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Utility landscape reflects restructuring: Recent EUB decisions

Several recent EUB decisions reflect the changing landscape of utilities restructuring in Alberta.

The first of the decisions came on December 5, 2003, when a Board panel approved ATCO's sale of retail operations to

Direct Energy Marketing Limited (Direct) (*Decision 2003-098*). A joint application made by ATCO Electric, ATCO Gas North, and ATCO Gas South (ATCO) was to transfer certain

retail assets to Direct. A public hearing in Edmonton was held on this application in the fall.

This decision means that upon closing of the sale, ATCO will retain the distribution infrastructure, which is fully regulated by the EUB, and Direct will be responsible for customer interaction, including sending bills to customers.

Later in December, a Board panel issued two decisions that complement *Decision 2003-098*, *Decision 2003-106* and *Decision 2003-108* unbundled rates and approved the tariff rate structure of Direct and ATCO. The decisions are structured to ensure a smooth transition of service and avoid billing problems for customers.

To ensure that any additional billing costs incurred by Direct are fair and reasonable, the EUB also ordered Direct to undertake a comprehensive benchmarking study to demonstrate that its billing costs represent fair market

value. The costs will be reviewed in a future proceeding once actual numbers are filed with the EUB by Direct. Additionally, the decision approved the use of deferral accounts so customers will only pay for actual billing costs incurred by Direct.

The EUB will oversee service quality in a measured and responsible manner to ensure fairness to both customers and utility companies. Standards have been established for the first time to help ensure that customer's bills are accurate and issued in a timely manner and customer complaints are resolved promptly.

As a result of *Decision 2003-106* and *Decision 2003-108*, ATCO Gas customers will experience an increase of approximately \$3.39 per month (\$40.68 annually),

32 per cent lower than Direct's applied-for rate of \$5.01 (\$60.12 annually). The net impact on residential customers of ATCO Electric is approximately \$3.81 per month (\$45.72 annually), or 21 per cent lower than the applied-for \$4.70 per month (\$56.40 annually).

Utility Service Quality Plans

Given the changing landscape of utilities regulation in the province, the EUB announced the implementation of service quality plans for regulated gas and electric rate tariff providers and electric wire owners as of January 1, 2004.

The plans establish a process to receive and review information used to confirm performance standards. Creation of these standards is a direct response to the Alberta Government's policy of restructuring Alberta's electric industry and to consumer concerns about metering, billing, and customer-care issues.

(continued on page 2)

EUB Information Sessions

It is the EUB's responsibility to ensure that industry is kept informed about regulatory changes as they occur. Here is your chance to learn, firsthand and face to face, how EUB regulatory changes and innovation will affect your company. It's also your chance to ask questions as information is presented.

Session Topics:

Public Safety and Sour Gas Update; Planning and Proliferation; Participant Involvement; Spectrum Web Innovations for Energy Information; Coalbed Methane; Emergency Preparedness (Guide 71)

March 3 - 4

Telus Convention Centre

For more information call:

EventPlan: (403) 247-5722

Tammy Sigfusson, EUB: (403) 297-8119

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 two core functions: adjudication and regulation, information and knowledge.

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

January 13: Bulletin 2004-03: Amendment to the EUB's Rules of Practice and Update to Guide 31B

January 5: Bulletin 2004-02: Streamlining EUB Documents on Regulatory Requirements

January 5: Bulletin 2004-01: Phase 3 of Field Surveillance Inspection System (FIS) Implementation

November 24: Bulletin 2004-04: Revision to Gas Removal Data (GRD) Volumetric Data Deadline Announced in Bulletin 2003-36

News Releases

February 5: NR 2004-07: Provincial/Federal joint review panel issues final report on Jackpine Oil Sands project

February 2: NR 2004-06: EUB approves interim franchise fee for ATCO Gas North's Edmonton customers

January 29: NR 2004-05: EUB verifies February Natural Gas Cost Recovery Rates (GRRs)

January 27: NR 2004-04: EUB denies application by Solex to extract natural gas liquids off the Nova Gas transmission line

January 27: NR 2004-03: Provincial/Federal joint review panel issues final report on Horizon Oil Sands project

Other Publications

February 3: Process Clarification for Licensing Pipeline Amendments (Field Inspections, Records Corrections, Self-Disclosures) (January 2004)

This protocol clarifies the requirements for submission of pipeline licence amendment applications (identified by EUB field inspectors or licensees as having licensing noncompliances)

January 29: Guide 14: PVT and Core Studies Index (January 2004)

January 22: EUB Draft Measurement Guide: Chapter 5: Site-Specific Deviation from Base Requirements - New chapter released for stakeholder review and comment

January 20: AR 101/2001 (consolidated to AR 391/2003) Rules of Practice (under the Alberta Energy and Utilities Board Act)

