.

² Decision 23355-D02-2018: Rebasings for the 2018-2022 Performance-Based Regulation Plans for Alberta Electric and Gas Distribution Utilities, Second Compliance Proceeding, Proceeding 23355, October 10, 2018, Appendix 4, PDF page 96.

ultimately pays to NGTL is recorded in a deferral account and refunded to, or recovered from, customers as part of a subsequent Rider T.

5. In Decision 2012-237, the Commission approved flow-through treatment using the existing rider mechanism for the transmission costs deferral account, and approved the inclusion of volume variances in the account for the 2013-2017 performance-based regulation (PBR) term.³ In Decision 23355-D02-2018, the Commission approved the continued use of the Rider T for the 2018-2022 PBR term.⁴

6. In Decision 22328-D01-2017,⁵ the Commission approved a change to the method by which Rider T rates are calculated. Specifically, under the new method, ATCO Gas implemented an extra step in calculating Rider T amounts, where a rate group's prior year overcollection or undercollection is refunded to, or collected from, the rate group that generated the imbalance. A corollary benefit of the new methodology is that cross-subsidization between rate groups is minimized.⁶ In the current application, ATCO Gas used this approved methodology to calculate Rider T.

7. The Commission approved the current ATCO Gas Rider T rates on April 15, 2021, in Decision 26378-D01-2021.⁷ On June 1, 2021, NGTL received approval from the Canada Energy Regulator (CER) for its 2021 final rates, tolls and charges for the Alberta system as per Order TG-005-2021. The NGTL FT-D3 rate increased from \$9.27 to \$9.82 GJ/month. The Abandonment Surcharge remained the same at \$0.19 GJ/month. NGTL filed its proposed 2022 Interim Rates and Abandonment surcharge for the Alberta system with the CER on October 29, 2021, to be effective January 1, 2022. NGTL's proposed interim FT-D3 rate decreases from \$9.82 GJ/month to \$9.56 GJ/month and the proposed abandonment surcharge remains the same at \$0.19 GJ/month.⁸

8. On November 2, 2021, ATCO Gas filed the application requesting approval for updated Rider T rates to be effective on January 1, 2022. ATCO Gas requested approval for new Rider T rates to account for changes in the proposed NGTL interim FT-D3 rate as detailed above.

9. ATCO Gas determined the amount to be collected by its 2022 Rider T rates as follows:⁹

- First, ATCO Gas calculated its total transmission expense for 2022 by adding the 2022 forecast transmission expense and the January to September 2021 transmission expense over/under collection from customers.
- The 2022 forecast transmission expense was calculated by applying the NGTL FT-D3 rate charged to ATCO Gas by NGTL, multiplied by the executed CDQ volumes, including future-dated contract amounts that commence during the coming year and the

³ Decision 2012-237: Rate Regulation Initiative Distribution Performance-Based Regulation, Proceeding 566, Application 1606029-1, September 12, 2012, paragraph 668.

⁴ Decision 23355-D01-2018, Appendix 4, paragraph 67.

⁵ Decision 22328-D01-2017: ATCO Gas, a division of ATCO Gas and Pipelines Ltd., 2017 Transmission Service Charge (Rider T), Proceeding 22328, February 21, 2017.

⁶ Decision 22328-D01-2017, paragraph 28; Proceeding 24253, Exhibit 24253-X0001, application, paragraph 14.

⁷ Decision 26378-D01-2021: ATCO Gas, a division of ATCO Gas and Pipelines Ltd., 2021 Transmission Service Charge (Rider T), Proceeding 26378, April 15, 2021.

⁸ Exhibit 26952-X0001, application, paragraph 4.

⁹ Exhibit 26952-X0001, application, paragraphs 10-11 and 16.

NGTL abandonment surcharge amount, which was determined by multiplying the abandonment surcharge rate by the executed CDQ amounts.

