

Notice of Application

Town of Taber

Application No. 1605765

ATCO Gas and Pipelines Ltd.

Application No. 1605766

Take Notice that the Alberta Utilities Commission (the AUC or Commission) may continue to process these applications without further notice if no valid objections are received on or before March 26, 2010.

Nature of the Applications

Applications have been filed with the AUC by the Town of Taber (Taber) and ATCO Gas and Pipelines Ltd. for approval to renew the natural gas distribution franchise agreement. The proposed agreement gives ATCO Gas the exclusive right to deliver natural gas to the residents of Taber for 10 years.

The agreement has been based on a standard natural gas franchise agreement commonly used in the province. Some of the noteworthy changes from the current agreement include a change in responsibility for utility relocation costs caused by municipal purposes, provision of extra services, options for purchase of the distribution system by the municipality, and provisions respecting third party use of the distribution system.

The agreement also requires ATCO Gas to pay the Town of Taber municipal taxes as well as a franchise fee for use of municipal rights of way. Previously ATCO Gas paid a franchise fee based on delivery and deemed value of natural gas and in lieu of municipal taxes. ATCO Gas has applied to the AUC for approval to revise its delivery rates so that the franchise fee and municipal taxes included in the agreement can be recovered from retailers providing service to customers within Taber. ATCO Gas bills retailers for its delivery charges and these would include charges for the franchise fee and municipal taxes. Retailers bill customers for all charges of ATCO Gas in addition to their energy charges. The franchise fee is required to be billed as a separate charge on gas billings. The revised franchise fee and the municipal taxes paid to the Town of Taber would also be recovered as a separate utility charge on customer billings within Taber. Between the years 2003 and 2008 the fee, on average, has accounted for about \$60.50 of the yearly bill of an average residential sales customer, and in 2009 the fee accounted for about \$51.25 of the yearly bill.

The franchise fee provided in the proposed agreement would initially be set at 20 percent, with the exception of the high use rate (T3) and FSD rate customers to be set initially at 35 percent of the delivery charges only (excluding deemed value) of customers' bills. The combination of the municipal taxes and franchise fee changes would increase the yearly gas billing of an average

residential customer in Taber by about \$38.75 from the amount paid. An average residential customer uses about 120 GJ annually.

The agreement further allows Taber to increase the level of the franchise fee at its own discretion on an annual basis, without any further review by the AUC. However the agreement does not allow the Town of Taber to impose a franchise fee above 35 per cent. Therefore, if Taber implemented the maximum franchise fee at current rates for distribution, yearly gas billings of an average residential customer in Taber would increase by about \$52 from the amount paid with the initial fee.

Customers in the high use rate (T3) and FSD categories may wish to contact ATCO Gas if they would like more specific details regarding how the changes will affect their billing.

Additional Information

Copies of Application Numbers 1605765 and 1605766 are available for viewing through our Application Search service that can be accessed by clicking on the E-Filing Services link on the home page of the AUC website www.auc.ab.ca or by using the following URLs:

https://www.auc.ab.ca/eub/dds/iar_query/ApplicationAttachments.aspx?AppNumber=1605765
https://www.auc.ab.ca/eub/dds/iar_query/ApplicationAttachments.aspx?AppNumber=1605766

To obtain additional information or a paper copy of the application, contact the applicants at:

The Town of Taber
4900A – 50 Street
Taber, Alberta T1G 1T1
Attention: Gary L. Hudson, Chief Administrative Officer
Telephone: 403-223-5500, Fax: 403-223-5530

- or -

ATCO Gas and Pipelines Ltd.
410 Stafford Drive N
Lethbridge, Alberta T1H 2A9
Attention: Derek Harding, Manager, Lethbridge District Operations
Telephone: 403-380-5401, Fax: 403-380-5428

For information about AUC procedures contact Paul Dmytruk, Public Affairs Division, at the number listed below.

To File a Submission

Any party with concerns respecting Application Numbers 1605765 and 1605766 should submit a Statement of Intent to Participate (SIP) letter setting out your name or organization name, address or legal land description, telephone number and email address (if available).

Please note that the SIP submission must contain:

- a description of the nature of the party's interest in the proceeding (i.e. how the party will be affected by the Commission's decision); and
- a statement describing the party's eligibility for cost recovery in light of the "business interest" rule contained in section 3 of the AUC *Rules on Intervener Costs*.

One copy of your SIP letter should be directed to the applicant using the contact information above and one copy submitted to the AUC.

Pursuant to section 13 of the AUC *Rules of Practice*, all documents filed in respect of this proceeding, including any submissions or other documents filed prior to the commencement of the proceeding, must be placed on the public record unless otherwise ordered by the Commission, subject to the *Freedom of Information and Protection of Privacy Act*. Your SIP letter and any other documents you file will be accessible to the public and all other participants in the proceeding through the AUC's website. Please ensure that the document you file is free of information that you do not want to appear on a public record.

Electronic copies of the SIP letters can be directed to:

Email: filings@auc.ab.ca

Subject: Application Numbers 1605765 and 1605766

Paper copies can be sent to:

Paul Dmytruk, Public Affairs Division

Alberta Utilities Commission

10055 - 106 Street, 10th Floor

Edmonton, Alberta T5J 2Y2

Telephone: 780-422-2599; Fax: 780-427-6970; Email: paul.dmytruk@auc.ab.ca

The AUC may grant the applications without further process if no bona fide objections are filed by persons or organizations considered by the AUC to be directly or adversely affected by the proposal.

Issued on March 8, 2010.

ALBERTA UTILITIES COMMISSION

Doug A. Larder, Q.C., General Counsel