



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

**2024 Transmission Service Charge (Rider T)**

**December 7, 2023**

**Alberta Utilities Commission**

Decision 28582-D01-2023

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

2024 Transmission Service Charge (Rider T)

Proceeding 28582

December 7, 2023

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## **1 Decision summary**

1. For the reasons set out in this decision, the Alberta Utilities Commission approves the 2024 transmission service charge (Rider T) rates for ATCO Gas, a division of ATCO Gas and Pipelines Ltd., effective January 1, 2024. The approved Rider T rates are as follows:

- Alternative Technology and Appliance (ATA) delivery service customers: \$1.258 per gigajoule (GJ)
- low-use customers: \$1.258 per GJ
- mid-use customers: \$1.137 per GJ
- high-use customers: \$0.274 per day of GJ demand
- ultra-high-use customers: \$0.303 per day of GJ demand

## **2 Introduction**

2. On November 3, 2023, ATCO Gas filed an application with the Commission requesting approval of its Rider T rates for 2024, effective January 1, 2024.

3. The Commission issued a notice of application of November 6, 2023, that required interested parties to submit a statement of intent to participate (SIP) by November 16, 2023. The Commission did not receive any SIPs. The Commission reviewed this proceeding pursuant to its *basic written process*, as outlined in Commission Bulletin 2015-09,<sup>1</sup> and issued a single round of information requests (IRs). The Commission considers this proceeding to have closed on December 1, 2023, when IR responses were received.

## **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). Specifically, 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

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

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

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. The Commission approved the continued use of the Rider T for the 2024-2028 PBR term in Decision 27388-D01-2023,<sup>3</sup> where it stated that currently approved rate riders shall continue to be applied.<sup>4</sup>

6. In Decision 22328-D01-2017,<sup>5</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>6</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 5, 2022, in Decision 27752-D01-2022.<sup>7</sup> On May 30, 2023, NGTL received approval from the Canada Energy Regulator (CER) for its final 2023 rates, tolls and charges for the Alberta system as per Order TG-003-2023.<sup>8</sup> The NGTL FT-D3 rate decreased from \$10.17 to \$10.05 GJ/month. The abandonment surcharge remained the same at \$0.18 GJ/month. NGTL filed its proposed 2024 interim rates and abandonment surcharge for the Alberta system with the CER on November 3, 2023, to be effective January 1, 2024. NGTL's proposed interim FT-D3 rate increases from \$10.05 GJ/month to \$10.93 GJ/month and the proposed abandonment surcharge decreases from \$0.18 GJ/month to \$0.17 GJ/month.<sup>9</sup>

8. On November 3, 2023, ATCO Gas filed the application requesting approval for updated Rider T rates to be effective on January 1, 2024. 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 2024 Rider T rates as follows:

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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 27388-D01-2023: 2024-2028 Performance-Based Regulation Plan for Alberta Electric and Gas Distribution Utilities, Proceeding 27388, October 4, 2023.

<sup>4</sup> Decision 27388-D01-2023, paragraph 446.

<sup>5</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>6</sup> Decision 22328-D01-2017, paragraph 28; Proceeding 24253, Exhibit 24253-X0001, application, paragraph 14.

<sup>7</sup> 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

<sup>8</sup> [https://docs2.cer-rec.gc.ca/ll-eng/llisapi.dll/fetch/2000/90465/92833/554137/4365967/4365968/4370715/C24646%2D3\\_Order\\_TG%2D003%2D2023\\_to\\_NOVA\\_Gas\\_Transmission\\_Ltd.\\_%2D\\_A8Q5H3.pdf?nodeid=4370718&vernum=-2](https://docs2.cer-rec.gc.ca/ll-eng/llisapi.dll/fetch/2000/90465/92833/554137/4365967/4365968/4370715/C24646%2D3_Order_TG%2D003%2D2023_to_NOVA_Gas_Transmission_Ltd._%2D_A8Q5H3.pdf?nodeid=4370718&vernum=-2)

<sup>9</sup> Exhibit 28582-X0001, application, paragraphs 5-7.