- Then, ATCO Gas allocated the total transmission expense to the rate groups using coincident peak demand as an allocator.
- The March to September 2021 actual vs forecast Rider T revenue difference was included by rate group.
- The proposed Rider T rates were calculated using billing determinants for each rate group to collect the province-wide Rider T revenue for January to December 2022.
- The ATA Rider T rate is set equal to the proposed Low-Use Rider T rate (methodology approved in Decision 26283-D01-2021¹⁰).

10. In compliance with Decision 25428-D01-2020,¹¹ dealing with its latest Phase 2 application, ATCO Gas implemented its revised rate design as part of the 2022 annual PBR rate adjustment filing. The revised rate design includes splitting the traditional High-Use rate group into the new High-Use and Ultra-High-Use rate groups. This rate design has been incorporated into the calculation of ATCO Gas's Rider T.

4 Discussion of issues

4.1 Timing of the application

11. ATCO Gas typically files a Rider T application in January of each year to account for any changes in transmission rates that are known or expected for the calendar year. ATCO Gas did not file the 2021 Rider T application in the typical timeframe and instead filed the application on March 11, 2021, with a May 1, 2021, effective date in order to consider the Rider T application in relation to its 2021 interim rate relief request and corresponding 2021 PBR rate implementation application.¹²

12. In this application, ATCO Gas noted that in compliance with Decision 25428-D01-2020, it has implemented its revised rate design as part of the 2022 annual PBR rate adjustment filing (Proceeding 26847). Originally, ATCO Gas had stated it intended to update the January 1, 2022, Rider T rate calculations for all rate groups as part of Proceeding 26847; however, as part of that application, ATCO Gas proposed to defer the Rider T calculations until the rate change request is filed by NGTL with the CER. ATCO Gas was of the view that this timing will allow for better alignment of rates for January 1, 2022, and proposed to use this timing going forward with future Rider T applications. ATCO Gas proposed to provide revised 2022 Rider T schedules and January 1, 2022, rate schedules if the CER decision, expected to be released in late 2021, shows a material change from NGTL's proposed 2022 rate change request. ATCO Gas states that any

¹⁰ Decision 26283-D01-2021: ATCO Gas and Pipelines Ltd., 2020 General Rate Application – Phase II Compliance Filing, Proceeding 26283, March 19, 2021, paragraph 8.

¹¹ Decision 25428-D01-2020: ATCO Gas and Pipelines Ltd., 2020 General Rate Application – Phase II, Proceeding 25428, December 21, 2020.

¹² Exhibit 26952-X0001, application, paragraph 6.

minor changes will be addressed in the 2022 transmission true-up in the next Rider T application.¹³

13. The Commission agrees with ATCO Gas that the proposed timing allows for better alignment of rates for January 1, 2022, and agrees that using this timing going forward for future Rider T applications will also result in better alignment with future rate change requests filed by NGTL. The Commission directs ATCO Gas to provide revised 2022 Rider T schedules and January 1, 2022, rate schedules if the CER decision shows a material change from NGTL's proposed rate change request within 30 days of the CER decision being released. Any minor changes in the CER decision can be addressed as part of the 2022 transmission true-up in the next Rider T application. The Commission may reassess this approach to ATCO Gas's Rider T applications in the future if there are recurring material differences between the NGTL applied-for rates and the rates approved by the CER.

4.2 Cross-subsidization between north and south customers

14. In Decision 2014-062,¹⁴ the Commission approved the implementation of a province-wide Rider T rate to replace the previous practice of maintaining separate Rider T rates for ATCO Gas's north and south service territories. Consequent cross-subsidization issues between ATCO Gas's north and south service territories were considered in Decision 2014-062¹⁵ and have been addressed by the Commission in subsequent Rider T decisions.¹⁶ Specifically, in successive ATCO Gas Rider T decisions, the Commission has required ATCO Gas to discuss what measures it took to minimize cross-subsidization between north and south customers¹⁷ and to provide analyses to assess whether there was substantial cross-subsidization between north and south customers as a result of the province-wide implementation of a Rider T rate.¹⁸ The Commission has consistently found that the level of cross-subsidization has not been significant.¹⁹ The Commission has also consistently directed ATCO Gas to continue to track any Rider T cross-subsidization between its north and south customers.

