



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

**2023 Transmission Service Charge (Rider T)**

**December 5, 2022**

**Alberta Utilities Commission**

Decision 27752-D01-2022

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

2023 Transmission Service Charge (Rider T)

Proceeding 27752

December 5, 2022

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## **1 Decision summary**

1. For the reasons set out in this decision, the Alberta Utilities Commission approves the 2023 transmission service charge rider (Rider T) rates for ATCO Gas, a division of ATCO Gas and Pipelines Ltd., effective January 1, 2023. The approved Rider T rates are as follows:

- Alternative Technology and Appliance (ATA) delivery service customers: \$1.145 per gigajoule (GJ)
- Low-use customers: \$1.145 per GJ
- Mid-use customers: \$1.052 per GJ
- High-use customers: \$0.314 per day of GJ demand
- Ultra-high-use customers: \$0.305 per day of GJ demand

## **2 Introduction**

2. On November 2, 2022, ATCO Gas filed an application with the Commission requesting approval of its Rider T rates for 2023, effective January 1, 2023.

3. The Commission issued a notice of application on November 3, 2022, that required interested parties to submit a statement of intent to participate (SIP) by November 14, 2022. 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.<sup>1</sup>

## **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 used to collect forecast transmission costs and to refund or collect any differences between the prior year's forecast and actual costs. 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 ultimately pays to NGTL is recorded in a deferral account and refunded to, or recovered from, customers as part of a subsequent Rider T.

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

5. In Decision 2012-237,<sup>2</sup> 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. In Decision 23355-D02-2018,<sup>3</sup> the Commission approved the continued use of the Rider T for the 2018-2022 PBR term.

6. In Decision 22328-D01-2017,<sup>4</sup> 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.<sup>5</sup> 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 December 6, 2021, in Decision 26592-D01-2021.<sup>6</sup> On May 30, 2022, 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-005-2022. The NGTL FT-D3 rate decreased from \$9.82 to \$9.56 GJ/month. The Abandonment Surcharge remained the same at \$0.19 GJ/month. NGTL filed its proposed 2023 Interim Rates and Abandonment surcharge for the Alberta system with the CER on October 28, 2022, to be effective January 1, 2023. NGTL's proposed interim FT-D3 rate increases from \$9.71 GJ/month to \$10.17 GJ/month and the proposed abandonment surcharge decreases from \$0.19 GJ/month to \$0.18 GJ/month.<sup>7</sup>

8. On November 2, 2022, ATCO Gas filed the application requesting approval for updated Rider T rates to be effective on January 1, 2023. 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 2023 Rider T rates as follows:

- First, ATCO Gas calculated its total transmission expense for 2023 by adding the 2023 forecast transmission expense and the October 2021 to September 2022 transmission expense over/under collection from customers.
- Next, the 2023 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 NGTL abandonment surcharge amount, which was determined by multiplying the abandonment surcharge rate by the executed CDQ amounts.

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<sup>2</sup> Decision 2012-237: Rate Regulation Initiative, Distribution Performance-Based Regulation, Proceeding 566, Application 1606029, September 12, 2012.

<sup>3</sup> 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.

<sup>4</sup> 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.

<sup>5</sup> Decision 22328-D01-2017, paragraph 28; Proceeding 24253, Exhibit 24253-X0001, application, paragraph 14.

<sup>6</sup> Decision 26592-D01-2021: ATCO Gas, a division of ATCO Gas and Pipelines Ltd., 2022 Transmission Service Charge (Rider T), Proceeding 26592, December 6, 2021

<sup>7</sup> Exhibit 27752-X0001, application, paragraph 7.

- Then, ATCO Gas allocated the total transmission expense to the rate groups using coincident peak demand as an allocator.
- The January to September 2022 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 2023.
- The ATA Rider T rate is set equal to the proposed Low-Use Rider T rate (methodology approved in Decision 26283-D01-2021<sup>8</sup>).

