



# **ATCO Pipelines**

**North and South Other Pipeline Receipt (OPR) Rate Changes**

**March 8, 2006**

**ALBERTA ENERGY AND UTILITIES BOARD**

Decision 2006-020: ATCO Pipelines

North and South Other Pipeline Receipt (OPR) Rate Changes

Application No. 1415327

March 8, 2006

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# ALBERTA ENERGY AND UTILITIES BOARD

Calgary Alberta

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## ATCO PIPELINES NORTH AND SOUTH OTHER PIPELINE RECEIPT (OPR) RATE CHANGES

**Decision 2006-020**  
**Application No. 1415327**

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### 1 INTRODUCTION

On August 25, 2005, ATCO Pipelines (AP), a division of ATCO Gas and Pipelines Ltd., applied to the Alberta Energy and Utilities Board (the Board or EUB) pursuant to directions in Decision 2004-079<sup>1</sup> with respect to matters related to AP North and AP South rates for receipt transportation service from other pipelines (Other Pipeline Receipt or OPR) and the OPR deferral accounts (the Application).

In the Application, AP proposed to revise the OPR rate in the North to 1.2 cents/GJ and in the South to 0.0 cents/GJ, effective November 1, 2005.<sup>2</sup> The North and South OPR rates are both currently at 1.4 cents/GJ.

The Board issued the Notice of the Application on August 31, 2005. Interventions were received from parties listed in Appendix 1.

The Application was dealt with through a written proceeding with written Argument and Reply submitted on November 29, 2005 and December 6, 2005 respectively. One party (CAPP) filed some minor revisions to its Reply on December 8, 2005.

The Board panel assigned to this application was comprised of Ms. C. Dahl Rees, LL.B. (Chair), Mr. B. T. McManus, Q.C., Member, and Mr. M. W. Edwards, Acting Member.<sup>3</sup>

For purposes of this Decision, the Board considers that the record closed on December 8, 2005.

### 2 BACKGROUND

On September 16, 2003, AP applied to the Board for approval of an interim OPR rate of 1.5 cents/GJ, effective October 1, 2003, for gas nominated from the NOVA Gas Transmission Ltd. (NGTL) system onto the AP system.<sup>4</sup>

On October 6, 2003, the Board issued Order U2003-380<sup>5</sup>, approving an interim OPR rate of 1.3 cents/GJ for the month of October 2003 in the North and South. The Board also directed AP

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<sup>1</sup> Decision 2004-079 dated September 24, 2004, ATCO Pipelines, 2004 General Rate Application (GRA) – Phase II, Application No. 1315997.

<sup>2</sup> In its Argument, AP revised the November 1, 2005 effective date to “as soon as possible”.

<sup>3</sup> Assisting the panel were B. McNulty, Board Counsel; M. Hagan and D. Popowich.

<sup>4</sup> Application No. 1313660

<sup>5</sup> Order U2003-380 dated October 6, 2003. In the matter of an interim application by ATCO Gas and Pipelines Ltd. for Other Pipelines Receipts Commodity Rate.

to establish deferral accounts for charges related to NGTL's firm service for intra-Alberta deliveries (FT-A<sup>6</sup>) and NGTL's facility connection service (FCS<sup>7</sup>).

In Order U2003-380, the Board directed AP to provide further information by October 20, 2003 as follows:

The Board further directs ATCO Pipelines to submit further evidence as to the forecast charges to be collected by the OPR rate, including FT-A and FCS MAV charges, and to provide a well-reasoned basis for the level of the OPR rate for November 2003 and onward. The Board also directs ATCO Pipelines to submit a proposal describing the administration of the deferral accounts, including information on how they will be administered, reconciled, and how frequently the OPR rate will be adjusted.<sup>8</sup>

In a letter dated October 20, 2003, AP provided 2003 and 2004 forecasts for North and South NGTL FT-A and FCS charges, but noted that the OPR rate was only intended to collect revenues to offset the FT-A toll charges. AP stated that the FCS charges, effective October 1, 2003 onward, would be collected through an allocation to AP's customer groups as outlined in its 2004 GRA Phase II application<sup>9</sup> (the Phase II Proceeding), dated October 1, 2003, with respect to 2004 rates for North and South zones.

AP also provided a calculation of the OPR rate for the North, the South and combined North and South zones, and proposed that the OPR rate be set at 1.4 cents/GJ, for both the North and South zones. The calculation took into consideration physical flows from NGTL to AP, nominated flows from NGTL to AP and the FT-A charge.

AP also outlined a process that it proposed to follow for administration of the OPR deferral accounts (the OPR Deferral Account Process)<sup>10</sup> and a mechanism for adjusting the OPR rates (the OPR Rate Change Mechanism).<sup>11</sup>

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<sup>6</sup> FT-A represents Firm Transportation Alberta which is NGTL's firm service for intra-Alberta deliveries that has a commodity based toll provided that facilities meet facility connection service guidelines. This service is available to a customer that has executed a service agreement and schedule of service under Rate Schedule FT-A for an Alberta delivery point, together with a valid service agreement under Rate Schedule FCS for such Alberta delivery point.

<sup>7</sup> FCS represents NGTL's facility connection service (FCS) relating to facilities for intra-Alberta deliveries and for which NGTL charges a toll only if a customer fails to take a minimum annual volume (MAV) of gas. The FCS charge is calculated at the completion of each year.

<sup>8</sup> Order 2003-380, p. 4

<sup>9</sup> Application No. 1315997, resulting in Decision 2004-079 dated September 24, 2004.

<sup>10</sup> Forecast FT-A and FCS MAV charges approved by the Board for 2003 and 2004 with respect to the 2003/04 GRA Phase I compliance filing would be credited to the deferral account. Forecast OPR revenue for 2003 and 2004 approved by the Board in the GRA Phase II compliance filing would be debited to the deferral account. Actual FT-A and FCS MAV charges would be debited to the deferral account and actual OPR revenue would be credited to the deferral account. The difference between the approved costs and revenues and the actual costs and revenues would result in a surplus or deficit at the end of 2004. This balance would be carried forward, resulting in an adjustment to subsequent rates.

<sup>11</sup> The OPR rate would be changed if circumstances changed on AP's system such that deferral account balances carried forward from prior years or changes in the relationship between nominated and physical flows were forecast to result in a surplus or deficit of over \$1 million in either the North or South deferral accounts by year end. AP noted that it might also present an application for adjustment to the OPR rate when NGTL changed its FT-A rate.