¹³ Exhibit 26952-X0001, application, paragraph 7.

¹⁴ Decision 2014-062: ATCO Gas, 2014 Transmission Service Charge (Rider T), Proceeding 3011, Application 1610228-1, March 17, 2014.

¹⁵ Decision 2014-062, paragraphs 24-26.

¹⁶ Decision 20039-D01-2015: ATCO Gas, a division of ATCO Gas and Pipelines Ltd., 2015 Transmission Service Charge (Rider T), Proceeding 20039, February 25, 2015; Decision 21248-D01-2016: ATCO Gas, a division of ATCO Gas and Pipelines Ltd., 2016 Transmission Service Charge (Rider T), Proceeding 21248, February 22, 2016; Decision 22328-D01-2017: ATCO Gas, a division of ATCO Gas and Pipelines Ltd., 2017 Transmission Service Charge (Rider T), Proceeding 22328, February 21, 2017; Decision 23273-D01-2018: ATCO Gas, a division of ATCO Gas and Pipelines Ltd., 2018 Transmission Service Charge (Rider T), Proceeding 23273, February 21, 2018; Decision 24253-D01-2019: ATCO Gas, a division of ATCO Gas and Pipelines Ltd., 2019 Transmission Service Charge (Rider T), Proceeding 23273, February 21, 2019; Decision 25283-D02-2020: ATCO Gas, a division of ATCO Gas and Pipelines Ltd., 2020 Transmission Service Charge (Rider T), Proceeding 25283, April 22, 2020; Decision 26378-D01-2021.

¹⁷ Decision 20039-D01-2015, paragraphs 15 and 20.

¹⁸ Decision 21248-D01-2016, paragraph 20; Decision 22328-D01-2017, paragraph 22; Decision 23273-D01-2018, paragraph 19; Decision 24253-D01-2019, paragraph 19; Decision 25283-D02-2020, paragraph 19; Decision 26378-D01-2021, paragraph 27.

¹⁹ Decision 20039-D01-2015, paragraph 15; Decision 21248-D01-2016, paragraph 21; Decision 22328-D01-2017, paragraph 23; Decision 23273-D01-2018, paragraph 16; Decision 24253-D01-2019, paragraph 16; Decision 25283-D02-2020, paragraph 18; Decision 26378-D01-2021, paragraph 25.

15. In the current application, ATCO Gas provided the following table setting out the differences between the proposed province-wide rates and the rates that would have resulted if calculated separately for north and south customers.

Table 1. Cross-subsidization analysis²⁰

Rate group	Province-wide rate	North		South	
		Rate	Difference	Rate	Difference
ATA (\$/GJ)	1.074	1.075	0.001	1.073	(0.001)
Low-use (\$/GJ)	1.074	1.075	0.001	1.073	(0.001)
Mid-use (\$/GJ)	1.030	1.038	0.008	1.020	(0.010)
High-use (per day of GJ demand)	0.281	0.297	0.016	0.265	(0.016)
Ultra-high-use (per day of GJ demand)	0.290	0.282	(0.008)	0.293	0.003

16. In Decision 26378-D01-2021, the Commission directed ATCO Gas to provide a detailed analysis of factors that contributed to the level of cross-subsidization, in the event a Rider T application showed the subsidy between residential customers exceeded the \$4.16 annual amount approved in Decision 21248-D01-2016. In this application, ATCO Gas noted the subsidy between north and south residential customers does not exceed \$4.16.²¹

17. The Commission has reviewed the cross-subsidization amounts, shown in Table 1 above, and agrees that the amounts are minimal. As a result, the Commission accepts the continued use of province-wide Rider T rates.

18. The Commission directs ATCO Gas to continue to track its Rider T cross-subsidization between north and south customers, and to continue to provide, in its next Rider T application, the information set out in Table 1 of this decision.

