

ATCO Gas (North)
SUMMARY OF RETURN ON RATE BASE
FOR THE YEAR ENDED DECEMBER 31, 2019

| Line No. | Description | Cross Ref. | Mid-Year Capital | Ratio | Prorated Rate Base | Cost Rate % | Return \$ |
|----------|---------------------------|------------|------------------|---------|--------------------|----------------|----------------|
| 1 | Debt (Deemed) | | 877,336 | 59.72% | 877,336 | 4.86% | 42,619 |
| 2 | Preferred Shares | | 48,232 | 3.28% | 48,232 | 3.77% | 1,819 |
| 3 | Common Equity | | 543,588 | 37.00% | 543,588 | 10.57% | 57,475 |
| 4 | Mid-Year Invested Capital | | 1,469,156 | 100.00% | 1,469,156 | | |
| 5 | Return on Rate Base | Sch. 10 | | | | 6.937% | 101,912 |
| 6 | No Cost Capital | | - | | | | |
| 7 | Total Mid-Year Rate Base | Sch. 2.1 | 1,469,156 | | | | |
| 8 | Return on Common Equity | Line 3 | | | | 10.57% | 57,475 |
| 9 | Less ECM Earnings | | | | | (0.47%) | (2,567) |
| 10 | Adjusted ROE ¹ | | | | | 10.10% | 54,908 |

Guidelines:

- (1) Variance explanations required for \$2 million, or 10% or greater and any difference equal to or greater than \$500K.
- (2) Provide the breakdown of the items making up the difference (including disallowed items etc.).
- (3) Common equity is based on the approved equity ratio.
- (4) Please complete these schedules using the approved deemed capital structure.
- (5) The cost rate for the common equity should be inferred from the return and prorated rate base of common equity.

Note

¹ In accordance with Decision 20414-D01-2016, paragraph 278.

ATCO Gas (North)
SUMMARY OF MID-YEAR RATE BASE
FOR THE YEAR ENDED DECEMBER 31, 2019
(\$000s)

| Line No. | Description | Cross-Ref. | 2018 Actual | 2019 Actual | Variance 2019 vs. 2018 # | % |
|--|---|----------------|-------------|-------------|--------------------------|-----------|
| <u>Property, Plant and Equipment</u> | | | | | | |
| 1 | Opening Balance | | 2,666,380 | 2,799,708 | 133,328 | 5.00% |
| 2 | Additions | Sch. 4.1 / 4.2 | 151,190 | 162,755 | 11,565 | 7.65% |
| 3 | Retirements | Sch. 4.1 | (17,995) | (16,811) | 1,184 | (6.58%) |
| 4 | Transfers and Adjustments | | 132 | - | (132) | (100.00%) |
| 5 | Closing Balance | Sch. 4.1 | 2,799,707 | 2,945,651 | 145,945 | 5.21% |
| 6 | Mid-Year Property, Plant and Equipment | | 2,733,043 | 2,872,680 | 139,636 | 5.11% |
| <u>Accumulated Depreciation - Utility</u> | | | | | | |
| 7 | Opening Balance | | 956,647 | 1,031,502 | 74,855 | 7.82% |
| 8 | Depreciation Expense | Sch. 4 | 96,987 | 101,046 | 4,059 | 4.19% |
| 9 | Retirements | Sch. 4.1 | (17,996) | (16,803) | 1,193 | (6.63%) |
| 10 | Proceeds from Disposals of Capitalized Assets | Sch. 4.1 | 1,139 | 1,764 | 625 | 54.83% |
| 11 | Removal, Depreciation Capitalized and Other Transfers | | (5,275) | (8,162) | (2,887) | 54.73% |
| 12 | Closing Balance | Sch. 4.1 | 1,031,502 | 1,109,347 | 77,845 | 7.55% |
| 13 | Mid-Year Accumulated Depreciation | | 994,075 | 1,070,424 | 76,350 | 7.68% |
| 14 | Construction Work in Progress (CWIP) - Mid-Year | | (35,801) | (43,889) | (8,088) | 22.59% |
| 15 | Assets Not In Rate Base - Mid-Year | | (2,197) | (4,317) | (2,120) | 96.50% |
| 16 | Transfers and Other Adjustments - Mid-Year | | (230) | - | 230 | (100.00%) |
| <u>Contributions in Aid of Construction</u> | | | | | | |
| 17 | Opening Balance | | (386,710) | (400,330) | (13,620) | 3.52% |
| 18 | Closing Balance | Sch. 4.1 | (400,330) | (411,571) | (11,241) | 2.81% |
| 19 | Mid-Year Contributions in Aid of Construction | | (393,520) | (405,950) | (12,430) | 3.16% |
| <u>Amortization of Contributions</u> | | | | | | |
| 20 | Opening Balance | | 105,866 | 110,694 | 4,828 | 4.56% |
| 21 | Closing Balance | Sch. 4.1 | 110,694 | 116,760 | 6,066 | 5.48% |
| 22 | Mid-Year Amortization of Contributions | | 108,280 | 113,727 | 5,447 | 5.03% |
| 23 | Mid-Year Utility Plant in Service | | 1,415,501 | 1,461,826 | 46,325 | 3.27% |
| <u>Necessary Working Capital</u> | | | | | | |
| 24 | Cash Expenses | | 1,952 | (2,155) | (4,107) | (210.40%) |
| 25 | Materials and Supplies | | 1,471 | 1,715 | 244 | 16.59% |
| 26 | Prepayments and Deferrals | | 8,809 | 4,691 | (4,118) | (46.75%) |
| 27 | Financial Items | | 3,746 | 3,512 | (234) | (6.25%) |
| 28 | Goods and Services Tax (GST) | | (389) | (433) | (44) | 11.31% |
| | | | 15,589 | 7,330 | (8,259) | (52.98%) |
| 29 | Mid-Year Rate Base | Sch. 2 | 1,431,090 | 1,469,156 | 38,066 | 2.66% |