In Order U2003-401,<sup>12</sup> dated November 7, 2003, the Board was satisfied that the proposed interim rate of 1.4 cents/GJ, and the associated deferral accounts, would be an appropriate interim measure. The Board was also satisfied that the OPR Deferral Account Process would serve adequately until a full review of the tariff was undertaken at the Phase II Proceeding.

***Decision 2004-079***

In Decision 2004-079, the Board determined, with some reservation, that it was appropriate to use the five service classes<sup>13</sup> proposed by AP in assigning and allocating expenses in the manner provided in the AP Cost of Service Study (COSS).

In reaching this conclusion, the Board accepted Other Pipeline Receipt as a class of service for the Phase II Proceeding and the Board considered that the proposed allocation of the NGTL FT-A and FCS expenses to this service class was appropriate. The Board further accepted AP's position that Other Pipeline Receipt and Other Pipeline Delivery (OPD) services should not be stand alone services at the present time and that the costs associated with these services should be reallocated among the Primary Service Classes.<sup>14</sup> The Board also considered it appropriate to use 2002 actual exchange receipt nominations<sup>15</sup> as the basis for the reallocation of all expenses and income credits allocated and assigned to the OPR service class. By accepting this reallocation, the Board accepted that forecast NGTL FCS expenses would have to be recovered through demand charges established for the Primary Service Classes. As discussed further below, the Board also accepted that variances between actual and forecast NGTL FCS expenses would be included in the OPR deferral accounts.

The Board was also prepared, at that time, to accept AP's proposal to continue to recover only NGTL's FT-A expense through the OPR rate and to allocate the associated forecast commodity revenue to the Primary Service Classes based on exchange receipt nominations.

In the Phase II Proceeding, AP proposed to use deferral accounts for OPR in both the North and South and to include the same components approved in Order U2003-401 as shown in Table 1. AP proposed to include actual less forecast (variance) numbers for the components of the OPR deferral accounts. Forecast OPR revenues would be debited to the OPR deferral accounts but would be equal to forecast FT-A expenses which would be credited to the deferral accounts, therefore netting out. Actual OPR revenues would then be credited and actual FT-A expenses would be debited, leaving only the variance in the deferral accounts. In addition, the OPR deferral accounts were also credited with the approved forecast FCS expense and debited with the actual FCS expenses, leaving only the variance between the forecast and actual number in the deferral accounts.

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<sup>12</sup> Order U2003-401 dated November 7, 2003. In the matter of an interim application by ATCO Gas and Pipelines Ltd. for Other Pipelines Receipts Commodity Rate

<sup>13</sup> Distribution Company Deliveries, Industrial Deliveries, Producer Receipts, Other Pipeline Receipt and Other Pipeline Deliveries.

<sup>14</sup> Distribution Company Deliveries, Industrial Deliveries, Producer Receipts.

<sup>15</sup> Excluding nominations related to non-standard contracts.

**Table 1. Other Pipeline Receipts Deferral Account**

Item	Category
OPR Commodity	Revenue (actual less forecast)
NGTL FT-A	Cost (actual less forecast)
NGTL FCS	Cost (actual less forecast)

Source: Decision 2004-079, Table 16

In Decision 2004-079, the Board noted that it appeared that AP proposed to continue with the OPR Deferral Account Process previously approved in Order U2003-401 and on that basis, the Board accepted at that time the OPR deferral accounts and the OPR Deferral Account Process.<sup>16</sup>

The Board agreed with AP that the balance in the OPR deferral accounts at the end of 2004 should be allocated to service classes based on OPR nominations. However, the Board stated that it expected that AP would discuss the approach for recovering or crediting the balance with its customers after AP filed its draft report with customers, but prior to the submission of the final report to the Board, which should occur by June 30, 2005. (This statement by the Board is referred to hereinafter in this Decision as “the Direction.”)

As a result of the above, OPR rates designed to offset NGTL FT-A expenses were charged to customers on the basis of receipt nominations from other pipelines. Forecast NGTL FCS expenses were included in the costs to determine the demand rates charged to the Primary Service Classes. An OPR deferral account was created for each of the North and South rate zones with actual OPR revenue being credited to the account and actual FT-A expenses being debited to the account with the result that only the differential remained in the account. The OPR deferral accounts were also credited with the approved forecast FCS expense and debited with the actual FCS expense with the result that only the differential remained in the account. The OPR rate was to be revised as discussed later in this Decision. The experience to date has demonstrated accumulating surpluses in the OPR deferral accounts, which has led to the present Application.

### *The Application*

AP indicated that on July 28, 2005, it provided an invitation to interested parties to review, among other issues, the OPR deferral accounts. AP indicated that on August 8, 2005, it held a meeting with certain interested parties<sup>17</sup> and that it reviewed the OPR deferral account balances.

AP indicated that it provided the following closing balances for the North and South OPR deferral accounts and that the forecast closing balance for 2005 assumed that the existing OPR rates would remain in place.

<sup>16</sup> Decision 2004-079 dated September 24, 2004, p. 116

<sup>17</sup> Canadian Association of Petroleum Producers (CAPP), Cinergy Canada, Compton Petroleum Corporation, Direct Energy Resources, Dynamic Energy Inc., EnCana Corporation, Enmax, and TransCanada Pipelines Limited. AP also submitted that although a representative of the Industrial Gas Consumers Association of Alberta (IGCAA) was not able to attend the meeting, AP was provided with the IGCAA’s response.



**Table 2. OPR Deferral Account Balances<sup>18</sup>**

Date	North (\$000s)	South (\$000s)
December 31, 2004 (actual)	(73)	804
May 31, 2005 (actual)	89	1,132
December 31, 2005 (forecast)	236	1,491

Source: Application, p. 2

At the August 8, 2005 meeting, AP discussed with parties the possibility of changing the OPR rates for the North and South and the resolution of the OPR deferral account balances. AP proposed the following rates and actions:

- A North OPR rate of 1.2¢/GJ effective November 1, 2005;<sup>19</sup>
- A South OPR rate of 0.0¢/GJ effective November 1, 2005;<sup>20</sup> and
- OPR deferral account balances to be calculated on a monthly basis and to accrue financing charges/credits at AP's approved weighted average cost of capital until AP's next GRA.

AP also stated that three end user participants approved the above proposal; however, CAPP indicated that no changes should be made to the OPR rates.

On August 25, 2005, AP filed the Application requesting approval of its OPR rate proposal, as noted above, and Board acceptance of the OPR deferral account report, which it included in the Application.

