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EUB orders distribution refund for Aquila customers

ELECTRICITY CUSTOMERS IN the Aquila Networks Canada (Alberta) Ltd. service area will receive a credit from the utility company due to adjustments made on 2002 and 2003 rates.

Typical Aquila residential customers will see a decrease of approximately 19 per cent on their August to December 2003 bills (about \$16.50) and a further 8 per cent decrease on bills as of January 1, 2004 (about \$6). Typical Aquila farm customers will see a decrease of approximately 12 per cent on their August to December 2003 bills (about \$20) and a further 10 per cent decrease on January 1, 2004 (about \$15).¹

In *Decision 2003-055*, the EUB approved the credit, known as a distribution adjustment rider, and in *Decision 2003-053* new base rates for Aquila were approved.

The new base rates are the result of a thorough EUB review, which determined that interim 2002 and 2003 rates required revision. The EUB also disallowed certain costs sought by Aquila in its rate application.

The EUB originally ruled on Aquila's 2002/2003 Distribution Tariff Application (DTA) in *Decision 2003-019*, issued February 28, 2003, and directed Aquila to provide a refiling of both the Phase I and Phase II portions of its DTA. In a Phase I utility proceeding of a DTA, the EUB sets an overall revenue requirement for a utility. This revenue requirement is the revenue needed to cover all costs, including a fair return on investment. In a Phase II

proceeding, the revenue requirement determined in Phase I is allocated among each of the rate classes (residential, commercial, and industrial) that the utility serves, and rates are established based on that allocation.

The EUB regulates investor-owned utilities in Alberta, ensuring that rates consumers pay are just and reasonable and that the service provided is safe and adequate. The EUB is also required to regulate these utilities in ways that allow them to earn sufficient revenues to recover their costs, which includes a fair return on their investments. Therefore, in setting rates the EUB must balance the needs of consumers along with the needs of utility companies. ❖



¹For comparative purposes, all of the above calculations are based on an electricity price of 6.129 cents per kilowatt hour (kWh) for residential customers and 5.935 cents/kWh for farm customers. Actual bills and the percentage changes may vary depending on the future price of electricity. Projected price decreases in 2004 are primarily due to the removal of the 2000 Pool Price Deferral rider and 2001 Regulated Rate Option shortfall rider, which end for most customers on December 31, 2003.

EUB receives positive evaluation

The EUB has received a report from the Provincial Advisory Committee on Public Safety and Sour Gas that reviews and comments on the EUB's progress over the past year to address 87 Advisory Committee recommendations. These recommendations were designed to improve the regulatory system for sour gas as it relates to public health and safety in Alberta.

Evaluation of EUB's Implementation Progress to April 2003 reports that commendable progress has been made and "that at the end of the second year of implementation many improvements in the sour gas arena have already been realized."

For a copy of the report, visit the EUB Web site at <www.eub.gov.ab.ca> and click on Public Safety and Sour Gas and then What's New, or call EUB Information Services at (403) 297-8190.

About the EUB

Our mission is to ensure that the discovery, development, and delivery of Alberta's resources take place in a manner that is fair, responsible, and in the public interest. We regulate oil, natural gas, oil sands, coal, hydro and electric energy, pipelines, and transmission line development.

On the utilities side, we regulate investor-owned natural gas, electric, and water utilities to ensure that customers receive safe and reliable service at just and reasonable rates. Regulation is done through four core functions: adjudication and regulation, applications, surveillance and enforcement, and information.

For Your Information...**Recent EUB publications****General Bulletins**

- July 22:** GB 2003-28: Bitumen Conservation Requirements Athabasca Wabiskaw-McMurray
- July 15:** GB 2003-27: Draft Rewrite of Guide 36: Drilling Rig Requirements and Inspection Guide
- July 14:** GB 2003-26: Licensee Liability Rating (LLR) Program - Scheduled Review
- July 8:** GB 2003-24: EUB Red Deer Field Centre
- July 3:** GB 2003-25: 2003 Orphan Levy
- June 27:** GB 2003-23: Revised Guide 56: Energy Development Applications and Schedules
- June 26:** GB 2003-22: Clarification of Energy Application Process: When May an Applicant Request a Hearing with the Alberta Energy and Utilities Board?
- June 23:** GB 2003-21: Commingling of Production from Two or More Pools in the Wellbore - Amended Guide 65 Presents Processes for Obtaining EUB Approval
- June 19:** GB 2003-20: 2003 Administration Fees, General Assessment and Funding of Broad Industry Initiatives

Other publications

- July 15:** Draft Guide 36: Drilling Rig Requirements and Inspection Guide (DRAFT) July 2003: This guide is now available for stakeholder review
- July 14:** LLR Program Web-based Consultation: The EUB is using a Web-based consultation process to obtain stakeholder input into this review as per GB 2003-26
- July 7:** Guide 56: Energy Development Applications and Schedules
- July 3:** The Provincial Advisory Committee on

Public Safety and Sour Gas report Evaluation of EUB's Implementation Progress to April 2003.