Guidelines:

- (1) Variance explanations required for \$2 million, or 10% or greater and any difference equal to or greater than \$500K.
(2) If there was a negotiated settlement in place for the reporting year please state the approved negotiated settlement numbers in the decision column.
(3) Please note the source of the numbers in the decision or negotiated settlement as applicable.

Variance Explanations

Cross-Ref

- 2 **Additions** refer to Schedule 4.2.
8 **Depreciation Expense** refer to Schedule 4.0 for deviations from prior year.
10 **Proceeds from Disposals of Capital Assets** are higher than prior year mainly due to higher proceeds on meter retirements in 2019.
11 **Removal, Depreciation Capitalized and Other Transfers** is higher than prior year mainly due to an increase in removal costs in the Regulating Station Improvements and Line Heater Replacement programs.
14 **Construction Work in Progress (CWIP)** is higher than prior year primarily due to higher CWIP in Transportation and Heavy Work Equipment, Emergency Supply and IT projects.
15 **Assets Not In Rate Base** are higher mainly due to the reclassification of assets to non-utility as a result of the disallowed information technology costs per Decision 20514-D02-2019.
24 **Cash expenses** are lower mainly due to a decrease in income tax installments.
26 **Prepayments and deferrals** are lower than the prior year mainly due to activity in the transmission deferral account.

ATCO Gas (North)
SUMMARY OF DEGREE DAYS & YEAR END CUSTOMERS AND THROUGHPUT
FOR THE YEAR ENDED DECEMBER 31, 2019

| Line No. | Description | 2018 | 2019 | 2019 | Variance 2019 Actual vs. Forecast | | Variance 2019 vs. 2018 | |
|-------------------------------------|------------------------------------|---------|---------|----------|-----------------------------------|---------|------------------------|---------|
| | | Actual | Actual | Forecast | # | % | # | % |
| 1 | 10 Year Average Normal Degree Days | 4,265 | 4,265 | 4,265 | - | 0.00% | 0 | 0.00% |
| <u>Number of Year-End Customers</u> | | | | | | | | |
| 2 | Residential | 558,518 | 565,357 | 567,773 | (2,416) | (0.43%) | 6,839 | 1.22% |
| 3 | Commercial | 56,365 | 56,949 | 57,189 | (240) | (0.42%) | 584 | 1.04% |
| 4 | Industrial | 155 | 155 | 158 | (3) | (1.90%) | 0 | 0.00% |
| 5 | Total Customers | 615,038 | 622,461 | 625,120 | (2,659) | (0.43%) | 7,423 | 1.21% |
| <u>Normalized Throughput - TJs</u> | | | | | | | | |
| 6 | Residential | 62,363 | 63,387 | 64,644 | (1,257) | (1.94%) | 1,024 | 1.64% |
| 7 | Commercial | 68,894 | 70,326 | 69,824 | 502 | 0.72% | 1,432 | 2.08% |
| 8 | Industrial | 5,380 | 5,270 | 5,205 | 65 | 1.25% | (110) | (2.04%) |
| 9 | Total Normalized Throughput | 136,637 | 138,983 | 139,673 | (690) | (0.49%) | 2,346 | 1.72% |