January 20: AR 151/71 (consolidated to AR 390/2003) Oil and Gas Conservation Regulations (under the Oil and Gas Conservation Act)

Recent decisions

February 5: Decision 2004-009: Shell Canada Limited, Applications for an Oil Sands Mine, Bitumen Extraction Plant, Cogeneration Plant, and Water Pipeline in the Fort McMurray Area

February 3: Decision 2004-010: EPCOR Utilities Inc. Code of Conduct and Exemption Application

January 31: Decision 2004-011: ATCO Gas and Pipelines Ltd. Application for a Revised Franchise Rider in the City of Edmonton

January 27: Decision 2004-008: Advantage Oil and Gas Ltd. Application for a Licence for a Natural Gas Pipeline, Provost Area

January 27: Decision 2004-006: Solex Gas Processing Corp., Application to Amend a Gas Processing Scheme and for Natural Gas Pipelines

January 27: Decision 2004-005: Canadian Natural Resources Limited, Application for an Oil Sands Mine, Bitumen Extraction Plant, and Bitumen Upgrading Plant in the Fort McMurray Area

January 15: Decision 2004-004: ATCO Gas Errata to Decision 2003-108 2003 Gas Rate Unbundling

January 15: Decision 2004-003: ATCO Pipelines 2003/2004 General Rate Application – Phase I Errata of Decision 2003-100

January 13: Decision 2004-001: Direct Energy Regulated Services Regulated Rate Tariff Transition Rate Request for Approval to Commence a Negotiated Settlement

January 13: Decision 2004-002: Direct Energy Regulated Services Gas Default Rate Tariff Terms and Conditions of Default Rate Service and Electricity Regulated Rate Tariff Terms and Conditions of Regulated Rate Service

January 1: Decision 2004-007: AltaLink Management Ltd. and TransAlta Utilities Corporation Transmission Tariff for May 1, 2002 – April 30, 2004 TransAlta Utilities Corporation Transmission Tariff for January 1, 2002 – April 30, 2002 Compliance with Board Directions in Decision 2003-061

Utility Landscape Reflects Restructuring: Recent EUB Decisions*(continued from page 1)*

The EUB will oversee service quality in a measured and responsible manner to ensure fairness to both customers and utility companies. Standards have been established for the first time to help ensure that customer's bills are accurate and issued in a timely manner and customer complaints are resolved promptly.

The EUB was given the ability to create service quality standards under the revised *Electric Utilities Act* and the *Gas Utilities Act* enacted in June 2003. The revised acts also directed that EPCOR and ENMAX would be regulated by the EUB as of January 1, 2004.

The EUB has a mandate to ensure that customers of regulated gas and utilities receive safe, adequate, and proper service at just and reasonable rates. These service quality and reliability plans are one way the EUB is fulfilling its mandate. ❖

Timeline EUB Electricity Decisions*Decision 2003-098*

Board panel approves ATCO's sale of retail operations to Direct Energy Marketing.

Decision 2003-106 and 2003-108

Board panel issues two decisions that unbundled rates and approved the tariff rate structure of Direct and ATCO.

Utility Service Quality Plans

EUB establishes a process to receive and review information that is used to confirm performance standards.

Polaris decision highlights fairness of EUB process

When the EUB recently denied an application by Polaris Resources Inc. to drill a critical sour gas well in southwest Alberta, different groups claimed victory at the outcome.

Environmentalists, ranchers, local landowners, and others all pointed to their particular concerns as the catalyst for the decision to deny the application.

The evidence brought forward by these groups was critical to the EUB's decision. But *Decision 2003-101* goes much further. It speaks to a process that works effectively for all Albertans, whether they are members of the public, landowners, special interest groups, or industry.

The hearing conducted in Maycroft from September 9 to 22, 2003, covered a wide range of topics, from public consultation to technical aspects of the company's application.

After carefully considering all the evidence, the EUB panel ruled that there were too many areas of concern to approve the company's plans.

These concerns included some of those raised by parties that filed objections to the application.

Following the release of the decision, much was written about the denial. Certain items require clarification. First, the proposed area is outside the Bob Creek Wildland Park and the Black Creek Heritage Rangeland which are considered "special places" and are therefore protected from development. Some media stories reported that the location was inside protected areas, which is false.

Second, in its decision the EUB panel was clear that the denial does not preclude development in the area. Rather, it clearly outlines that the applicant was unable to convince the panel that it was capable of managing the development on numerous fronts.

This decision should not be viewed as a victory for one side or the other. It should be viewed as an affirmation of the EUB's ability to fairly regulate oil and gas activity in Alberta. This decision proves that the EUB's process works and that most applicants strive to adhere to or exceed regulations.

Industry knows that if the EUB is not convinced that any proposed project can be drilled, constructed, or operated safely, it will not be allowed to proceed.