June 30: Gas Cost Recovery Rate for July 2003

June 30: LLR Performance Report (updated to June 2003)

June 25: Proposed Conservation Policy Affecting Gas Production in Oil Sands Areas

June 23: Guide 65: Resources Applications for Conventional Oil and Gas Reservoirs (amended as documented in GB 2003-21)

Recent decisions

- July 18:** Decision 2003-059: The EUB issues a decision for the Alberta Electric System Operator regarding an interim amendment to its terms and conditions allowing for liability indemnification for ancillary service providers
- July 15:** Decision 2003-057: The EUB issues a decision for BelAir Energy Corporation regarding a well licence in the Lochend Field
- July 15:** Decision 2003-058: The EUB issues a decision for ATCO Electric Ltd. regarding its interim terms and conditions of distribution service
- July 9:** Decision 2003-055: Aquila Networks Canada (Alberta) Ltd. - Refiling of the 2002-2003 Distribution Tariff Application - 2003 Distribution Adjustment Rider
- July 8:** Decision 2003-054: Alberta Electric System Operator, Aquila Networks Canada (Alberta) Ltd., and ATCO Electric Ltd., Article 24 Refund Omnibus Proceeding, Refund to AESO Customers, Refund to DISCO End-Use Customers
- July 4:** Decision 2003-053: Aquila Networks Canada (Alberta) Ltd. - Refiling of the 2002-2003 Distribution Tariff Application
- July 2:** Decision 2003-052: AltaGas Utilities Inc. Interim Rates for the Bonnyville Service Area

June 24: Decision 2003-051: NOVA Gas Transmission Ltd. 2003 Revenue Requirement and Tariff Settlement Applications

June 24: Decision 2003-050: Burmis Energy Inc. Applications for Licences for Wells, Gas Batteries, and Associated Pipelines, Wildwood Field

June 24: Decision 2003-049: Vintage Petroleum Canada Inc. Applications for Special Gas Well Spacing, Sturgeon Lake South Field

News releases

- July 22:** NR 2003-32: EUB Issues Comprehensive Bitumen Conservation Requirements
- July 11:** NR 2003-31: EUB Receives Evaluation Report from the Provincial Advisory Committee on Public Safety and Sour Gas
- July 9:** NR 2003-30: EUB Orders Distribution Refund Rider for Aquila Customers
- June 30:** NR 2003-29: EUB to Hold Consultation Meeting on Proposed Bitumen Conservation Policy

Recent AGS publications

- June 9:** ESR 2001-05 Major- and Trace-Element Geochemistry of Kimberlitic Rocks in Northern Alberta
- June 8:** GEO 2002-04: Arsenic Concentration in Quaternary Drift and Quaternary-Tertiary Buried Channel Aquifers in the Athabasca Oil Sands (in situ) Area, Alberta
- June 8:** GEO 2002-19: The Carbonate-Hosted Pb-Zn (MVT) Project for Northern Alberta-Background and Year One Summary: A Contribution to the Carbonate-Hosted Pb-Zn (MVT) Targeted Geoscience Initiative

Applications are an important business function: record numbers in facilities, resources, and operations received last quarter

THE EUB ENSURES THAT THE discovery, development, and delivery of Alberta's resources take place in a manner that is fair, responsible, and in the public interest. One important way we fulfill this mission is by reviewing applications for activity within Alberta in the energy and utilities sectors.

The EUB has comprehensive requirements that companies must satisfy before an application can be approved. If appli-

cations are deficient, there are processes in place to identify concerns so that an applicant has the opportunity to complete and satisfy the requirements before a final decision is made. Members of the oil and gas industry in Alberta generally understand our regulations and wish to comply with them, and so most applications submitted to the EUB meet requirements.

On the utilities side, "approvals" don't

necessarily mean that an application was approved as requested. For example, a utility company may request approval for a certain rate, and the EUB may respond by approving a different rate that is considered more fair, appropriate, and reasonable.

The vast majority of applications are for energy production facilities, such as wells, pipelines, and batteries, which have the potential for surface disturbance

(continued on page 3)

Record application numbers last quarter *(continued from page 2)*

that may affect landowners. In these cases, industry must notify those who may be directly and adversely affected before an application is submitted to the EUB, and consultation may also be necessary. In most cases there are no objections to applications.