### 3 ISSUES

The Board has reviewed the evidence and submissions from parties to the proceeding and considers that the main issues that should be discussed in this Decision are as follows:

- 4.1 Compliance with the Direction
- 4.2 Acceptability of the AP Proposals
- 4.3 Future OPR and FCS Processes

Any references to specific parts of the record are to assist the reader in understanding the Board's decision, but should not be taken as an indication that the Board did not consider the entire record as it relates to that issue.

<sup>18</sup> From the customers' perspective, a negative number reflects a deficit and a positive number reflects a surplus.

<sup>19</sup> In its Argument, AP revised the November 1, 2005 effective date to "as soon as possible".

<sup>20</sup> In its Argument, AP revised the November 1, 2005 effective date to "as soon as possible".

## 4 DISCUSSION OF ISSUES

### 4.1 Compliance with the Direction

CAPP submitted that the Application and the process leading up to the Application were not consistent with the Direction outlined in Decision 2004-079 because it dealt with both 2004 and projected 2005 imbalances and the discussions with customers did not allow any opportunity for interested parties to explore the issues or time to develop any alternatives to the limited options put forward by AP.<sup>21</sup>

Before addressing CAPP's concerns, the Board considers it appropriate to establish the context by reviewing relevant excerpts from prior Board Orders and Decisions.

As noted in Section 2 above, AP outlined the OPR Deferral Account Process in correspondence prior to Order U2003-401, as follows:

Forecast FT-A and FCS MAV charges approved by the Board for 2003 and 2004 with respect to the 2003/04 General Rate Application (GRA) Phase I compliance filing will be credited to the deferral account. Forecast OPR revenue for 2003 and 2004 approved by the Board in the GRA Phase II compliance filing will be debited to the deferral account.

Actual FT-A and FCS MAV charges will be debited to the deferral account and actual OPR revenue will be credited to the deferral account. The difference between the approved costs and revenues and the actual costs and revenues will result in a surplus or deficit at the end of 2004. This balance would be carried forward, resulting in an adjustment to subsequent rates.

ATCO will provide a draft report to interested parties by April 30<sup>th</sup> of the following year which would include the forecast and actual amounts for each of the FT-A charges, FCS MAV charges and OPR revenue. A final report will be provided to the Board by June 30<sup>th</sup> of that following year. If there are any unresolved issues, these will be presented with the report to the Board for resolution.

Since the 2003 period is only three months and finalization of this rate in a Phase 2 Decision is unlikely until mid 2004, ATCO proposes that 2003 be included with the 2004 report.<sup>22</sup>

The Board notes the OPR Deferral Account Process would deal with certain aspects of the 2003 and 2004 OPR deferral accounts and the 2003 closing balance would be carried forward as the opening balance in 2004.

The Board also notes that it was satisfied in Order U2003-401 that the OPR Deferral Account Process would serve adequately until a full review of the tariff was undertaken at the Phase II Proceeding.

In Decision 2004-079, the Board accepted at that time the continued use by AP of the OPR deferral accounts and the OPR Deferral Account Process.<sup>23</sup> The Board also noted in

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<sup>21</sup> CAPP Reply Argument, pp. 1-2

<sup>22</sup> Letter from ATCO Pipelines, dated October 20, 2003

<sup>23</sup> Decision 2004-079 dated September 24, 2004, p.116

Decision 2004-079 that it expected to deal with the 2004 closing balance after AP filed the June 30, 2005 application in accordance with the Direction.

While the Board agrees with CAPP that the Application was not entirely consistent with the Direction, in that it deals with both actual 2004 deferral account balances and projected 2005 balances, the Board does not consider the inclusion of the additional year as inappropriate in the circumstances.

However, the Board is concerned that AP did not file the Application in the directed timeline. In this regard, the Board notes that AP did not meet with interested parties until August 8, 2005 and that the Application was filed on August 25, 2005, well after the requested date of June 30, 2005. Further, a request for an extension of the June 30, 2005 date was not made to the Board. The Board expects parties to comply with its directions and procedural timelines, but acknowledges that there may, on occasion, be instances where compliance can not be reasonably achieved within the requested timeline. On such occasions, the Board expects parties to inform the Board and to request extensions for timelines supported by an appropriate explanation of the need for an extension.

With respect to CAPP's second concern that the process leading up to the Application was not consistent with the Direction, the Board notes CAPP's submission that the discussions with customers did not allow any opportunity for interested parties to explore the issues or time to develop any alternatives to the options put forward by AP.

The Board considers that if AP had initiated discussions with customers in a more timely fashion as directed, it would have been in a better position to have more rigorous discussions with its customers and some of the concerns raised by CAPP in this proceeding may have been mitigated.

The Board has some sympathy for CAPP's recommendations that the Board should delay dealing with the Application and direct AP to enter into a more detailed consultation process with its shippers in order to explore the underlying causes of the deferral account imbalances and to develop long-term solutions for reducing the volatility of AP's OPR and OPD rates.<sup>24</sup> However, the Board had expected to deal with the 2004 closing balances in the OPR deferral accounts in the third quarter of 2005 and does not consider it appropriate to delay this matter any further.

Further, the Board notes the following direction from Decision 2004-079 with respect to OPR services that should provide parties with a future opportunity to examine these issues through a consultative process:

The Board is prepared to accept AP's position that OPR and OPD services should not be stand alone services at this time. The Board directs AP to confer with its customers to determine whether stand alone OPR and OPD services are practical and cost effective and to address this matter in its next GRA.<sup>25</sup>

Accordingly, while the Board agrees with CAPP that the Application and the process leading up to the Application were not entirely consistent with the Direction, considering the significant

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<sup>24</sup> CAPP Evidence, p. 1

<sup>25</sup> Decision 2004-079, p. 47

amounts in the accumulated South deferred balance, the Board considers it appropriate to deal with the Application at this time, as outlined further in this Decision.

## 4.2 Acceptability of the AP Proposals

In the Application, AP proposed to revise the OPR rate in the North to 1.2 cents/GJ (the North Proposal) and in the South to 0.0 cents/GJ (the South Proposal), effective November 1, 2005<sup>26</sup> (collectively the AP Proposals). The North and South OPR rates are both currently set at 1.4 cents/GJ.

In this section, the Board will assess the merits of the AP Proposals in the context of the OPR Deferral Account Process and the OPR Rate Change Mechanism. The Board notes that the Application has created the first opportunity for the Board to review the OPR deferral account components to any great extent, including a review of the actual results from the commencement month for the OPR deferral accounts (October 2003) to December 2004.

