



News Release

February 24, 2004

ATCO Gas South files for 19% rate decrease

Edmonton, Alberta — ATCO Gas South has filed with the Alberta Energy and Utilities Board a proposed Gas Cost Recovery Rate (GCCR) of \$5.831/gigajoule (GJ) for March.

Pending approval of the proposed rate and implementation of government rebates, ATCO Gas South customers will see a \$0.99/GJ decrease in March compared to February. The March bill for average residential customers will be about 22 per cent lower than February's bill - \$123.74 versus \$158.37.

The proposed rate reduction will see the rate drop from \$5.32/GJ (the February rate, including rebate) to **\$4.33/GJ** (the proposed March rate including rebate).

This time last year, March 2003, the rate was \$8.336/GJ.

ATCO Gas President Jerome Engler said although the company doesn't profit from the price of natural gas, it is always good news for customers when market prices come down.

"Our customers pay exactly the same amount as we pay for natural gas" said Mr. Engler. "These lower prices also come at time when energy use is typically lower, so the net effect is about a 22 per cent reduction in the monthly bill for an average residential customer."

ATCO Gas buys natural gas from Alberta producers on the open market and delivers it to customers, without mark-up. The company earns a regulated rate of return on the monthly delivery charge, which is the lowest in Canada.

If approved as filed, the new gas rate will take effect March 1, 2004.

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NATURAL-GAS RATES FOR ATCO GAS

How the Gas Cost Recovery Rate is determined

ATCO Gas buys natural gas from Alberta producers on the open market and delivers it to customers, without mark-up. When gas prices are high, ATCO does not make any more money than when prices are low. **Our customers pay exactly the same amount as we pay for natural gas.**

The formula used to calculate the monthly Gas Cost Recovery Rate (GCRR) is approved by the Alberta Energy and Utilities Board (EUB). It is based on two components:

1. A forecast of market prices for the month.
2. Any amount over or under-collected from previous months.

Natural-gas prices go up and down according to market forces. Regulated by the Alberta Energy and Utilities Board (EUB), the GCRR changes monthly, based on forward-market price information for the upcoming month.

ATCO's delivery charge lowest in Canada

ATCO earns its money through the monthly delivery charge, which is the lowest in Canada compared with other natural-gas distribution companies. In 2003, a typical ATCO residential customer paid about \$300 a year for natural-gas delivery, compared with more than \$700 for customers in parts of eastern Canada.

Annual delivery costs for 2003 based on residential customer using 135 GJ/year.

ATCO North	ATCO South	ALTA Gas	SASK Energy	Terasen Gas	Centra Manitoba	Gazifere	Union Gas East	Enbridge
\$292	\$310	\$344	\$374	\$496	\$517	\$702	\$743	\$605

How much will a typical residential customer bill be?

Average bill calculations for typical residential customers are based on average consumption, and include energy and delivery charges, riders, franchise fees and taxes. * March 2004 rates are pending EUB approval, and a rebate announcement by the Alberta Government.

	March 2004	February 2004	March 2003
Gas North	\$113.94 (w/rebates)	\$141.72 (w/rebates)	\$185.14 (no rebates)
Gas South	\$123.74 (w/rebates)	\$158.37 (w/rebates)	\$195.96 (no rebates)

Why are North and South rates different?

- **The EUB regulates ATCO Gas North and South as two separate companies.** As such, ATCO Gas is required by the EUB to buy natural gas for North and South customers separately.
- In addition, the net rate for ATCO Gas South customers includes production and storage riders. These riders can be a credit or a debit. The credit/debit is the difference between the current market rate for natural gas and the cost of gas stored at the company-owned Carbon facility in the South. When winter prices are higher than summer prices, there will be a credit.
- ATCO does not own storage or production facilities in the North, so these riders only apply to ATCO Gas South customers.

Why do natural gas rates fluctuate?

Natural-gas costs can fluctuate for a variety of reasons, including supply and demand, weather, storage and production activity, and the availability of alternate fuel sources. Extreme temperatures have a strong influence on natural-gas demand, so price spikes are often associated with unusually hot or cold weather.

Net rates (\$/GJ) for ATCO Gas customers in 2003

	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec
North	7.013	7.191	8.584	8.486	5.248	7.150	6.801	5.026	6.317	5.046	5.339	5.241
South	5.413	6.695	8.366	8.533	4.840	6.094	5.940	4.001	6.006	4.89	5.044	5.258

Budget Plan smoothes out fluctuations

Customers concerned about fluctuating gas costs can smooth out their bill payments through the ATCO Gas Budget Plan program. The Budget Plan estimates 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.

How much natural gas does a typical customer use?

Natural-gas use for a typical residential customer (135 GJ/year)

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

Free expert advice to help customers reduce natural-gas use

Two factors affect a customer's bill: 1) the cost of natural gas (GCCR); and 2) the amount of natural gas the customer uses – or consumption.

The price of natural gas is set in the market and ATCO does not have control over market prices. However, customers do have control over the amount of energy they use. ATCO provides free expert advice on how to use energy more efficiently in the home, and we encourage customers to call ATCO EnergySense for tips on how to get more value for their energy dollar. Call 310-SAVE (310-7283) or visit www.atcoenergysense.com.