EUB applications are broken down into categories: facilities, resources, utilities, operations, and licence transfers.

Facilities applications include applications for wells, pipelines, and production facilities such as oil and gas batteries, satellites, compressor stations, tank farms, and pump stations.

Resources applications are reviewed to ensure the conservation of oil, gas, crude bitumen, and coal resources and to afford each owner the opportunity to obtain its share of a resource. Examples of resources applications include

- equity, such as rateable take orders, which limit, if necessary, the total amount of gas produced from a pool;
- conservation by optimizing Alberta's resources through enhanced recovery schemes;
- production control, such as good production practice; and
- disposal of produced fluids, such as water or waste fluids.

Resources applications also include project-based proposals for mineable and in situ oil sands developments and coal mines.

Utilities applications include

- General Rate Applications, whereby the EUB ensures that a utility company's rates and terms of service are appropriate, fair, and reasonable;
- applications for approval to construct power plants, substations, and transmission lines;
- sale of asset applications; and
- applications for numerous other matters, including franchise agreements, financings, complaints, and minimum producer milk prices.

Operations applications include those for flaring, emergency response plans, oilfield waste management, and special cases in well operations, such as surface casing waivers, abandonments, and critical sour well declassifications.

The licence transfers reported here reflect the total number of licences transferred from one company to another.

Such transfers usually take place when a facility changes ownership.

The applications table shows the number of applications the EUB received in the first fiscal quarter of 2003 (April 1 to June 30) in comparison with the same period in the last three years. This quarter has been particularly busy, with the EUB receiving record numbers of facilities, resources, and operations applications.

In the first fiscal quarter of 2003, 572 facilities, resources, and operations applications were also withdrawn, closed, or denied. Companies may close their application by withdrawing it from the EUB for a number of reasons; for example, a company may no longer want to pursue the application if it has chosen to take the project in a different direction or if data suggest that the proposed project won't be as successful as it had hoped. Sometimes, if the application is deemed insufficient and the company is unable to

provide the necessary enhancements, it will choose to withdraw. Applications are closed for a number of reasons, including when information is not provided within a certain time frame, when duplicate applications are identified, or when the company did not submit enough copies of its application.

Applications are denied when they do not meet EUB requirements and are not in the public interest.

The applications table also shows how many Decisions were issued in the first fiscal quarter of 2003. Some applications go to hearing if there are issues that need to be resolved, while some categories of applications routinely go to hearing. The EUB issued 6 energy-related decisions and 20 utilities-related decisions in the first fiscal quarter of 2003. ♦

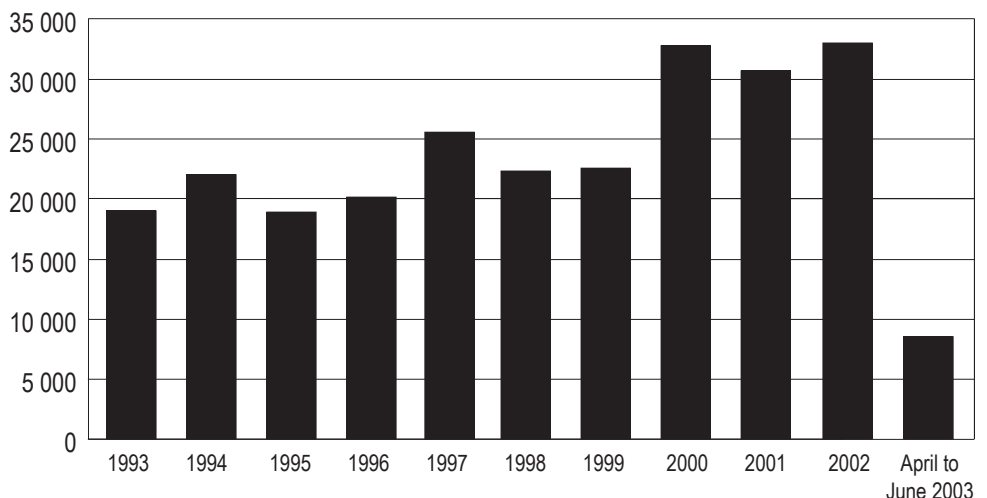
Applications Received

	Year to Date 2003	April to June 2002	April to June 2001	April to June 2000
Facilities	7 554	4 911	6 001	6 102
Resources	899	650	627	650
Utilities	58	109	78	69
Operations	659	369	611	345
Licence transfers	3 841	5 578	5 384	5 614
Total	13 011	11 617	12 701	12 780

Decisions Issued

	2003	2002	2001	2000
Energy	6	6	5	9
Utilities	20	20	32	9

Facilities, Resources, and Utilities Applications Received



This list is subject to change at any time, so please check the complete list of upcoming public hearings on the EUB Web site at <www.eub.gov.ab.ca/bbs/applications/hearings/hearings.pdf>. If you do not have Internet access, contact EUB Information Services at (403) 297-8190.