### South OPR Deferral Account

The South Proposal was to reduce the OPR rate in the South from 1.4 cents/GJ to 0.0 cents/GJ effective November 1, 2005. In order to assess the AP Proposals, the Board will first review the South OPR deferral account components and balances as shown in Table 3. Tables 3 through 6 were taken from AP source data and then summarized. Table 3 reflects actual amounts for 2003 and 2004 and forecast amounts for 2005<sup>27</sup> and 2006 assuming the current South OPR rate (1.4 cents/GJ) remains in place.

**Table 3. OPR Deferral Account – Status Quo - South**

		2003 (\$000s)	2004 (\$000s)	2005 (\$000s)	2006 (\$000s)
OPR Revenue	Actual/Forecast	285	524	577	574
NGTL FT-A Expenses	Actual/Forecast	(93)	(312)	(342)	(342)
Annual Deviation		192	212	235	232
Cumulative Deviation		192	404	639	871
NGTL FCS Expenses	Approved Forecast <sup>28</sup>	0	(680)	(680)	(680)
NGTL FCS Expenses	Actual/Forecast	(53)	(227)	(228)	(360)
Annual Deviation		(53)	453	452	320
Cumulative Deviation		(53)	400	852	1,172
Total Annual Deviation		139	665	687	552
Total Cumulative Balance		139	804	1,491	2,043

Data Source: Application Attachment #2 and Attachment BR-AP-2(a)-1

With respect to the South OPR deferral account, the Board notes that the actual overall deferral account balance is impacted by two main components. These components include the deviation between actual OPR revenue recovered by AP and actual NGTL FT-A expenses paid by AP (the OPR/FT-A Deviation) and the deviation between actual FCS expenses and FCS expenses that

<sup>26</sup> In its Argument, AP revised the November 1, 2005 effective date to “as soon as possible”.

<sup>27</sup> In Attachment BR-AP-2(a)-1, AP has noted that it has used some actual numbers in 2005.

<sup>28</sup> The Board notes that the approved forecast is in respect of 2004 and has been extended into 2005 and 2006 by AP.

were approved by the Board and used to develop demand charges in the Phase II Proceeding (the FCS Deviation).

In the context of the OPR/FT-A Deviation, it appears that the South OPR rate in 2003 and 2004 should have been lower, and that based on the AP 2005 and 2006 forecasts, it would appear that the South OPR rate should also be lower than the current rate.

With respect to the proposed South OPR rate, AP indicated that changing the rate from 1.4 cents/GJ to 0.0 cents/GJ was a temporary measure to address the current surplus in the South OPR deferral account and that the proposed rate was essentially a combination of a 0.8 cents/GJ rate to reflect forecast costs less a refund of 0.8 cents/GJ to reduce previously over-collected amounts. AP submitted that once the South OPR deferral account surplus has been refunded to OPR shippers, the OPR rate would be restored to a level that recovers FT-A costs consistent with Board Order U2003-401 and Board Decision 2004-079.<sup>29</sup>

With respect to the South Proposal, the Board notes that if a zero OPR rate had been implemented on November 1, 2005, as originally proposed by AP, the South deferral account would have been impacted as shown in Table 4.

**Table 4. OPR Deferral Account – OPR Rate Change November 1, 2005 - South**

		2003 (\$000s)	2004 (\$000s)	2005 (\$000s)	2006 (\$000s)
OPR Revenue	Actual/Forecast	285	524	363	0
NGTL FT-A Expenses	Actual/Forecast	(93)	(312)	(342)	(342)
Annual Deviation		192	212	21	(342)
Cumulative Deviation		192	404	425	83
NGTL FCS Expenses	Approved Forecast	0	(680)	(680)	(680)
NGTL FCS Expenses	Actual/Forecast	(53)	(227)	(228)	(360)
Annual Deviation		(53)	453	452	320
Cumulative Deviation		(53)	400	852	1,172
Total Annual Deviation		139	665	473	(22)
Total Cumulative Balance		139	804	1,277	1,255

Data Source: Application Attachment #2 and Attachment BR-AP-2(a)-2

Based on the forecast OPR deferral account as at December 31, 2005, AP submitted that the deferral account balance results from the OPR/FT-A Deviation and the FCS Deviation and its proposed refund was a combination of these two factors.<sup>30</sup>

The Board notes that on a forecast basis, the South Proposal would reduce the OPR/FT-A Deviation surplus to \$83,000 by the end of 2006 and relative to the status quo, the total cumulative balance in the OPR deferral account would be \$788,000 lower (\$2,043,000 minus \$1,255,000).<sup>31</sup> With respect to refunding the South OPR deferral account surplus through a zero

<sup>29</sup> IR Response CAPP-AP-3(b)

<sup>30</sup> AP Argument, p. 4

<sup>31</sup> In its Argument, p. 2, CAPP indicated that if the proposed zero South OPR toll is implemented, the deferral account balance at the end of 2006 will be \$23,000 less than the balance at the end of 2005. At that rate, CAPP

OPR rate, CAPP submitted that AP did not provide any evidence in this proceeding to substantiate its claim that a refund of the over-collection of FCS expenses through its proposed revised OPR rate would not likely result in cross subsidization of any significance.<sup>32</sup> While the Board agrees with CAPP that no such evidence was provided, the Board notes that based on the forecast 2006 closing balance, the South Proposal would not provide any refund of the FCS Deviation surplus (cumulative surplus of \$1,172,0000), and the cumulative OPR/FT-A Deviation would still be in a surplus position (\$83,000). It appears to the Board that, on a forecast basis, if AP's proposed zero OPR rate continued in 2007, the surplus FCS Deviation would begin to effectively be refunded.

With respect to the OPR Rate Change Mechanism, the Board notes the following excerpt from Decision 2004-079:

In Order U2003-401, dated November 7, 2003, the Board accepted AP's proposal to include the revenue associated with the OPR rate in North and South deferral accounts with NGTL FT-A and FCS MAV expenses. **At the same time, the Board also accepted AP's proposal to revise the OPR rate if circumstances changed on AP's system such that deferral account balances carried forward from prior years or changes in the relationship between nominated and physical flows were forecast to result in a surplus or deficit of over \$1 million in either the North or South deferral accounts by year end. Further, the Board accepted AP's proposal that it might also present an application for adjustment to the OPR rate when NGTL changed its FT-A rate.**<sup>33</sup> [emphasis added]

Given that the 2005 total cumulative balance in the South OPR deferral account is forecast to be \$1,491,000, the Board considers it appropriate that AP is taking steps to address the magnitude of the cumulative balance. An OPR rate reduction is consistent with the OPR Rate Change Mechanism noted above and accepted in Decision 2004-079. However, the Board is concerned that the proposed OPR rate reduction may result in refunding of a portion of the FCS Deviation starting in 2007 without having first addressed the possibility that a cross subsidization of OPR service users may result.