- ATCO Gas calculated its total transmission expense for 2024 by adding the 2024 forecast transmission expense and the October 2022 to September 2023 transmission expense over/under collection from customers.
- The 2024 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.
- Then, ATCO Gas allocated the total transmission expense to the rate groups using coincident peak demand as an allocator.
- The October 2022 to September 2023 actual versus forecast Rider T revenue difference was included by rate group.
- The proposed Rider T rates are calculated using billing determinants for each rate group to collect the province-wide Rider T revenue for January to December 2024.
- The ATA Rider T rate is set equal to the proposed low-use Rider T rate (methodology approved in Decision 26283-D01-2021<sup>10</sup>).

## 4 Discussion of issues

### 4.1 Cross-subsidization between North and South customers

10. In Decision 2014-062,<sup>11</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>12</sup> and have been addressed by the Commission in subsequent Rider T decisions.<sup>13</sup> Specifically, in successive ATCO Gas Rider T decisions, the Commission has required ATCO Gas to discuss what

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<sup>10</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>11</sup> Decision 2014-062: ATCO Gas, 2014 Transmission Service Charge (Rider T), Proceeding 3011, Application 1610228-1, March 17, 2014.

<sup>12</sup> Decision 2014-062, paragraphs 24-26.

<sup>13</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 24253, 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: ATCO Gas, a division of ATCO Gas and Pipelines Ltd., 2021 Transmission Service Charge (Rider T), Proceeding 26378, April 15, 2021; 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; Decision 27752-D01-2022.

measures it took to minimize cross-subsidization between North and South customers<sup>14</sup> and to provide analysis to assess whether there was substantial cross-subsidization between North and South customers as a result of the implementation of the province-wide Rider T rate.<sup>15</sup>

11. 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)	1.258	1.234	(0.024)	1.283	0.025
Low Use (\$/GJ)	1.258	1.234	(0.024)	1.283	0.025
Mid Use (\$/GJ)	1.137	1.142	0.005	1.129	(0.008)
High Use (per day of GJ demand)	0.274	0.285	0.011	0.263	(0.011)
Ultra High Use (per day of GJ demand)	0.303	0.321	0.018	0.291	(0.012)

12. In Decision 27752-D01-2022, 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. ATCO Gas further explained that under separate rates for North and South customers, a typical residential (low use) customer in the North using 105 GJ between January and December would see a \$2.52 decrease in their annual bill while a typical residential (low use) customer in the South would see a \$2.63 increase in their annual bill.<sup>17</sup>

13. 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 the province-wide Rider T rates.

14. Since the issuance of Decision 2014-062, the Commission has consistently found that the level of cross-subsidization between ATCO Gas's North and South customers has not been significant and only exceeded the \$4.16 threshold once in the last decade. The Commission directs ATCO Gas, in its next Rider T application, to discuss whether tracking the cross-subsidization is still necessary given that the transition to a province-wide Rider T happened in 2014 and there were no significant cross-subsidization concerns identified since that time.

## 4.2 Rider T rates and bill impacts

15. 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 2024. These forecasts

<sup>14</sup> Decision 20039-D01-2015, paragraph 15.

<sup>15</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; Decision 26952-D01-2021, paragraph 19; Decision 27752-D01-2022, paragraph 16.

<sup>16</sup> Exhibit 28582-X0001, application, Table 6.1.

<sup>17</sup> Exhibit 28582-X0001, application, paragraph 23.

billing determinants are the same as those submitted for the Commission’s approval in Proceeding 28569.<sup>18</sup>

16. 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>19</sup>**

Rate group	Existing Rider T rates	Proposed Rider T rates
ATA	\$1.145/GJ	\$1.258/GJ
Low use	\$1.145/GJ	\$1.258/GJ
Mid use	\$1.052/GJ	\$1.137/GJ
High use	\$0.314 per day of GJ demand	\$0.274 per day of GJ demand
Ultra high use	\$0.305 per day of GJ demand	\$0.303 per day of GJ demand

17. ATCO Gas explained that, assuming the implementation date of January 1, 2024, in isolation of any other rate changes, the total annual charges for a residential customer in the North service territory that utilizes 105 GJ annually would see an increase from \$1,314 to \$1,326, and a similar residential customer in the South service territory would see an increase from \$1,268 to \$1,280. These rate changes, when combined with ATCO Gas’s proposed 2024 rates in Proceeding 28569, would result in the total annual charge for the same customer in the North service territory to increase from \$1,314 to \$1,361. A similar customer in the South service territory would see the total annual charges increase from \$1,268 to \$1,314. Table 3 below shows the bill impacts of Rider T in isolation and in conjunction with the other rate changes requested for 2024 in Proceeding 28569.