Note:

The 2018 throughput is normalized based on the ten year average temperatures ending 2017.

The 2019 throughput is normalized based on the ten year average temperatures ending 2017.

The 2019 customers and throughput forecasts are based on AUC Decision 23894-D01-2018.

In Decision 20820-D01-2015, the Commission directed in subsequent PBR annual rate adjustment filings to provide information on the variance from forecast to actual billing determinants in each completed prior year of the PBR term, as well as identify drivers behind a variance larger than ±5 per cent on an annual basis.

ATCO Gas (North)
SUMMARY OF OPERATING AND MAINTENANCE EXPENSE
FOR THE YEAR ENDED DECEMBER 31, 2019
(\$000s)

| Line No. | Description | Cross-Ref. | 2018 Actual | 2019 Actual | Variance 2019 vs. 2018 | |
|--|--|------------|-------------|-------------|------------------------|---------|
| | | | | | # | % |
| Operating & Maintenance Expense | | | | | | |
| 1 | Gas Management | | 351 | 320 | (31) | (8.70%) |
| 2 | Transmission | | 92,570 | 103,692 | 11,122 | 12.01% |
| 3 | Distribution | | 58,629 | 61,933 | 3,304 | 5.64% |
| 4 | General | | 4,751 | 4,913 | 162 | 3.41% |
| 5 | Sales and Transportation Promotion | | 2,836 | 3,610 | 774 | 27.30% |
| 6 | Customer Accounting | | 11,723 | 10,752 | (971) | (8.29%) |
| 7 | Administration and General | | 39,764 | 44,270 | 4,506 | 11.33% |
| 8 | Total Operating & Maintenance Expense | | 210,624 | 229,489 | 18,865 | 8.96% |
| 9 | Less: Non-Utility O&M | | 5,345 | 8,350 | 3,005 | 56.22% |
| 10 | Operating & Maintenance Expense - Net | Sch. 10 | 205,279 | 221,139 | 15,860 | 7.73% |

Guidelines:

- (1) Variance explanations required for \$2 million, or 10% or greater and any difference equal to or greater than \$500K.
- (2) Global reductions refers to the reduction of fees chargeable as deemed in the rate application decision.
- (3) Please add line items as needed to more clearly identify major O&M expenses.

Variance Explanations

Cross -
Ref

- 2 **Transmission** costs are higher than prior year mainly due to an increase in rates.
- 3 **Distribution** costs are higher than prior year mainly due to increased costs in work for affiliates, customer service, and operation maintenance services partially offset by a decrease in distribution support costs.
- 5 **Sales and Transportation Promotion** costs are higher than prior year mainly due to an increase in non-utility sales.
- 7 **Administration and General** costs are higher than prior year mainly due to an increase in technology costs and higher license fees.
- 9 **Non-Utility O&M** costs are higher than prior year mainly due to an increase in non-utility sales, higher license fees and disallowed information technology costs.

ATCO Gas (North)
SUMMARY OF DEPRECIATION
FOR THE YEAR ENDED DECEMBER 31, 2019
(\$000s)

| Line No. | Description | Cross-Ref. | 2018 Actual | 2019 Actual | Variance 2019 vs. 2018 | |
|----------|---|------------|-------------|-------------|------------------------|----------|
| | | | | | # | % |
| | Depreciation Expense | | | | | |
| 1 | Distribution Plant | | 83,456 | 87,550 | 4,094 | 4.91% |
| 2 | General Plant | | 21,298 | 15,850 | (5,448) | (25.58%) |
| 3 | Sub-total | Sch. 4.1 | 104,754 | 103,400 | (1,354) | (1.29%) |
| 4 | Less: Capitalized Depreciation | | (2,393) | (2,354) | 39 | (1.63%) |
| 5 | Sub-total | Sch. 2.1 | 102,361 | 101,046 | (1,315) | (1.28%) |
| 6 | Amortization of Contributions | Sch. 4.1 | (7,402) | (7,631) | (229) | 3.10% |
| | Other | | | | | |
| 7 | Production Abandonments | | 700 | 700 | - | 0.00% |
| 8 | Non-Utility Items | | (1,137) | (211) | 925 | (81.42%) |
| 9 | Total Utility Depreciation Expense | Sch. 10 | 94,523 | 93,904 | (619) | (0.65%) |

