



ATCO Pipelines

Other Pipelines Receipt Rates Application

December 30, 2010



ALBERTA UTILITIES COMMISSION

Decision 2010-623: ATCO Pipelines
Other Pipelines Receipt Rates Application
Application No. 1606841
Proceeding ID. 989

December 30, 2010

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1 INTRODUCTION

1. On December 9, 2010, ATCO Pipelines (AP) filed an application (Application) with the Alberta Utilities Commission (AUC or the Commission) that requested approval of an increase in Other Pipeline Receipt (OPR) rates for both AP North and AP South service territories effective January 1, 2011. The requested increases reflect the additional revenues estimated to be required to recover the increased interim intra-Alberta delivery rates applied for by NOVA Gas Transmission Ltd. (NGTL). NGTL applied to the National Energy Board (NEB) on December 9, 2010 for 2011 interim intra-Alberta delivery rate increases to be effective January 1, 2011.

2. On December 10, 2010, the Commission issued a Notice of Application. Any party who wished to intervene in this proceeding was required to file a Statement of Intent to Participate (SIP) to the AUC by December 17, 2010. Parties were also asked to provide an indication of their support or objection to the Application.

3. The Commission received SIPs from the following parties:

- The Office of the Utilities Consumer Advocate (UCA)
- TransAlta Corporation
- BP Canada Energy Company
- NGTL
- Industrial Gas Consumers Coalition of Alberta (IGCCA)
- Canadian Association of Petroleum Producers
- EnCana Corporation

4. No party in its SIP raised any objections to the Application nor requested additional process before the Application was considered by the Commission.

5. In a letter submitted December 23, 2010, AP submitted that the NEB had approved NGTL's Alberta System 2011 interim rates and provided revised OPR rate schedules corresponding with the NGTL rate increases approved by the NEB. The Commission considers that the record for this proceeding closed on December 23, 2010.

6. In reaching its determinations set out in this decision, the Commission has considered all relevant materials comprising the record of this proceeding, including the submissions provided by each party. 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.

2 VIEWS OF PARTIES

2.1 Views of ATCO Pipelines

7. In the Application AP referred to [Decision 2006-020](#),¹ wherein the Alberta Energy and Utilities Board (EUB or Board) provided some guidance with regard to future OPR rate changes. In that decision the Board stated “that future OPR rates should be set to recover forecast FT-A expenses...”² FT-A expenses³ were the intra-Alberta delivery tolls paid by AP to NGTL in respect of receipt transportation service from NGTL.

8. In its 2010 OPR Rates Application (Proceeding ID. 826), AP applied for a change in 2010 OPR rates to coincide with an increase to NGTL’s 2010 intra-Alberta delivery rates. The Commission approved the OPR rate change in [Decision 2010-509](#),⁴ to be effective November 1, 2010, concurrent with the implementation of NGTL’s 2010 Final Rates. AP indicated in the Application that consistent with Decision 2010-509, it is requesting the OPR rate change in order to recover the increase in NGTL inter-Alberta pipeline delivery costs applied for by NGTL to be effective January 1, 2011.

9. On December 9, 2010, NGTL filed an application with the NEB for Revised 2011 Interim Rates.⁵ AP did not propose to collect any Other Pipeline Receipt Deferral Account (OPR DA) surpluses/shortfalls as part of these OPR rate changes. AP requested Commission approval of the following OPR rates effective January 1, 2011, or concurrent with the effective date of an NEB approval of NGTL 2011 Interim Rates:

1. A North OPR rate of \$0.054 GJ;
2. A South OPR rate of \$0.040 GJ.

10. AP indicated that should the rates approved by the NEB be different than what AP applied for, AP would advise the Commission and provide the necessary OPR rate adjustments. AP also requested approval of revised North and South OPR Rate Schedules.

11. AP indicated, as previously approved in Decision 2010-509, the Commission determined that AP’s utilization of NGTL’s intra-Alberta Interruptible Transportation-Delivery (IT-D2) service was reasonable, given that the cost premium of IT-D2 service appeared to be less than the cost of unutilized Firm Transportation-Delivery (FT-D2) service. AP further submitted that contracting of IT-D2 service would eliminate unutilized service after implementation of the proposed integration of regulated gas transmission services in Alberta involving the AP and NGTL systems (Integration). For these reasons, AP stated that it would continue to contract NGTL IT-D2 service based on 2011 OPR rates on NGTL’s IT-D2 delivery rate of \$0.0610 GJ, applied for in NGTL’s 2011 Interim Rates Application. AP said that adjustments to both AP’s North and South OPR rates are required to reflect the NGTL IT-D2 charges AP will incur and to

¹ Decision 2006-020: ATCO Pipelines North and South Other Pipeline Receipt (OPR) Rate Changes (Application No. 1415327) (Released: March 8, 2006).