It is interesting to note that industry feedback about *Decision 2003-101* has been overwhelmingly positive. Most companies do their best to ensure that they comply with EUB regulations at all times and support EUB decisions that demonstrate that compliance is the best course of action.

More important, this process ensures that Albertans can continue to enjoy the benefits we all accrue in the province when oil and gas activity take place without people or the environment being subjected to undue risk or impacts.

There may be further applications by companies to drill in this area or others like it. And when they are filed with the EUB, they will be scrutinized and reviewed using a regulatory framework that is recognized worldwide for its inherent fairness, stringent requirements, and accessibility to the public. ❖

EUB's Geoscape Edmonton poster released

School children in Edmonton will understand more about what's happening beneath their feet thanks to the Geoscape Edmonton poster produced by the EUB's Alberta Geological Survey (AGS).

The poster, which will be used in Edmonton Catholic Schools, provides a rich illustration of life underneath the City of Edmonton and how the landscape formed. Topics covered on the poster include geological time, regional resources, geohazards, the river valley, glacial geology, and groundwater.

The Geoscape Edmonton project was led by AGS's Dixon Edwards and is part of a

series of posters from areas across Canada. Geoscape Calgary was produced about one year ago.

Dixon's team, which included geologists, the AGS graphic artist and teachers in the Edmonton area, developed the poster to create excitement and interest within classrooms. Reaction by teachers has been favourable, and the initial print run of 1000 is anticipated to go very quickly.

You may view the on-line version of Geoscape Edmonton at http://www.ags.gov.ab.ca/publications/publications_alberta_geological_survey.shtml Look under "Recent Publications."

A PDF version is available for download. Posters are available to purchase for \$10.00 per copy from AGS Information Sales, the Edmonton Geological Society (Matt Grobe 780-427-2843) or from the Geological Survey of Canada Bookstore in Calgary. An educational discount is available for teachers for purchases from the Edmonton Geological Society.

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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
1310259	ATCO Group (ATCO Electric, ATCO Gas, ATCO Pipelines)	ATCO Utilities - Executive compensation review
Start date: February 25, at Govier Hall, Energy and Utilities Board Building, 640 - 5 Avenue SW, Calgary		
1306819	ENMAX Power Corporation	ENMAX/EPCOR Municipal Electric Service
1306821	EPCOR Distribution Inc.	2004-200X distribution tariff (DT) applications
Start date: March 1 (Edmonton), March 7 (Calgary), at National Energy Board, 444 7th Avenue SW, Calgary		
1296093	EnCana Corporation	Applications for a licence to drill two non critical sour gas well - Sinclair Field
1312608		
Start date: March 3, at Quality Inn, 11201 100th Avenue, Grande Prairie		
Gas Bitumen Conservation - Phase III Proceeding		
Start date: March 8, at Govier Hall, Energy and Utilities Board Building, 640 - 5 Avenue SW, Calgary		
1279926	Westridge Utilities Inc.	Review of the rates, tolls, charges, and terms and conditions of service for water provided by Westridge
Start date: March 18		

Pending decisions

Application No.	Applicant	Hearing Purpose
1305198	Anadarko Canada Corporation	Holding - Galuconitic-Gas-Westrose South Field
1305190		
1257976	Aquila Networks Canada (Alberta) Ltd.	Review of Board Decision 2001-92 (GENCO and DISCO 2000 pool price deferral accounts proceeding: Part K: Recovery period, carrying cost rates, collection issues, and hedging issues) and Board Decision 2001-93 (2000 pool price deferral accounts proceeding, Part L: Review of AE and UNCA DISCOS)
1319698	ATCO Gas and Pipelines	I-Tek compliance filling
1319530	ATCO Electric Ltd.	
1275494	ATCO Electric Ltd.	2003-2004 General tariff application - refiling
1319698	ATCO Gas and Pipelines	I-Tek compliance filling
1319530	ATCO Electric Ltd.	
1319540	ATCO Electric Ltd.	Approval of amounts to be paid into and out of the balancing pool regarding the sale of the isolated generating units
1322864	Alberta Electric System Operator	2004 General tariff application - AESO's own costs
1282388	AltaLink Management Investment Ltd.	Request for relief of Section 101(2) of the PUB Act
1322026	Aquila Networks Canada (Alberta) Ltd.	Filing for distribution tariff update and annual AESO charges deferral account
1323828	ATCO Gas	2003/2004 General rate application compliance filing
1322694	University of Alberta	Appeal respecting rates of EPCOR Distribution Inc.
1271597	AltaGas Utilities Inc. AltaLink Management Ltd. Aquila Networks Canada (Alberta) Ltd. The ATCO Group of Companies ENMAX Power Corporation The EPCOR Group of Companies NOVA Gas Transmission Ltd.	Generic cost of capital

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For Alberta Geological Survey (AGS) documents on geological research:

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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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