Further, the Board is concerned by the magnitude of the rate reduction proposed by AP in order to deal with the cumulative OPR/FT-A Deviation. While the Board recognizes that the 2004 cumulative OPR/FT-A Deviation (surplus) has occurred because the OPR rates and associated revenue have been higher than required to recover the FT-A expenses for that period, and that AP has suggested that the temporary reduction in rates below cost for a future period is required to refund surplus balances<sup>34</sup>, the Board does not consider it appropriate to continue to distort the OPR rate in order to reduce this surplus. The Board agrees with CAPP that by driving the rate to zero, the economic signal to users of the service would be erased.<sup>35</sup>

Accordingly, for the reasons stated above, the Board does not approve the South Proposal.

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argued that it would take another 54 years of a "temporary" zero OPR rate to refund the deferral account surplus.

<sup>32</sup> CAPP Reply Argument p. 3.

<sup>33</sup> Decision 2004-079, p. 64

<sup>34</sup> AP Reply Argument, p. 4

<sup>35</sup> CAPP Evidence, p. 5

### North OPR Deferral Account

The North Proposal is to reduce the OPR rate in the North from 1.4 cents/GJ to 1.2 cents/GJ effective November 1, 2005. With respect to the North OPR deferral account, the Board notes that Table 5 reflects actual numbers for 2003 and 2004 and forecast numbers for 2005<sup>36</sup> and 2006 assuming the current North OPR rate (1.4 cents/GJ) remains in place.

**Table 5. OPR Deferral Account – Status Quo - North**

		2003 (\$000s)	2004 (\$000s)	2005 (\$000s)	2006 (\$000s)
OPR Revenue	Actual/Forecast	465	1,132	1,127	1,142
NGTL FT-A Expenses	Actual/Forecast	(408)	(1,124)	(947)	(947)
Annual Deviation		57	8	180	195
Cumulative Deviation		57	65	245	440
NGTL FCS Expenses	Approved Forecast	0	(1,020)	(1,020)	(1,020)
NGTL FCS Expenses	Actual/Forecast	(267)	(891)	(890)	(890)
Annual Deviation		(267)	129	130	130
Cumulative Deviation		(267)	(138)	(8)	122
Total Annual Deviation		(210)	137	310	325
Total Cumulative Balance		(210)	(73)	237	562

Data Source: Application Attachment #2 and Attachment BR-AP-2(a)-1

With respect to the North Proposal, AP indicated the 1.2 cents/GJ rate was calculated by taking 90% of the current FT-A rate, which is equivalent to 1.3 cents/GJ. The Board notes that if this 1.2 cents/GJ OPR rate had been implemented on November 1, 2005, as originally proposed by AP, the North deferral account would have been impacted as shown in Table 6.

**Table 6. OPR Deferral Account – OPR Rate Change November 1, 2005 - North**

		2003 (\$000s)	2004 (\$000s)	2005 (\$000s)	2006 (\$000s)
OPR Revenue	Actual/Forecast	465	1,132	1,069	979
NGTL FT-A Expenses	Actual/Forecast	(408)	(1,124)	(947)	(947)
Annual Deviation		57	8	122	32
Cumulative Deviation		57	65	187	219
NGTL FCS Expenses	Approved Forecast	0	(1,020)	(1,020)	(1,020)
NGTL FCS Expenses	Actual/Forecast	(267)	(891)	(890)	(890)
Annual Deviation		(267)	129	130	130
Cumulative Deviation		(267)	(138)	(8)	122
Total Annual Deviation		(210)	137	252	162
Total Cumulative Balance		(210)	(73)	179	341

Data Source: Application Attachment #2 and Attachment BR-AP-2(a)-2

In the North, it appears to the Board that AP has proposed to revise the North OPR rate in order to reduce the annual OPR/FT-A Deviation and not refund any surplus OPR/FT-A Deviation nor deal with the forecast surplus FCS Deviation in 2006.

<sup>36</sup> In Attachment BR-AP-2(a)-2, AP has noted that it has used some actual numbers in 2005.

The North Proposal appears to deviate from the OPR Rate Change Mechanism which would require an OPR rate adjustment whenever deferral account balances carried forward from prior years or changes in the relationship between nominated and physical flows were forecast to result in a surplus or deficit of over \$1 million. The actual or forecast balances shown in Table 5 do not approach \$1,000,000. In the Application, AP submitted that the intent of the OPR deferral account was to collect OPR revenues and costs and adjust the rate as required to minimize any accumulation of balances.<sup>37</sup> The Board continues to prefer the approach of minimal rate changes and does not see a rate change as being required when the criteria previously accepted by the Board for the OPR Rate Change Mechanism have not been satisfied. On that basis, the Board does not approve the North Proposal.

### 4.3 Future OPR and FCS Processes

The Board has denied the requested changes to the OPR rate in both the North and South zones for the reasons stated above. The Board however does view that an adjustment to the South OPR deferral account is required given that the OPR deferral account balance is forecasted to exceed the \$1 million threshold established in the OPR Rate Change Mechanism. The Board also notes that structural confusion might result by including both the OPR/FT-A Deviation and the FCS Deviation in the same deferral account when the OPR rate was intended to address FT-A charges.

While the Board recognizes that the OPR Deferral Account Process appears to contemplate that annual closing balances in the deferral accounts would be carried forward and result in a periodic adjustment to the OPR rates, the Board considers that the mechanics of the OPR Deferral Account Process have not been fully explored and that the tracking of the OPR/FT-A Deviation and the FCS Deviation through the same deferral account has the potential to cause some confusion and perhaps some inequities. While AP submitted that the refund of the South OPR deferral account surplus, should it include any portion of the FCS Deviation, would not likely result in cross subsidization of any significance<sup>38</sup>, CAPP has expressed the concern that the South Proposal would result in refund of the FCS Deviation through the OPR rate and could result in cross subsidization.<sup>39</sup>

Given the current and potential magnitude of the FCS Deviation and the preference that the OPR rate only recover FT-A expenses, the Board does not see the continuing utility for the FCS related components to reside in the North and South OPR deferral accounts. The Board also does not consider it appropriate to use the OPR rate as a mechanism to reduce the surplus FCS Deviation. Therefore, the Board directs AP to divide the North and South OPR deferral accounts into separate deferral accounts, by separating out the FCS related components from the North and South OPR deferral accounts and establishing two deferral accounts: a revised OPR deferral account to account for OPR/ FT-A variances, and an FCS Deferral Account to account for FCS variances, for both the North and South. (The Board will refer to these amended deferral accounts hereinafter as the North Revised OPR DA, the South Revised OPR DA and collectively the Revised OPR DAs, and the North FCS DA, the South FCS DA and collectively the FCS DAs).