Guidelines:

(1) Variance explanations required for \$2 million, or 10% or greater and any difference equal to or greater than \$500K.

Variance Explanations

Cross-
Ref

- 1 **Distribution Plant** is higher than the prior year due to higher opening depreciable base as well as an increase in depreciation resulted from current year additions in 2019.
- 2 **General Plant** depreciation is lower than prior year due to the impairment of software programs in 2018.
- 8 **Non-Utility Items** depreciation is lower than the prior year due to the impairment of software programs in 2018.

ATCO Gas (North)
CAPITAL ASSETS CONTINUITY SCHEDULE
FOR THE YEAR ENDED DECEMBER 31, 2019
(\$000s)

CAPITAL ASSETS

| Line No. | Property Group | Cross-Reference | Balance at '12/31/2018 | 2019 Additions | 2019 Retirements | 2019 Transfers | 2019 Adjustments | Balance at '12/31/2019 |
|--------------------------------------|--|-----------------|------------------------|----------------|------------------|----------------|------------------|------------------------|
| Distribution | | | | | | | | |
| 1 | Land | | 3,215 | 100 | - | - | - | 3,315 |
| 2 | Land Rights | | 26,356 | 1,756 | - | - | - | 28,112 |
| 3 | Structures & Improvements | | 30,232 | 1,281 | 228 | - | - | 31,285 |
| 4 | Services & Alterations | | 892,353 | 44,209 | 2,112 | - | - | 934,450 |
| 5 | Regulators & Meters | | 264,379 | 10,109 | 717 | (1,287) | - | 272,484 |
| 6 | Mains | | 995,763 | 48,783 | 2,406 | - | - | 1,042,139 |
| 7 | Measurement & Regulating Equipment | | 89,043 | 6,941 | 409 | 250 | - | 95,826 |
| 8 | Meters | | 127,473 | 11,108 | 4,831 | 1,054 | - | 134,805 |
| 9 | Renewable Energy | | 962 | - | - | - | - | 962 |
| 10 | Distribution | | <u>2,429,777</u> | <u>124,286</u> | <u>10,703</u> | <u>18</u> | <u>-</u> | <u>2,543,378</u> |
| General Plant & Equipment | | | | | | | | |
| 11 | Franchises | | 578 | - | - | - | - | 578 |
| 12 | Land | | 8,368 | 1 | - | - | - | 8,369 |
| 13 | Structures & Improvements | | 79,225 | 1,619 | - | - | - | 80,844 |
| 14 | Interco Contributions | | 242 | - | - | - | - | 242 |
| 15 | General Plant & Equipment | | <u>88,414</u> | <u>1,620</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>90,033</u> |
| Moveable Equipment | | | | | | | | |
| 16 | Office Furniture & Equipment | | 11,346 | 1,209 | 99 | - | - | 12,456 |
| 17 | Transportation Equipment | | 48,175 | 3,265 | 1,652 | - | - | 49,788 |
| 18 | Heavy Work Equipment | | 16,102 | 429 | 941 | - | - | 15,591 |
| 19 | Tools & Work Equipment | | 16,516 | 3,032 | 1,390 | - | - | 18,158 |
| 20 | Cogeneration Equipment | | 2,920 | - | - | - | - | 2,920 |
| 21 | Communication Equipment | | 20,424 | 1,149 | 914 | (81) | - | 20,578 |
| 22 | Stores, Shop Equipment & Lab Equipment | | 9,526 | 2,572 | 233 | - | - | 11,865 |
| 23 | Leasehold Improvements | | 11,653 | 14 | 768 | - | - | 10,899 |
| 24 | Electronic Data Processing Equipment | | 3,033 | 927 | - | 613 | - | 4,572 |
| 25 | Base Maps | | 1,347 | - | 111 | - | - | 1,236 |
| 26 | Software Development | | 104,700 | 6,510 | - | (549) | - | 110,661 |
| 27 | Moveable Equipment | | <u>245,741</u> | <u>19,108</u> | <u>6,108</u> | <u>(18)</u> | <u>-</u> | <u>258,724</u> |
| 28 | Capital Work in Progress (CWIP) | | <u>35,776</u> | <u>17,740</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>53,516</u> |
| 29 | Total Capital Assets | Sch. 2.1 / 4.2 | <u>2,799,708</u> | <u>162,755</u> | <u>16,811</u> | <u>(0)</u> | <u>-</u> | <u>2,945,651</u> |
| 30 | Non-Utility Assets | | <u>8,597</u> | <u>36</u> | <u>28</u> | <u>28</u> | <u>-</u> | <u>8,634</u> |
| 31 | Total Utility Capital Assets | | <u>2,791,110</u> | <u>162,718</u> | <u>16,784</u> | <u>(28)</u> | <u>-</u> | <u>2,937,017</u> |
| Contributions | | | | | | | | |
| 32 | Utility | | 398,990 | 13,398 | 1,565 | - | - | 410,823 |
| 33 | Non-Utility | | 665 | - | - | - | - | 665 |
| 34 | Contributions Work in Progress (KWIP) | | 675 | (593) | - | - | - | 82 |
| 35 | Total Contributions | Sch 2.1 | <u>400,330</u> | <u>12,806</u> | <u>1,565</u> | <u>-</u> | <u>-</u> | <u>411,571</u> |