**Table 3. Estimated bill impacts of 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	0.6	0.6	2.7	2.6
Low use	0.9	0.9	3.6	3.6
Mid use	0.9	0.9	2.0	1.9
High use	-1.6	-1.6	-1.9	-1.9
Ultra high use	-0.1	-0.1	0.7	0.0

\*Note: Total bill impact includes the proposed changes to the Rider T rates together with other changes to ATCO Gas’s 2024 rates proposed in Proceeding 28569.

18. ATCO Gas stated that the applied-for 2024 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> Proceeding 28569, ATCO Gas Performance-Based Regulation Compliance Filing and 2024 Rate Adjustment Application.

<sup>19</sup> Exhibit 28582-X0001, application, paragraph 18, tables 4.1 and 4.2.

<sup>20</sup> Exhibit 28582-X0002, 2024 Rider T schedules, schedules 5(a)-5(d).

<sup>21</sup> Exhibit 28582-X0001, application, paragraph 19.



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

20. As shown in Table 3, the implementation of the updated 2024 Rider T, in isolation, results in small rate increases for the ATA, low-use and mid-use rate groups, and small decreases for the high-use and ultra-high-use rate groups. When considered together with the rate changes applied for in Proceeding 28569, the effect of the proposed Rider T rates are 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 unlikely to result in rate shock (as shown in Table 3 above), the Commission finds that the estimated rate impact of the January 1, 2024, 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 28569 in the decision in that proceeding.

21. For the reasons set out above, the Rider T rates are approved as applied for, effective January 1, 2024. These rates will remain in place until otherwise directed by the Commission.

## 5 Order

22. 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, 2024.

Dated on December 7, 2023.

**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>
ATCO Gas, a division of ATCO Gas and Pipelines Ltd. (ATCO Gas)

Alberta Utilities Commission
Commission panel D.A. Larder, KC, Vice-Chair
Commission staff M. Logan

**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. Since the issuance of Decision 2014-062, the Commission has consistently found that the level of cross-subsidization between ATCO Gas’s North and South customers has not been significant and only exceeded the \$4.16 threshold once in the last decade. The Commission directs ATCO Gas, in its next Rider T application, to discuss whether tracking the cross-subsidization is still necessary given that the transition to a province-wide Rider T happened in 2014 and there were no significant cross-subsidization concerns identified since that time..... paragraph 14

### Appendix 3 – ATCO Gas North Rider T rates

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## Appendix 4 – ATCO Gas South Rider T rates

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Appendix 4 - ATCO  
Gas South Rider T rates

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ATCO Gas Distribution

Effective January 1, 2024 by Decision 28582-D01-2023  
 This Replaces Rider "T"  
 Previously Effective January 1, 2023

**ATCO GAS AND PIPELINES LTD.**  
**ATCO Gas North**  
**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, 2024.

Low Use Delivery Rate	\$1.258 per GJ
Mid Use Delivery Rate	\$1.137 per GJ
High Use Delivery Rate	\$0.274 per GJ per Day of 24 Hr. Billing Demand
Ultra High Use Delivery Rate	\$0.303 per GJ per Day of 24 Hr. Billing Demand
Alternative Technology and Appliance Delivery Service	\$1.258 per GJ

The Company's Terms and Conditions apply to all retailers and customers provided with System and/or Distribution Access Service by the Company. The Terms and Conditions are available at ATCO Gas offices during normal working hours or on the website [www.atcogas.com](http://www.atcogas.com).

Decision 28582-D01-2023 (December 7, 2023)



Effective January 1, 2024 by Decision 28582-D01-2023  
This Replaces Rider "T"  
Previously Effective January 1, 2023

**ATCO GAS AND PIPELINES LTD.**  
**ATCO Gas South**  
**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, 2024.

Low Use Delivery Rate	\$1.258 per GJ
Mid Use Delivery Rate	\$1.137 per GJ
High Use Delivery Rate	\$0.274 per Day per GJ of 24 Hr. Billing Demand
Ultra-High Use Delivery Rate	\$0.303 per Day per GJ of 24 Hr. Billing Demand
Alternative Technology and Appliance Delivery Service	\$1.258 per GJ