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<sup>37</sup> Application , p. 4

<sup>38</sup> AP Argument, p. 4

<sup>39</sup> CAPP Reply Argument, p. 3



With respect to the FCS DAs and the Revised OPR DAs, the Board considers it appropriate to propose guidelines for consideration by AP in a new proposal, to be provided by AP, for management and administration of such accounts, and to suggest methods to provide for more clarity with respect to the future derivation of the OPR rate.

With respect to the OPR Rate Change Mechanism, the Board considers it appropriate to also split the \$1,000,000 threshold for deferral account adjustments, discussed in Order U2003-401 and Decision 2004-079, evenly between the Revised OPR DAs and the FCS DAs, such that a \$500,000 threshold would apply for each of the North and South Revised OPR DAs and the North and South FCS DAs. Accordingly, once the threshold is reached in respect of any of the deferral accounts, an application should be filed with the Board to deal with the surplus/deficit in such account, as discussed in subsequent paragraphs.

In addition, as similarly directed in Decision 2004-079<sup>40</sup>, the Board directs AP to include the most current actual monthly balances and end-of-year forecast balances for the Revised OPR DAs on its website and to update the information on a monthly basis. With respect to the FCS DAs, the Board directs AP to include the most current actual annual balance and end-of-year forecast balance on its website and to update the information on an annual basis.

### ***Future OPR Rate Changes and Management of the Revised OPR DAs and FCS DAs***

#### **1. Future OPR Rate Changes**

The Board would prefer that future OPR rate changes would coincide with the beginning of a new gas year. The Board also considers that future OPR rates should be set to recover forecast FT-A expenses, and not to adjust for any OPR/FT-A shortfall or surplus. In this regard, the Board directs AP to file an application by April 30, 2006 (the 2006 Application) which will request an OPR rate change to be effective November 1, 2006. The requested rate should be determined with the objective of recovering forecast FT-A expenses for the period November 2006 to October 2007. The 2006 Application should include supporting rationale and should detail monthly forecast and rate assumptions. The Board also directs AP to file subsequent applications for OPR rate changes by April 30 of each year for implementation as of November 1<sup>st</sup> in the same year.

#### **2. Guidelines for Refunds of Deferral Account Surpluses and Collection of Deferral Account Deficits**

With respect to the management of the OPR/FT-A Deviation in the North Revised OPR DA and the South Revised OPR DA, the Board considers it appropriate to establish a \$500,000 threshold amount, whereby, if the actual cumulative OPR/FT-A Deviation in any given month is greater than \$500,000 in either account, AP would file a proposal, subject to the guidelines discussed below, which would include a one-time refund or charge mechanism that would strive to eliminate the actual cumulative OPR/FT-A Deviation amount.

With respect to the management of the FCS Deviation, the Board considers it appropriate to establish a \$500,000 threshold amount for each of the North FCS DA and the South FCS DA, whereby, if the actual cumulative FCS Deviation in any given year is greater than \$500,000 in

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<sup>40</sup> P. 116

either account, AP would file a proposal, subject to the guidelines discussed below, which would outline a one-time refund or charge that would strive to eliminate the actual cumulative FCS Deviation amount.

To the extent that any of the North Revised OPR DA and the South Revised OPR DA, North FCS DA or the South FCS DA reflect an actual \$500,000 surplus/deficiency threshold as of April 1, 2006, the 2006 Application should include a one-time refund or charge mechanism that would strive to eliminate the actual cumulative OPR/FT-A Deviation amount or actual cumulative FCS Deviation amount, as the case may be.

Based on the forecast numbers shown in Tables 3 (North) and 5 (South) above, the Board would anticipate that AP would provide for one-time refund proposals for both the South Revised OPR DA and the South FCS DA as part of the 2006 Application. The Board also expects that AP's proposals would outline plans with respect to dealing with any residual deviations. The 2006 Application should also provide applicable calculations and explanations for any proposed financing charges or credits associated with AP's proposals.

After the 2006 Application, subsequent refund/charge proposals required by AP to manage the balances in the Revised OPR DAs or FCS DAs, according to the threshold guidelines, should be filed with the Board one month after the threshold amount has been reached in any of the respective deferral accounts which may be at the end of any month in the case of OPR DAs or at the end of a calendar year in the case of FCS DAs.

### 3. Actual/Forecast Data

In addition to the forecast data required to establish the November 1, 2006 OPR rates discussed above, the Board directs AP to file the following information as part of the 2006 Application for both the North and South zones:

- a) actual monthly OPR revenues and actual FT-A expenses for the period October 2003 to December 2005 and other actual data similar to that filed in this Application;<sup>41</sup>
- b) monthly OPR revenue and FT-A expense forecasts for the period January 1, 2006 to October 31, 2006;
- c) actual annual FCS expenses and approved forecast amounts for 2003 to 2005 including a detailed discussion on the NGTL delivery points for which AP received actual FCS charges; and
- d) a complete explanation of AP's efforts to mitigate actual FCS expenses and the steps it took in 2003 through 2005 in order to minimize such expenses.

#### ***Guidelines for Refund/Charge Methodology for the OPR/FT-A Deviation***

With respect to potential one-time refunds or charges associated with the actual cumulative OPR/FT-A Deviation, the Board considers it appropriate that, given the magnitude of the threshold amount, each customer should share in the actual cumulative OPR/FT-A Deviation based on its respective share of the total actual OPR nominations in the calendar year immediately preceding the year in which the actual cumulative OPR/FT-A Deviation exceeds the threshold amount. The Board notes that in the compliance filing with respect to the Phase II Proceeding (the Phase II Compliance Filing), AP described the process for assigning a particular

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<sup>41</sup> AP is expected to provide all data on a gas year and calendar year basis.