ATCO Gas (North)
CAPITAL ASSETS CONTINUITY SCHEDULE
FOR THE YEAR ENDED DECEMBER 31, 2019
(\$000s)

ACCUMULATED DEPRECIATION

| Line No. | Property Group | Cross-Reference | Balance at '12/31/2018 | Depreciation Provision | 2019 Retirements | 2019 Removals | 2019 Salvage | 2019 Adjustments | Balance at '12/31/2019 |
|--------------------------------------|--|-----------------|------------------------|------------------------|------------------|---------------|--------------|------------------|------------------------|
| Distribution | | | | | | | | | |
| 1 | Land Rights | | 3,438 | 274 | - | - | - | - | 3,711 |
| 2 | Structures & Improvements | | 5,989 | 776 | 228 | 47 | - | - | 6,490 |
| 3 | Services & Alterations | | 366,860 | 37,107 | 2,112 | 3,112 | - | - | 398,743 |
| 4 | Regulators & Meters | | 102,396 | 8,154 | 717 | 52 | - | (38) | 109,742 |
| 5 | Mains | | 281,532 | 28,568 | 2,406 | 2,588 | 17 | - | 305,123 |
| 6 | Measurement & Regulating Equipment | | 38,375 | 3,387 | 409 | 273 | - | 37 | 41,118 |
| 7 | Meters | | 49,480 | 9,243 | 4,831 | (55) | 1,376 | 2 | 55,325 |
| 8 | Renewable Energy | | 192 | 41 | - | - | - | - | 233 |
| 9 | Distribution | | <u>848,261</u> | <u>87,550</u> | <u>10,703</u> | <u>6,017</u> | <u>1,393</u> | <u>1</u> | <u>920,485</u> |
| General Plant & Equipment | | | | | | | | | |
| 10 | Franchises | | 423 | 57 | - | - | - | - | 480 |
| 11 | Land | | - | 0 | - | - | - | - | 0 |
| 12 | Structures & Improvements | | 28,486 | 2,707 | - | 88 | - | - | 31,105 |
| 13 | General Plant & Equipment | | <u>28,909</u> | <u>2,764</u> | <u>-</u> | <u>88</u> | <u>-</u> | <u>-</u> | <u>31,585</u> |
| Moveable Equipment | | | | | | | | | |
| 14 | Office Furniture & Equipment | | 5,806 | 581 | 99 | 155 | - | - | 6,133 |
| 15 | Transportation Equipment | | 24,035 | 3,170 | 1,644 | 12 | 180 | 0 | 25,730 |
| 16 | Heavy Work Equipment | | 9,216 | 1,265 | 941 | 4 | 163 | - | 9,699 |
| 17 | Tools & Work Equipment | | 7,248 | 1,122 | 1,390 | - | 27 | - | 7,007 |
| 18 | Cogeneration Equipment | | 2,673 | 18 | - | - | - | - | 2,691 |
| 19 | NAIT Fuel Cell | | 566 | - | - | - | - | - | 566 |
| 20 | Communication Equipment | | 10,833 | 1,090 | 914 | 82 | - | (10) | 10,917 |
| 21 | Stores, Shop & Lab Equipment | | 4,354 | 494 | 233 | - | - | - | 4,615 |
| 22 | Electronic Data Processing Equipment | | 1,091 | 346 | - | - | - | 41 | 1,478 |
| 23 | Base Maps | | 1,347 | 0 | 111 | - | - | - | 1,236 |
| 24 | Leaseholds & Improvements | | 9,343 | 308 | 768 | 43 | - | - | 8,840 |
| 25 | Software Development | | 78,365 | 4,692 | - | - | - | (32) | 83,024 |
| 26 | Moveable Equipment | | <u>154,877</u> | <u>13,086</u> | <u>6,100</u> | <u>296</u> | <u>370</u> | <u>(1)</u> | <u>161,937</u> |
| 28 | Retirements Work in Progress (RWIP) | | <u>(546)</u> | | | <u>4,115</u> | | | <u>(4,661)</u> |
| 29 | Total Accumulated Depreciation | Sch. 2.1 / 4 | <u>1,031,502</u> | <u>103,400</u> | <u>16,803</u> | <u>10,516</u> | <u>1,764</u> | <u>0</u> | <u>1,109,347</u> |
| 30 | Non-Utility Assets | | <u>3,988</u> | <u>221</u> | <u>28</u> | <u>-</u> | <u>0</u> | <u>27</u> | <u>4,209</u> |
| 31 | Total Utility Accumulated Depreciation | | <u>1,027,514</u> | <u>103,179</u> | <u>16,775</u> | <u>10,516</u> | <u>1,764</u> | <u>(27)</u> | <u>1,105,138</u> |
| Contributions | | | | | | | | | |
| 32 | Utility | | 110,234 | 7,621 | 1,565 | - | - | - | 116,290 |
| 33 | Non-Utility | | 460 | 10 | - | - | - | - | 470 |
| 34 | Total Contributions | Sch 2.1 / 4 | <u>110,694</u> | <u>7,631</u> | <u>1,565</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>116,760</u> |
| 35 | Net Property, Plant, and Equipment | | <u>1,478,570</u> | | | | | | <u>1,541,494</u> |
| 36 | Net Property, Plant and Equipment (Non-Utility) | | <u>(4,404)</u> | | | | | | <u>(4,230)</u> |
| 37 | Net Property, Plant, and Equipment (Utility) | | <u>1,474,165</u> | | | | | | <u>1,537,263</u> |

Guidelines:

- (1) Asset categories need to be identified by the individual utilities. However, they should show sufficient breakdown to allow for reasonable understanding of operations
- (2) Provide a detailed breakdown of items included in "Other", in a supporting sub-schedule.
- (3) Year-end balances for each category must be reconciled on Schedule 11 to the audited Balance Sheet

ATCO Gas (North)
SUMMARY OF CAPITAL EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2019
(\$000s)