19. Further, if in ATCO Gas's next Rider T application the subsidy between a typical residential customer in the north and south exceeds the \$4.16 annual amount approved in Decision 21248-D01-2016, the Commission directs ATCO Gas to provide a detailed analysis of factors that contributed to the level of cross-subsidization, using the same analysis as directed in Decision 21248-D01-2016.

4.3 Rider T rates and bill impacts

20. ATCO Gas calculated the proposed Rider T rates by dividing the amounts allocated to each rate group by forecast billing determinants for January to December 2022. These forecast billing determinants are the same as submitted for the Commission's approval in Proceeding 26847.

21. The following table sets out a comparison of the current and proposed rates for each of ATCO Gas's rate groups:

²⁰ Exhibit 26952-X0001, application, paragraph 21, Table 6.

²¹ Exhibit 26952-X0001, application, paragraph 24.

Table 2. ATCO Gas Rider T²²

Rate group	Existing Rider T	Proposed Rider T
	(\$)	
ATA (per GJ)	1.125	1.074
Low-use (per GJ)	1.125	1.074
Mid-use (per GJ)	1.106	1.030
High-use (per day of GJ demand)	0.259	0.281
Ultra-high-use (per day of GJ demand)	N/A	0.290

22. ATCO Gas explained that, assuming an implementation date of January 1, 2022, in isolation of any other rate changes, the total annual charges for a residential customer in the north service territory that utilizes 115 GJ annually would see a decrease from \$1,203 to \$1,197, and a similar residential customer in the south service territory would see a decrease to \$1,165 from \$1,171. These rate changes, when combined with ATCO Gas's proposed 2022 PBR rates in Proceeding 26847, would result in the total annual charge for the same customer in the north service territory to increase from \$1,203 to \$1,275. A similar residential customer in the south service territory would see the total annual charges increase from \$1,171 to \$1,234. Table 3 below shows the bill impacts of Rider T in isolation and in conjunction with the other rate changes requested for 2022 in Proceeding 26847.

Table 3. Estimated bill changes for north and south customers²³

Rate group	Change to customers' bill due to change in Rider T		Total change to customers' bill*	
	North	South	North	South
	(%)			
ATA	-0.2	-0.2	0.9	0.9
Low-use	-0.5	-0.5	6.0	5.4
Mid-use	-1.0	-1.0	3.8	2.0
High-use	1.1	1.1	4.1	3.4
Ultra-high-use	1.0	1.0	1.9	3.0

*Note: Total bill impact includes the proposed changes to the Rider T rates together with other changes to ATCO Gas's 2022 PBR rates proposed in Proceeding 26847.

23. ATCO Gas stated that the applied-for 2022 Rider T rate changes are reasonable and would not result in undue rate shock compared to existing distribution rates.²⁴

24. The Commission has reviewed the calculation of the province-wide Rider T rates. The Commission is satisfied with the level of detail and accuracy of the calculations provided in the application.

25. As shown in Table 3, the implementation of the updated 2022 Rider T, in isolation and rate changes applied for in Proceeding 26847 results in rate decreases for three rate groups, and small increases in for two rate groups, for both ATCO Gas North and ATCO Gas South. When considered together with rate changes applied for in Proceeding 26847, the effect of the proposed Rider T rates is also unlikely to result in rate shock. Given the flow-through nature of Rider T charges, as well as the fact that these rate changes are relatively small and are unlikely to result

²² Exhibit 26952-X0001, application, paragraph 17, tables 4-5.

²³ Exhibit 26952-X0002, 2022 Rider T schedules, schedules 5(a)-5(d)

²⁴ Exhibit 26952-X0001, application, paragraphs 18-19.

in rate shock (as shown in Table 3 above), the Commission finds that the estimated rate impact of the January 1, 2022, Rider T is reasonable for all rate classes. The Commission will further consider the effect on customer bills of the rate changes as applied for in Proceeding 26847 in the decision on that proceeding.