OPR nomination to the three Primary Service Classes, and indicated that such nominations placed by each customer at the account level were tracked and recorded.<sup>42</sup>

As noted by CAPP in this proceeding and based on information included in Decision 2004-079, as shown in Tables 7 and 8 below, the Distribution Company service class appears to be the major user of the OPR service. Based on preliminary Board estimates, the Board would anticipate that the regulated default supply provider (initially ATCO Gas and now Direct Energy Regulated Services (DERS)) would stand to incur the majority of the credits or charges associated with the actual OPR/FT-A Deviations. In this regard, the Board does not consider that it would be time consuming for AP to provide a one-time refund or charge to the Distribution Company service class whenever the threshold amount is reached. Further, the Board considers that DERS would likely record such refund or charge as a prior period adjustment in its deferred gas account (DGA) and roll the adjustment through in the derivation of its gas cost flow-through rate (GCFR).

**Table 7. OPR Nomination Percentages - North**

Methods	% By Service Class					Total
	Distribution	Industrial	OPD	Producer	OPR	
2002 Actuals Adjusted	81.6	8.5		9.9		100
2003/2004 <sup>43</sup>	84.3	5.9		9.8		100

Source: Decision 2004-079, Table 22

**Table 8. OPR Nomination Percentages - South**

Methods	% By Service Class					Total
	Distribution	Industrial	OPD	Producer	OPR	
2002 Actuals Adjusted	95.6	0.1		4.3		100
2003/2004 <sup>44</sup>	93.8	0.0		6.2		100

Source: Decision 2004-079, Table 23

In regard to the customers in the industrial or producer classes, the Board agrees with AP that providing a one-time refund or charge could be problematic. However, the Board also notes that the dollar amounts of such adjustments to these other classes are not anticipated to be large particularly on a per-customer basis. In the event that the amount in the deferral account reaches the threshold amount, but the amounts attributable to industrial or producer classes are not material, the Board would be sympathetic to a concern that it would not be cost effective to provide one-time refunds or charges to customers within these other classes, and accordingly the Board may consider it appropriate that such amounts would remain in the deferral account.

Based on the foregoing guidelines, the Board directs AP to make proposals in future applications with respect to one-time refunds or charges associated with actual cumulative OPR/FT-A Deviations. The Board also expects AP, as part of its proposals, to validate the assumptions that the Board has used in providing the guidelines above or to identify the assumptions that it considers to be invalid and provide the supporting rationale.

<sup>42</sup> AP 2004 PH II Compliance Filing, Board Direction No. 14

<sup>43</sup> For the 12-month period ending February 29, 2004

<sup>44</sup> For the 12-month period ending February 29, 2004

***Guidelines for Refund/Charge Methodology for the FCS Deviation***

With respect to potential one-time refunds or charges associated with the FCS Deviation, the Board considers it appropriate to review the circumstances in 2003-2004 and 2005 and subsequent years separately.

***2003 -2004***

With respect to 2003 and 2004 the Board views that the aggregate of:

- a) the portion of the FCS Deviation that accumulated in 2003, and
- b) the portion of the FCS Deviation that accumulated in 2004,

should be shared among customers. This sharing would occur when the actual cumulative FCS Deviation reaches the threshold amount and would be based on each customer's respective share of the total actual OPR nominations in the calendar year 2004. The rationale for this allocation is explained below.

In regard to 2003, the Board notes that in both the North and South, there was no approved forecast FCS expense and that this incremental expense to AP was not embedded in any previous rates. As shown in Tables 5 and 3 respectively, the actual 2003 FCS Deviation in the North and South was (\$267,000) and (\$53,000) respectively.

In regard to 2004, the Board notes that in both the North and South, there was an approved forecast FCS expense that was used to establish final 2004 demand rates and that the deviation between these approved forecast amounts and the actual FCS expense would reside in the OPR deferral accounts. As shown in Tables 5 and 3 respectively, the actual 2004 FCS Deviation in the North and South was \$129,000 and \$453,000 respectively. The Board also notes that in its COSS filed in the 2003/2004 Phase II Compliance Filing (the Compliance COSS), AP allocated FCS expenses to the OPR service class and subsequently reallocated such expenses (along with other expenses and related revenue) to the three Primary Service Classes based on 2002 actual adjusted OPR nominations. Based on this reallocation methodology, the FSU service class in the North and South absorbed the largest reallocation amount. However, based on rate cap limits provided by the Board to AP, costs were shifted away from the FSU and FSD service classes in the North and the FSR service class in the South. If the rate cap limits were not implemented, final 2004 FSU and FSD demand charges would have been higher in the North and final FSR demand charges would have been higher in the South.

Based on the Board's preliminary analysis using the Compliance COSS, it appears to the Board that if 2004 actual FCS expenses had been used to derive the final 2004 demand charges in the North and South, the final FSR demand charge would have been lower in the North and the final FSU and FSD demand charges would have been lower in the South. It also appears to the Board that the noted FSD demand charge reduction in the South would have been insignificant and that the FSU demand charge would have been most affected. The Board also notes that the final 2004 demand rates approved in Decision 2004-096<sup>45</sup> for both the North and South, were in place for November and December 2004 and that two sets of interim rates were in place for the preceding portion of 2004. The Board does not consider that it can be reasonably determined which

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<sup>45</sup> Decision 2004-096 dated October 29, 2004. ATCO Pipelines 2004 General Rate Application Phase II Compliance Filing, Application No. 1363222

services and customers contributed toward the recovery of the FCS expenses either on a forecast or actual basis for 2004.

After considering the circumstances in 2003 and 2004 with respect to the FCS expense, the Board considers it would be reasonable that, when the actual cumulative FCS Deviation reaches the \$500,000 threshold amount in either the North or South, each customer should share in the aggregate of the actual 2003 FCS Deviation and actual 2004 FCS Deviation based on their respective share of the total actual OPR nominations in the calendar year 2004.

### ***2005 and Beyond***

With respect to 2005 and each subsequent year, until new transportation charges are established for the Primary Service Classes, the Board views that in the North, it is likely that the FSR service class should be credited or debited with the entire actual FCS Deviation, while in the South, it is likely that the FSU service class should be credited or debited with most of the actual FCS Deviation. This allocation of the actual FCS Deviations would occur when the actual cumulative FCS Deviation reaches the threshold amount. The rationale for this allocation is explained below.