| Line No. | Description | Cross- Reference | 2018 Year End | 2019 Year End | Variance 2019 vs. 2018 | |
|----------------------------|--|------------------|-----------------------|-----------------------|------------------------|---------------------|
| Distribution | | | | | | |
| 1 | Extensions | | 21,961 | 15,444 | (6,517) | (29.68%) |
| 2 | Services | | 21,437 | 17,581 | (3,856) | (17.99%) |
| 3 | Meters, Regulators and Installations | | 21,045 | 23,020 | 1,975 | 9.38% |
| 4 | Improvements and MRRP | | 71,673 | 70,380 | (1,293) | (1.80%) |
| 5 | Sub-Total | | <u>136,116</u> | <u>126,425</u> | <u>(9,691)</u> | <u>(7.12%)</u> |
| Land and Structures | | | | | | |
| 6 | General | | <u>1,509</u> | <u>3,256</u> | <u>1,747</u> | <u>115.79%</u> |
| Moveable Equipment | | | | | | |
| 7 | General | | 5,126 | 19,968 | 14,842 | 289.54% |
| 8 | Communication and Lab Equipment | | 317 | 1,578 | 1,261 | 398.17% |
| 9 | Software Development | | 9,778 | 10,622 | 844 | 8.63% |
| 10 | Renewable Energy | | 10 | (2) | (12) | (118.40%) |
| 11 | Sub-Total | | <u>15,231</u> | <u>32,166</u> | <u>2,093</u> | <u>13.74%</u> |
| 12 | Change in Inventory Spares | | <u>(460)</u> | <u>-</u> | <u>460</u> | <u>(100.00%)</u> |
| 13 | Capital Expenditures (IFRS) | | <u>152,396</u> | <u>161,847</u> | | |
| 14 | IDC / AFUDC and Other IFRS Adjustments | | <u>(1,206)</u> | <u>910</u> | | |
| 15 | Capital Expenditures | Sch. 2.1 / 4.1 | <u>151,190</u> | <u>162,757</u> | <u>11,567</u> | <u>7.65%</u> |

Guidelines:

(1) Asset categories need to be identified by the individual utilities. However, they should show sufficient breakdown to allow for reasonable understanding of operations.

(2) Please add line items as needed to give sufficient understanding of the main capital additions in the reporting year.

Variance Explanations

Cross-
Ref

- 1 **Extensions** expenditures were lower than prior year due to decreased demand for urban residential extensions and urban feeder mains.
- 2 **Services** expenditures were lower than prior year mainly due to decreased demand for service installs.
- 6 **Land and Structures - General** expenditures were higher than prior year due to increased facility renovations and repairs.
- 7 **Moveable Equipment - General** expenditures were higher than prior year due to increased replacement of trailers, heavy work equipment and vehicles.
- 8 **Communication and Lab Equipment** expenditures were higher than prior year due to increased replacement of communication equipment.