² AP Application, at page 2, citing EUB Decision 2006-020: ATCO Pipelines North and South Other Pipeline Receipt (OPR) Rate Changes (Application No. 1415327) (Released: March 8, 2006), page 13.

³ FT-A represented Firm Transportation Alberta which was NGTL’s firm service for intra-Alberta deliveries.

⁴ Decision 2010-509: ATCO Pipelines North and South Other Pipeline Receipt (OPR) Rate Changes (Application No. 1606542, Proceeding ID. 826) (Released: October 29, 2010).

⁵ Exhibit 3, Application, paragraphs 1 and 6.

mitigate AP's North and South OPR DA from growing beyond the \$500,000 threshold established by the Board.⁶

12. AP submitted that its OPR rate for North (\$0.054/GJ) and South (\$0.040/GJ) are adjusted based on a 2009 Physical/Nomination Ratio of 89 percent and 65 percent for the North and South respectively. AP's OPR rates are calculated by applying an adjustment to NGTL's IT-D2 rates for the North (\$0.0610) and South (\$0.0610) based on AP's 2009 Physical/Nomination Ratio of 89 percent and 65 percent respectively.⁷ For the year 2010 and 2011, AP expects customers to have similar contracting behavior to 2009.

13. In a letter submitted December 23, 2010, AP submitted that the NEB had approved NGTL's "Alternative Alberta System Interim 2011 Rates" in Order TGI-04-2010⁸ effective January 1, 2011. An interim 2011 IT-D2 rate of \$0.0628/GJ was approved. Accordingly AP provided a revised 2011 OPR Rate calculation that incorporated the NGTL approved 2011 interim IT-D2 rate of \$0.0628/GJ in the table below:⁹

Table 1. Revised 2011 OPR Rates

	\$/GJ	
	North	South
NGTL IT-D2 rate effective January 1, 2011	\$0.0628	\$0.0628
Physical Volumes as a % of Nominated Volumes	89%	65%
AP Revised OPR rate effective January 1, 2011	\$0.056	\$0.041

2.2 Views of Interveners

14. No intervening party raised any objections to the application. IGCAA went further in its SIP and expressed support for prompt approval of the Application stating:

IGCAA has no objection to the application and is supportive of a timely implementation of revised OPR Rates that are concurrent with changes to the associated charges on the NGTL System planned for January 1, 2011.

2.3 Views of the Commission

15. The Commission has reviewed the Application and notes that no parties objected to AP's application and that certain parties requested the Commission to approve the Application as filed. AP has calculated the revised OPR rates in accordance with the methodology approved by the Commission in Decision 2010-509. In that decision the Commission referred to AP's utilization of IT-D2 service and stated:

The Commission finds that AP's utilization of IT-D2 service is reasonable given that the cost premium of IT-D2 service appears to be less than the cost of unutilized FT-D2 service. The Commission also finds that the term associated with IT-D2 service is 120 days less than the minimum term required for FT-D2 service, which eliminates unutilized service after implementation of Integration.

⁶ Exhibit 3, ATCO Pipelines Ltd. 2010 Other Pipeline Receipt Rates Application, pages 1&2, paragraphs 5&6.

⁷ Exhibit 3, ATCO Pipelines Ltd. 2010 Other Pipeline Receipt Rates Application, Table 2.

⁸ TransCanada PipeLines Limited and NOVA Gas Transmission Ltd. Application for Approval of Mainline Interim 2011 Tolls and Alberta System 2011 Interim Rates, Order TGI-04-2010, (Issued: December 23, 2010).

⁹ ATCO Pipelines December 23, 2010 Letter.

The Commission is satisfied that an OPR rate which is a flow through of the IT-D2 rate, that is adjusted by AP's Physical/Nomination Ratio factor for the North and South should properly account for how AP charges its shippers the OPR rate on customer OPR nomination volumes, and reflective of how AP pays NGTL's Intra-Alberta delivery rates (IT-D2 rates) based on the physical deliveries from the NGTL system to the AP system. Any difference between the forecast OPR rate revenue and actual OPR rate revenue is trued up through the OPR deferral account (DA).¹⁰

16. On December 23, 2010, the NEB released Order TGI-04-2010 approving NGTL's application for interim 2011 rates. The requested interim increase to NGTL's IT-D2 service was approved at a rate of \$0.0628/GJ effective January 1, 2011. The Commission considers that the NEB's approval of NGTL's 2011 interim rates eliminates any concern with respect to the amount or the effective date for AP's OPR rates as revised by AP in its letter dated December 23, 2010. AP's revised OPR rates are consistent with the NGTL 2011 interim IT-D2 rates approved by the NEB.