With respect to 2005 and 2006 to date, the Board notes that the 2004 final demand charges for FSU, FSD and FSR in the North and South, approved in Decision 2004-096, have been in place and are expected to remain in place for the balance of 2006. The Board also notes that as shown in Table 5, the forecast FCS Deviation in the North is \$130,000 for both 2005 and 2006. In regard to the South, the forecast FCS Deviation is \$452,000 for 2005 and \$320,000 for 2006, as shown in Table 3. Given that these tables only show the forecast FCS Deviation, it is currently unknown whether the FSR service class in the North and FSU and FSD service classes in the South have over or under contributed or will over or under contribute toward the respective North and South approved 2004 forecast FCS expenses. However, based on the Board's preliminary analysis of the Compliance COSS as discussed above, the Board would anticipate that AP's proposal with respect to 2005 and each subsequent year (until new transportation charges are established for the Primary Service Classes) would be as follows: in the North, the FSR service class would likely be credited or debited with the entire actual FCS deviation, while in the South, the FSU service class would likely be credited or debited with most of the actual FCS Deviation.

In the context of the actual FCS Deviations for 2005 and subsequent years, the Board would also expect AP to consider addressing credits or charges to various service classes in a future GRA Phase II, rather than utilizing one-time refunds which could be problematic or cost ineffective.

The Board directs AP to make proposals in future applications with respect to one-time refunds or charges associated with the actual FCS Deviation taking into consideration the foregoing guidelines. The Board also expects AP, within its proposals, to validate the assumptions that the Board has used in establishing the guidelines above or to identify the assumptions that it considers to be invalid and to provide the supporting rationale.

## 5 ORDER

IT IS HEREBY ORDERED THAT:

- (1) AP shall file an application by April 30, 2006 (the 2006 Application) which will request an OPR rate change to be effective November 1, 2006, in accordance with the provisions of this Decision.
- (2) AP shall divide the North and South OPR deferral accounts into separate deferral accounts, by separating out the FCS related components from the North and South OPR deferral accounts and establishing two deferral accounts: a revised OPR deferral account to account for OPR/ FT-A variances, and an FCS Deferral Account to account for FCS variances, for both the North and South.
- (3) In the 2006 Application AP shall propose methods to administer the refunds or charges required to manage the balances in the Revised OPR DAs and FCS DAs in accordance with the Board's guidelines set forth in this Decision.

Dated in Calgary, Alberta on March 8, 2006.

### ALBERTA ENERGY AND UTILITIES BOARD

*(original signed by)*

C. Dahl Rees  
Presiding Member

*(original signed by)*

B. T. McManus, Q.C.  
Member

*(original signed by)*

M. W. Edwards  
Acting Member

**APPENDIX 1 – PROCEEDING PARTICIPANTS**

<b>Name of Organization (Abbreviation) Counsel or Representative (APPLICANTS)</b>
ATCO Pipelines (AP) E. Jansen N. Gretener
Anadarko Canada Corporation (Anadarko) S. Grimbly D. Brown A. Serjak
Burlington Resources Canada Partnership (BRCP) R. Edey D. Mersereau
Canadian Association of Petroleum Producers (CAPP) R. Fairbairn
Direct Energy Regulated Services (DERS) K. Miller S. Bourque
EnCana Corporation (EnCana) R. Powell D. Christensen
Industrial Gas Consumers Association of Alberta (IGCAA) N. MacMurchy
NOVA Gas Transmission Ltd. (NGTL) J. Bartlett P. Keys
Shell Canada Limited (Shell) R. Gall
Utilities Consumer Advocate (UCA) H. Vander Veen R. Bell

## APPENDIX 2 – SUMMARY OF BOARD 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. In addition, as similarly directed in Decision 2004-079, the Board directs AP to include the most current actual monthly balances and end-of-year forecast balances for the Revised OPR DAs on its website and to update the information on a monthly basis. With respect to the FCS DAs, the Board directs AP to include the most current actual annual balance and end-of-year forecast balance on its website and to update the information on an annual basis. .... 13
2. The Board would prefer that future OPR rate changes would coincide with the beginning of a new gas year. The Board also considers that future OPR rates should be set to recover forecast FT-A expenses, and not to adjust for any OPR/FT-A shortfall or surplus. In this regard, the Board directs AP to file an application by April 30, 2006 (the 2006 Application) which will request an OPR rate change to be effective November 1, 2006. The requested rate should be determined with the objective of recovering forecast FT-A expenses for the period November 2006 to October 2007. The 2006 Application should include supporting rationale and should detail monthly forecast and rate assumptions. The Board also directs AP to file subsequent applications for OPR rate changes by April 30 of each year for implementation as of November 1<sup>st</sup> in the same year. .... 13
3. In addition to the forecast data required to establish the November 1, 2006 OPR rates discussed above, the Board directs AP to file the following information as part of the 2006 Application for both the North and South zones: ..... 14
  - a) actual monthly OPR revenues and actual FT-A expenses for the period October 2003 to December 2005 and other actual data similar to that filed in this Application; ..... 14
  - b) monthly OPR revenue and FT-A expense forecasts for the period January 1, 2006 to October 31, 2006;..... 14
  - c) actual annual FCS expenses and approved forecast amounts for 2003 to 2005 including a detailed discussion on the NGTL delivery points for which AP received actual FCS charges; and ..... 14
  - d) a complete explanation of AP’s efforts to mitigate actual FCS expenses and the steps it took in 2003 through 2005 in order to minimize such expenses. .... 14
4. Based on the foregoing guidelines, the Board directs AP to make proposals in future applications with respect to one-time refunds or charges associated with actual cumulative OPR/FT-A Deviations. The Board also expects AP, as part of its proposals, to validate the assumptions that the Board has used in providing the guidelines above or to identify the assumptions that it considers to be invalid and provide the supporting rationale. .... 15
5. The Board directs AP to make proposals in future applications with respect to one-time refunds or charges associated with the actual FCS Deviation taking into consideration the foregoing guidelines. The Board also expects AP, within its proposals, to validate the assumptions that the Board has used in establishing the guidelines above or to identify the assumptions that it considers to be invalid and to provide the supporting rationale. .... 17



**APPENDIX 3 – ABBREVIATIONS**

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<b>Abbreviation</b>	<b>Name in Full</b>
AP	ATCO Pipelines
CAPP	Canadian Association of Petroleum Producers
COSS	Cost of Service Study
DERS	Direct Energy Regulated Services
DGA	Deferred Gas Account
EUB	Alberta Energy and Utilities Board
FCS	Facility Connection Service
FSD	Firm Service Delivery
FSR	Firm Service Receipt
FSU	Firm Service Utility
FT-A	Firm Transportation Alberta
GCFR	Gas Cost Flow-through Rate
GJ	Gigajoule
GRA	General Rate Application
MAV	Minimum Annual Volume
NGTL	NOVA Gas Transmission Ltd.
OPD	Other Pipeline Delivery
OPR	Other Pipeline Receipt