10. In compliance with Decision 25428-D01-2020,<sup>9</sup> dealing with its latest Phase 2 application, ATCO Gas implemented its revised rate design for setting the 2022 and 2023 rates. 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 Decision of issues

### 4.1 Cross-subsidization between north and south customers

11. In Decision 2014-062,<sup>10</sup> 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 that decision<sup>11</sup> and have been addressed by the Commission in subsequent Rider T decisions.<sup>12</sup> 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 customers<sup>13</sup> and to provide analyses to assess whether there was substantial cross-subsidization between north and

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

<sup>9</sup> Decision 25428-D01-2020: ATCO Gas and Pipelines Ltd., 2020 General Rate Application – Phase II, Proceeding 25428, December 21, 2020.

<sup>10</sup> Decision 2014-062: ATCO Gas, 2014 Transmission Service Charge (Rider T), Proceeding 3011, Application 1610228-1, March 17, 2014.

<sup>11</sup> Decision 2014-062, paragraphs 24-26.

<sup>12</sup> 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.

<sup>13</sup> Decision 20039-D01-2015, paragraphs 15 and 20.

south customers as a result of the province-wide implementation of a Rider T rate.<sup>14</sup> The Commission has consistently found that the level of cross-subsidization has not been significant.<sup>15</sup> The Commission has also consistently directed ATCO Gas to continue to track any Rider T cross-subsidization between its north and south customers.

12. 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 analysis<sup>16</sup>**

Rate group	Province-wide rate	North		South	
		Rate	Difference	Rate	Difference
ATA (\$/GJ)	1.145	1.155	0.010	1.135	(0.010)
Low-use (\$/GJ)	1.145	1.155	0.010	1.135	(0.010)
Mid-use (\$/GJ)	1.052	1.078	0.026	1.022	(0.030)
High-use (per day of GJ demand)	0.314	0.320	0.006	0.307	(0.007)
Ultra-high-use (per day of GJ demand)	0.305	0.283	(0.022)	0.317	0.012

13. 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.<sup>17</sup>

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

15. 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.

16. 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.

## 4.2 Rider T rates and bill impacts

17. 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 2023. These forecast

<sup>14</sup> 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.

<sup>15</sup> 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.

<sup>16</sup> Exhibit 27752-X0001, application, paragraph 24, Table 6.

<sup>17</sup> Exhibit 27752-X0001, application, paragraph 27.

billing determinants are the same as submitted for the Commission's approval in Proceeding 27684.

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

**Table 2. ATCO Gas Rider T<sup>18</sup>**

Rate group	Existing Rider T	Proposed Rider T
	(\$)	
ATA	1.074/GJ	1.145/GJ
Low-use	1.074/GJ	1.145/GJ
Mid-use	1.030/GJ	1.052/GJ
High-use	0.281 per day of GJ demand	0.314 per day of GJ demand
Ultra-high-use	0.290 per day of GJ demand	0.305 per day of GJ demand

19. ATCO Gas explained that, assuming an implementation date of January 1, 2023, in isolation of any other rate changes, the total annual charges for a residential customer in the north service territory that utilizes 110 GJ annually would see a increase from \$1,544 to \$1,552, and a similar residential customer in the south service territory would see a increase to \$1,508 from \$1,516. These rate changes, when combined with ATCO Gas's proposed 2023 rates<sup>19</sup> in Proceeding 27684, would result in the total annual charge for the same customer in the north service territory to decrease from \$1,544 to \$1,497. A similar residential customer in the south service territory would see the total annual charges decrease from \$1,508 to \$1,463. Table 3 below shows the bill impacts of Rider T in isolation and in conjunction with the other rate changes requested for 2023 in Proceeding 27684.