ATCO Gas (North)
SUMMARY OF UTILITY REVENUE
FOR THE YEAR ENDED DECEMBER 31, 2019
(\$000s)

| Line No. | Description | Cross-Ref. | 2018 | 2019 | 2019 | Variance 2019 Act vs. Forecast | | Variance 2019 vs. 2018 | |
|-----------------------------------|-----------------------------------|------------|----------------|----------------|----------|--------------------------------|---------|------------------------|--------------|
| | | | Actual | Actual | Forecast | # | % | # | % |
| REVENUE CLASSIFICATIONS | | | | | | | | | |
| <u>Residential</u> | | | | | | | | | |
| 1 | Average Number of Customers | | 553,214 | 561,024 | 562,601 | (1,577) | (0.28%) | 7,810 | 1.41% |
| 2 | Revenue | | 269,665 | 309,311 | 311,050 | (1,739) | (0.56%) | 39,646 | 14.70% |
| <u>Commercial (Apartment)</u> | | | | | | | | | |
| 3 | Average Number of Customers | | 5,673 | 5,706 | 5,697 | 9 | 0.16% | 33 | 0.58% |
| 4 | Revenue | | 17,339 | 20,779 | 20,619 | 160 | 0.78% | 3,440 | 19.84% |
| <u>Commercial (Non-Apartment)</u> | | | | | | | | | |
| 5 | Average Number of Customers | | 50,190 | 50,796 | 50,975 | (179) | (0.35%) | 606 | 1.21% |
| 6 | Revenue | | 90,144 | 107,098 | 107,961 | (863) | (0.80%) | 16,954 | 18.81% |
| <u>Industrial</u> | | | | | | | | | |
| 7 | Average Number of Customers | | 156 | 155 | 158 | (3) | (1.90%) | (1) | (0.64%) |
| 8 | Revenue | | 4,207 | 5,209 | 5,196 | 13 | 0.25% | 1,002 | 23.82% |
| 9 | Total Average Number of Customers | | 609,233 | 617,681 | 619,431 | (1,750) | (0.28%) | 8,448 | 1.39% |
| 10 | Sub-Total Rate Revenue | | 381,355 | 442,397 | 444,826 | (2,429) | (0.55%) | 61,042 | 16.01% |
| RATE ACCRUALS REVENUE | | | | | | | | | |
| 11 | Rate Accruals Revenue | | 16,635 | (25,406) | | | | (42,041) | (252.73%) |
| FRANCHISE REVENUE | | | | | | | | | |
| 12 | Franchise Fee Revenue | | 114,392 | 129,102 | | | | 14,710 | 12.86% |
| OTHER REVENUE | | | | | | | | | |
| 13 | Other Revenue (Please See Below) | | 13,160 | 12,300 | | | | (859) | (6.53%) |
| 14 | TOTAL UTILITY REVENUE | Sch 10 | 525,542 | 558,393 | | | | 32,852 | 6.25% |
| OTHER REVENUE | | | | | | | | | |
| 15 | ATCO Pipelines | | 3,840 | 4,786 | | | | 946 | 24.65% |
| 16 | Other Affiliates | | 1,229 | 2,192 | | | | 963 | 78.33% |
| 17 | Facility Repairs | | 984 | 948 | | | | (36) | (3.66%) |
| 18 | Reinstatement Fees | | 2,784 | 1,599 | | | | (1,185) | (42.56%) |
| 19 | Miscellaneous | | 4,323 | 2,775 | | | | (1,548) | (35.81%) |
| 20 | Total Other Revenue | | 13,160 | 12,300 | | | | (859) | (6.53%) |

