

Gas Cost Recovery Rate (GCRR) - South

What is the GCRR?

The GCRR reflects the market price ATCO pays to purchase natural gas for our customers. Regulated by the Alberta Energy and Utilities Board, it changes monthly and is based on the most current forward market price information for the upcoming month. ATCO Gas purchases natural gas from Alberta producers on the open market and does not mark up or profit from the cost of gas.

How is the GCRR determined?

The gas rate is based on two components:

- A forecast of market prices for the month.
- Any amount over or under-collected from previous months. We only collect from customers what we have paid to purchase natural gas and to manage the gas supply.

How much natural gas does a typical customer use?

A typical residential customer consumes 135 GJ per year broken down as follows:

Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec
23 GJ	18 GJ	16 GJ	9 GJ	5 GJ	3 GJ	3 GJ	4 GJ	5 GJ	9 GJ	18 GJ	22 GJ

How much will a typical residential customer bill be for December?

A typical ATCO Gas South customer bill will be approximately \$207 (including energy and delivery charges, local franchise fees and taxes). In December 2002, the average customer's bill was \$173.

Annual Monthly Rates Breakdown Comparison:

December 2003: \$6.206/GJ (net rate)

(Includes a \$0.95 debit due to a forecast under-recovery at the end of November 2003)

1. GCRR (Gas Cost Recovery Rate): \$6.224/GJ
2. COPRR (Company Owned Production Rate Rider): \$0.025/GJ Credit
3. COSRR (Company Owned Storage Rate Rider): \$0.007/GJ Debit

December 2002: \$4.533/GJ (net rate)

(Based on a forecast market price of around \$5.38/GJ and a charge of approximately \$0.05 from a prior-period under-collection; including a \$0.019 production credit and a \$0.91 storage credit)

Why do rates fluctuate?

Market rates can fluctuate for a variety of reasons including supply and demand for gas, weather, storage and production activity and availability of alternate fuel sources. Extreme temperatures have a strong influence on natural gas demand as well so many price spikes are associated with unusually hot or cold weather patterns.

What are the production and storage riders?

The Production Rider credits customers with their share of the difference between the monthly gas rate at the market price and the lower cost natural gas supply from the Carbon storage facility in the South. The Storage Rider can be a credit or debit. The Carbon storage facility is used to store lower cost summer gas to be withdrawn for gas supply during the higher priced winter months. When winter prices are higher

than summer prices, there will be a storage credit. We do not own storage or production facilities in the North so these riders only apply to South customers.

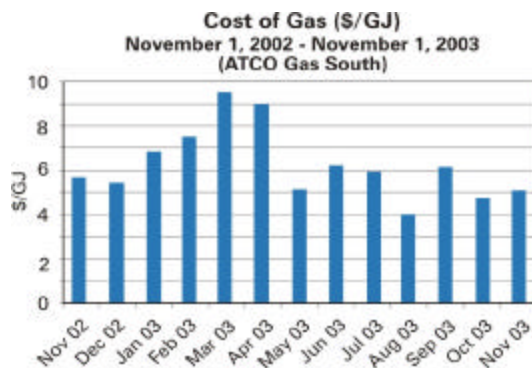
Where are natural gas prices going?

It's impossible to predict exactly where natural gas prices will go from one month to the next. Again, it depends on what factors are affecting the natural gas market.

What can customers do to control their gas bills?

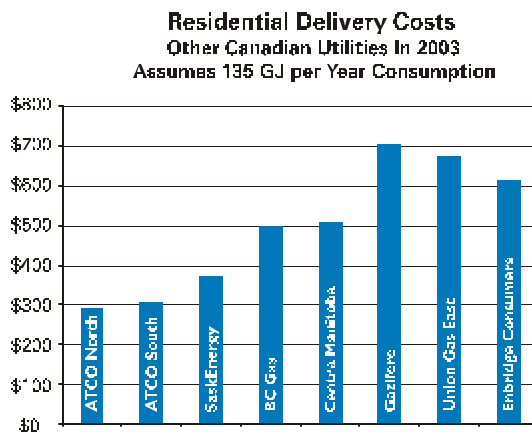
Customers can take advantage of ATCO EnergySense, a service that offers free energy-saving advice. By taking some actions in the short-term, such as turning the thermostat down or installing a programmable thermostat, customers may be able to reduce their gas consumption. ATCO EnergySense also offers the EnerGuide for Houses energy efficiency evaluation for \$150. For more information contact an energy management analyst at 310-SAVE (310-7283) or visit www.atcoenergysense.com.

How does the ATCO Gas December rate compare with historical gas costs?



How do ATCO Gas delivery rates compare with other utilities?

ATCO Gas has the lowest delivery rates among other natural gas distribution companies in Canada. Ten years ago, delivery charges (fixed and variable) for the average residential consumer in December were \$34.90. In December 2003, they will be \$37.41 – an increase of less than one per cent, or about 25 cents a year.



Budget Payment Plan:

If you are concerned about fluctuating gas costs, you may smooth out your bill payments through our Budget Plan program. The Budget Plan estimates your annual natural gas costs and divides the total into 12 equal monthly payments. Call our Customer Assistance Centre at 310-5678, or visit our web site at www.atcogas.com.