17. The Commission finds that AP's proposed change in OPR rates is consistent with the Board's direction in Decision 2006-020, the Commission's direction in Decision 2010-509, and NGTL's recently approved rates. For these reasons, the Commission approves AP's revised North OPR rate of \$0.056/GJ, South OPR rate of \$0.041/GJ, and AP's revised North and South OPR Rate Schedules which are attached as [Appendix 2](#) to this Decision, effective January 1, 2011. The Commission notes that the 2011 rates for NGTL were approved by the NEB on an interim basis. Accordingly, should the final rates, once approved by the NEB, require additional changes to AP's OPR rates to properly reflect the charges incurred by AP, the Commission directs AP to make the required application to implement the required rate adjustments.

3 ORDER

18. IT IS HEREBY ORDERED THAT:

- (1) ATCO Pipelines' revised Other Pipelines Receipt rates for ATO Pipelines North of \$0.056/GJ and \$0.041/GJ for ATCO Pipelines South are approved effective January 1, 2011; and
- (2) ATCO Pipelines' revised ATCO Pipelines North and ATCO Pipelines South OPR Rate Schedules attached as [Appendix 2](#) to this Decision are approved effective January 1, 2011.

¹⁰ Decision 2010-509, page 5, paragraphs 21 and 22.

Dated on December 30, 2010.

ALBERTA UTILITIES COMMISSION

(original signed by)

Moin A. Yahya
Commissioner

APPENDIX 1 – PROCEEDING PARTICIPANTS

Name of Organization (Abbreviation) Counsel or Representative
ATCO Pipelines (AP) E. Jansen
BP Canada Energy Company (BP) C. Worthy
Canadian Association Of Petroleum Producers (CAPP) R. Graham
EnCana Corporation (ENCANA) R. K. Powell
Industrial Gas Consumers Association of Alberta (IGCAA) G. Sproule
NOVA Gas Transmission Ltd. (NGTL) R. Stevens
Office of the Utilities Consumer Advocate (UCA) R. Bell
TransAlta Corporation (TAC) K. Perley

Alberta Utilities Commission
Commission Panel M. A. Yahya, Commissioner
Commission Staff B. McNulty (Commission Counsel) U. Pillai M. McJannet

APPENDIX 2– ATCO PIPELINES OTHER PIPELINES RECEIPT RATE SCHEDULE

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Appendix 2 - ATCO
Pipelines OPR Rates Schedule
(consists of 2 pages)

APPENDIX 3 – ABBREVIATIONS

Abbreviation	Name in Full
AP	ATCO Pipelines
AUC	Alberta Utilities Commission
Board/EUB	Alberta Energy and Utilities Board
FT-A	Firm Transportation - Alberta Delivery
FT – D2	Firm Transportation – Delivery
IT – D2	Interruptible Transportation – Delivery
NEB	National Energy Board
NGTL	Nova Gas Transmission Limited
OPR	Other Pipeline Receipts
OPR DA	Other Pipeline Receipt Deferral Account
SIP	Statement of Intent to Participate

Effective January 1, 2011
By Decision 2010-XXX
This Replaces Rate OPR
Previously Effective November 1, 2010

**ATCO PIPELINES
RECEIPT TRANSPORTATION SERVICE FROM
OTHER PIPELINES
Rate OPR**

A) General Description

ATCO Pipelines' receipt transportation service from Other Pipelines is available to Customers who receipt Gas from Other Pipelines onto the Gas Pipeline System. Upon receipt by ATCO Pipelines of Customer's Nomination and subsequent approval by ATCO Pipelines, Customer's Gas shall be allocated through ATCO Pipelines' account on Other Pipelines (i.e. ATCO Pipelines' NIT account on NGTL) to Customer's Account on ATCO Pipelines' system. Gas is then available to transfer to other Customer Accounts.

Refer to ATCO Pipelines' Transportation Service Regulations and Business Policies & Practices for more information pertaining to the administration of this Rate.

B) Receipt transportation service from Other Pipelines is available provided that:

- (i) Customer is served off ATCO Pipelines' Gas Pipeline System.
- (ii) Customer has the contractual control of Customer's Gas flows on the Gas Pipeline System.
- (iii) Customer has executed an Agreement with ATCO Pipelines which incorporates ATCO Pipelines' Transportation Service Regulations as amended from time to time and approved by the Alberta Energy and Utilities Board. An Agreement specific to OPR service is not required.
- (iv) Rider "D" (Unaccounted for Gas and Fuel) is applied to all Gas Nominated for receipt under this Rate.
- (v) This Rate is applied to all Gas Nominated for receipt from Other Pipelines.
- (vi) This Rate is not applicable to Gas received onto the Gas Pipeline System from on-system Point(s) of Receipt.

Effective January 1, 2011
By Decision 2010-XXX
This Replaces Rate OPR
Previously Effective November 1, 2010

C) Transportation service charges at Other Pipelines point(s) of receipt

**Rate OPR: RECEIPT TRANSPORTATION SERVICE FROM OTHER
PIPELINES**

(a) North zone

Commodity Charge: \$0.056 per GJ

Plus: Rider "D"

(b) South zone

Commodity Charge: \$0.041 per GJ

Plus: Rider "D"

Plus: Rider "I"