Guidelines:

(1) Variance explanations required for \$2 million, or 10% or greater and any difference equal to or greater than \$500K.

Note: The 2019 rate revenue forecast is based on the 2019 delivery rates applied to the PBR approved billing determinant forecast.

Revenue Variance Explanations

Cross-Ref

- 2 **Residential Revenue** is higher than prior year primarily due to higher delivery rates and number of customers in 2019.
- 4 **Commercial (Apt) Revenue** is higher than prior year primarily due to higher delivery rates and sales per customer in 2019.
- 6 **Commercial (Non-Apt) Revenue** is higher than prior year primarily due to higher delivery rates, number of customers and demand throughput in 2019.
- 8 **Industrial Revenue** is higher than prior year primarily due to higher delivery rates in 2019.
- 11 **Rate Accruals Revenue** is lower due to a timing difference between the issuance of Commission Decisions and the amounts being collected and/or refunded.
- 12 **Franchise Fee Revenue** is higher than prior year primarily due to higher delivery rates and number of customers in 2019.
- 15 **ATCO Pipelines Revenue** is higher than prior year mainly due to higher distribution support services.
- 16 **Other Affiliates Revenue** is higher than prior year primarily due to increased ATCO Electric fleet services and ATCO Energy Solutions distribution support.
- 18 **Reinstatement Fees Revenue** is lower than prior year primarily due to a lower number of reconnects in 2019.
- 19 **Other Misc Revenue** is lower than prior year primarily due to innovation initiatives in 2018 and lower maintenance services and joint trenching in 2019.

ATCO Gas (North)
UTILITY INCOME
FOR THE YEAR ENDED DECEMBER 31, 2019
INCOME STATEMENT ITEMS
(\$000s)

| Line No. | Description | Cross-Reference | 2019 Utility Total | 2018 Utility Total | Variance 2019 vs. 2018 | |
|---------------------------|--|-----------------|--------------------------|--------------------------|---------------------------|---------------------|
| Revenues | | | | | | |
| 1 | Total Operating Revenue | | 558,393 | 525,542 | 32,852 | 6.25% |
| 2 | | Sch. 6 | <u>558,393</u> | <u>525,542</u> | <u>32,852</u> | <u>6.25%</u> |
| Operating Expenses | | | | | | |
| 3 | Operation and Maintenance (including property tax) | | 221,553 | 205,680 | 15,873 | 7.72% |
| 4 | Depreciation and Amortization | Sch. 4 | 93,904 | 94,523 | (619) | (0.65%) |
| 5 | Franchise Fees | Sch. 6 | 129,102 | 114,392 | 14,710 | 12.86% |
| 6 | | | <u>444,559</u> | <u>414,594</u> | <u>29,965</u> | <u>19.92%</u> |
| 7 | Income Tax | | <u>11,922</u> | <u>10,026</u> | <u>1,896</u> | <u>18.91%</u> |
| 8 | Utility Income | Sch. 2 | <u>101,912</u> | <u>100,922</u> | <u>991</u> | <u>0.98%</u> |