**Table 3. Estimated bill changes for north and south customers<sup>20</sup>**

Rate group	Change to customers' bill due to change in Rider T		Total change to customers' bill*	
	North	South	North	South
	(%)			
ATA	0.3	0.3	-1.3	-1.7
Low-use	0.5	0.5	-3.0	-3.0
Mid-use	0.2	0.2	-1.3	-1.1
High-use	1.1	1.1	0.4	0.7
Ultra-high-use	0.3	0.3	0.0	-0.1

\*Note: Total bill impact includes the proposed changes to the Rider T rates together with other changes to ATCO Gas's 2023 rates proposed in Proceeding 27684.

20. ATCO Gas stated that the applied-for 2023 Rider T rate changes are reasonable and would not result in undue rate shock compared to existing distribution rates.<sup>21</sup>

<sup>18</sup> Exhibit 27752-X0001, application, paragraph 17, tables 4-5.

<sup>19</sup> Proceeding 27684, ATCO Gas Distribution 2023 Cost-of-Service Compliance Filing and 2023 Rate Adjustment Application

<sup>20</sup> Exhibit 27752-X0002, 2023 Rider T schedules, schedules 5(a)-5(d).

<sup>21</sup> Exhibit 27752-X0001, application, paragraphs 19-20.



21. 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.

22. As shown in Table 3, the implementation of the updated 2023 Rider T, in isolation, results in small rate increases for all rate groups, for both ATCO Gas North and ATCO Gas South. When considered together with rate changes applied for in Proceeding 27684 where ATCO Gas's 2023 distribution rates are considered, the effect of the proposed Rider T rates is to offset to some degree the otherwise decreasing charges. Given the flow-through nature of Rider T charges, as well as the fact that these rate changes are relatively small and do not result in rate shock (as shown in Table 3 above), the Commission finds that the estimated rate impact of the January 1, 2023, 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 27684 in the decision on that proceeding.

23. For the reasons set out above, the Rider T rates are approved as applied for, effective January 1, 2023. These rates will remain in place until otherwise directed by the Commission.

## 5 Order

24. 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, 2023.

Dated on December 5, 2022.

### Alberta Utilities Commission

*(original signed by)*

Douglas A. Larder, KC  
Vice-Chair

**Appendix 1 – Proceeding participants**

<b>Name of organization (abbreviation)</b> <b>Company name of counsel or representative</b>
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ATCO Gas, a division of ATCO Gas and Pipelines Ltd. (ATCO Gas)
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Alberta Utilities Commission
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Commission panel D.A. Larder, KC, Vice-Chair
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Commission staff L. Zhang L. Fukuda
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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 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 15
2. 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 16

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

Effective January 1, 2023 by Decision 27752-D01-2022  
This Replaces Rider “T”  
Previously Effective January 1, 2022

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

To be applied to Low Use, Mid Use and High Use, Ultra High Use and Alternative Technology and Appliance (ATA) customers unless otherwise specified by specific contracts or the AUC, effective January 1, 2023.

Low Use Delivery Rate	\$1.145 per GJ
Mid Use Delivery Rate	\$1.052 per GJ
High Use Delivery Rate	\$0.314 per GJ per Day of 24 Hr. Billing Demand
Ultra High Use Delivery Rate	\$0.305 per GJ per Day of 24 Hr. Billing Demand
Alternative Technology and Appliance Delivery Service	\$1.145 per GJ

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

Effective January 1, 2023 by Decision 27752-D01-2022  
This Replaces Rider “T”  
Previously Effective January 1, 2022

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

To be applied to Low Use, Mid Use and High Use, Ultra High Use and Alternative Technology and Appliance (ATA) customers unless otherwise specified by specific contracts or the AUC, effective January 1, 2023.

Low Use Delivery Rate	\$1.145 per GJ
Mid Use Delivery Rate	\$1.052 per GJ
High Use Delivery Rate	\$0.314 per GJ per Day of 24 Hr. Billing Demand
Ultra High Use Delivery Rate	\$0.305 per GJ per Day of 24 Hr. Billing Demand
Alternative Technology and Appliance Delivery Service	\$1.145 per GJ