26. For the reasons set out above, the Rider T rates are approved as applied for, effective January 1, 2022. These rates are as follows:

- ATA customers: \$1.074 per GJ
- low-use customers: \$1.074 per GJ
- mid-use customers: \$1.030 per GJ
- high-use customers: \$0.281 per day of GJ demand
- ultra-high-use customers: \$0.290 per day of GJ demand

27. The approved Rider T rates will remain in place until otherwise directed by the Commission.

5 Order

28. It is hereby ordered that:

- (1) The ATCO Gas Rider T rates attached in [Appendix 3](#) for the north, and [Appendix 4](#) for the south, are approved, effective January 1, 2022.

Dated on December 6, 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, a division of ATCO Gas and Pipelines Ltd. (ATCO Gas)

Alberta Utilities Commission
Commission panel V. Slawinski, Commission Member
Commission staff S. Sharma 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. The Commission agrees with ATCO Gas that the proposed timing allows for better alignment of rates for January 1, 2022, and agrees that using this timing going forward for future Rider T applications will also result in better alignment with future rate change requests filed by NGTL. The Commission directs ATCO Gas to provide revised 2022 Rider T schedules and January 1, 2022, rate schedules if the CER decision shows a material change from NGTL’s proposed rate change request within 30 days of the CER decision being released. Any minor changes in the CER decision can be addressed as part of the 2022 transmission true-up in the next Rider T application. The Commission may reassess this approach to ATCO Gas’s Rider T applications in the future if there are recurring material differences between the NGTL applied-for rates and the rates approved by the CER..... paragraph 13
2. The Commission directs ATCO Gas to continue to track its Rider T cross-subsidization between north and south customers, and to continue to provide, in its next Rider T application, the information set out in Table 1 of this decision..... paragraph 18
3. Further, if in ATCO Gas’s next Rider T application the subsidy between a typical residential customer in the north and south exceeds the \$4.16 annual amount approved in Decision 21248-D01-2016, the Commission directs ATCO Gas to provide a detailed analysis of factors that contributed to the level of cross-subsidization, using the same analysis as directed in Decision 21248-D01-2016..... paragraph 19

Appendix 3 – ATCO Gas North Rider T rates[\(return to text\)](#)

Effective January 1, 2022 by Decision 26952-D01-2021
This Replaces Rider “T”
Previously Effective May 1, 2021

**ATCO GAS AND PIPELINES LTD.
RIDER “T” TRANSMISSION SERVICE CHARGE**

To be applied to Low Use, Mid Use, High Use, Ultra High Use and Alternative Technology and Appliance (ATA) customers unless otherwise specified by specific contracts or the AUC, effective January 1, 2022.

Low Use Delivery Rate	\$1.074 per GJ
Mid Use Delivery Rate	\$1.030 per GJ
High Use Delivery Rate	\$0.281 per GJ per Day of 24 Hr. Billing Demand
Ultra High Use Delivery Rate	\$0.290 per GJ per Day of 24 Hr. Billing Demand
Alternative Technology and Appliance Delivery Service	\$1.074 per GJ

Appendix 4 – ATCO Gas South Rider T rates[\(return to text\)](#)

Effective January 1, 2022 by Decision 26952-D01-2021
This Replaces Rider “T”
Previously Effective May 1, 2021

**ATCO GAS AND PIPELINES LTD.
RIDER “T” TRANSMISSION SERVICE CHARGE**

To be applied to Low Use, Mid Use, High Use, Ultra High Use and Alternative Technology and Appliance (ATA) customers unless otherwise specified by specific contracts or the AUC, effective January 1, 2022.

Low Use Delivery Rate	\$1.074 per GJ
Mid Use Delivery Rate	\$1.030 per GJ
High Use Delivery Rate	\$0.281 per GJ per Day of 24 Hr. Billing Demand
Ultra High Use Delivery Rate	\$0.290 per GJ per Day of 24 Hr. Billing Demand
Alternative Technology and Appliance Delivery Service	\$1.074 per GJ