Upcoming public hearings

Application No.	Applicant	Hearing Purpose
1287139	EPCOR Transmission Inc.	2003-2005 Transmission Facility Owner General Tariff Application
Start Date: August 19 at EUB Office, 12th Floor, 10055 - 106 Street, Edmonton		
1085114	Canadian Natural Resources Limited	Special oil well spacing
Start Date: August 26 at Best Western Wayside Inn, 5411 - 44 Street, Lloydminster		
1299855	ATCO Electric Ltd., ATCO Gas North, ATCO Gas South	Transfer of retail assets to Direct Energy Marketing Ltd. and arrangements with Direct Energy to perform certain regulated retail functions.
Start Date: August 27 at EUB Office, 12th Floor, 10055 - 106 Street, Edmonton		
1302965	Tournament Energy Ltd.	Compulsory pooling - Minnehik-Blue Lake Field
Start Date: September 2, Location to be Determined		
1279980	CalAlta Waterworks Ltd.	Review of the rates, tolls, charges, and terms and conditions of service for water provided by CalAlta Waterworks
Start Date: September 9 at Govier Hall, Energy and Utilities Board Building, 640 - 5 Avenue SW, Calgary		
1276521	Polaris Resources Ltd.	Application for a licence to drill a sour natural gas well, compulsory pooling and special well orders - Livingstone Field
1276489		
Start Date: September 9 at Maycroft Community Centre, Maycroft		
1306819	ENMAX Power Corporation	ENMAX / EPCOR Municipal Electric Service
1306821	EPCOR Distribution Inc.	Proceeding 2004 - 200X Distribution Tariff
1306818		Applications, 2004 - 200X Regulated Rate
1306820		Tariff Applications
Start Date: September 12 (Prehearing) at EUB Office, 12th Floor, 10055 - 106 Street, Edmonton		

Pending decisions

Application No.	Applicant	Hearing Purpose
1281638	Town of Bow Island	Review of proposed standard natural gas franchise agreement
1287533	ATCO Gas and Pipelines Ltd.	
1284188	Town of Bonnyville	Review of proposed standard natural gas franchise agreement
1290333	AltaGas Utilities Inc.	
1285881	ATCO Group	ATCO-I Tek information technology master service agreement
1303375	Klaus Rechert	Request for a review of charges assessed by the City of Airdrie
1275466	ATCO Gas North and ATCO Gas South	Combined 2003-2004 General Rate Application
1275494	ATCO Electric Ltd.	2003-2005 General Tariff Application, Rate Case
1275539		Deferrals, 2001 Deferral Application
1275540		
1290683	Alberta Electric System Operator	2003 General Tariff Application (Negotiated Settlement)
1292783	ATCO Pipelines North, South	2003-2004 General Rate Application
1257976	Aquila Networks Canada (Alberta) Ltd.	Review and Variance of Board Decision 2001-92, 2001-93
1279895	Globex Resources Ltd.	Application for licence to drill a sour gas well and to construct and operate a single well sweet gas battery and a natural gas pipeline - Gordondale area
1303136		
1303138		

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Tell us how we're doing

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Questions, complaints, problems?

Utilities: For information or to file a consumer utility complaint, contact us at:
EUB Utilities Branch, 10th floor, 10055-106 Street, Edmonton, Alberta T5J 2Y2
Fax: (780) 427-6970
Complaints: (780) 427-4903*
E-mail: <utilities.concerns@eub.gov.ab.ca>

Oil and gas: For information or complaints about new or existing oil and gas developments and facilities, we recommend contacting the operating company first. If the company does not respond appropriately, you may contact the nearest EUB Field Centre.

EUB Field Centres (24-hour service)

Bonnyville	(780) 826-5352*
Drayton Valley	(780) 542-5182*
Grande Prairie	(780) 538-5138*
Medicine Hat	(403) 527-3385*
Midnapore	(403) 297-8303*
Red Deer	(403) 340-5454*
St. Albert	(780) 460-3800*
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*To call toll free from anywhere in Alberta, dial 310-0000 and enter the phone number, including area code, or press zero for a RITE operator.

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