



News Release

April 27, 2004

Natural Gas Bills Expected to Drop by 39%

ATCO Gas South Files Proposed May Rates

Edmonton, Alberta — Residential customers of ATCO Gas South could see a 39 per cent decrease on their natural gas bill next month. This estimate is based on typical May consumption in an average household.

If approved as filed with the Alberta Energy and Utilities Board, the proposed net gas rate of \$5.37/GJ would see a typical residential bill at about \$53 in May. In April the rate was \$5.59/GJ and a typical residential bill was \$88.

“I’m happy to report that customers should see lower bills again this month,” said ATCO Gas President Jerome Engler. “The forecasted market price for gas is slightly lower than last month and consumption is typically lower so bills should be lower.” The average residential customer typically uses about 5 GJ of natural gas in May, compared to 9 GJ in April.

The Gas Cost Recovery Rate (GCRR) changes monthly and represents a flow-through of the cost of natural gas to customers. If approved as filed, the new gas rate will take effect May 1, 2004.

Yesterday, ATCO Group announced the transfer of its retail energy supply businesses to Direct Energy Marketing Limited as of May 4. As a result, this is the last GCRR application ATCO Gas will submit to the EUB. Direct Energy will purchase energy on behalf of customers and file the monthly GCRR.

ATCO will continue to own, operate and maintain the delivery system. ATCO Gas’ delivery charges – the lowest in Canada – will be included on the new Direct Energy Regulated Services bill, which will be sent to customers in June. In 2003, a typical ATCO residential customer paid about \$300 a year for natural gas delivery, compared with more than \$700 for customers in eastern Canada.

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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 on our customers' behalf and flows through that cost to customers. 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's delivery charge 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

Typical residential monthly bill

The following bill calculations are based on a typical residential customer's natural gas use and include energy and delivery charges, riders, franchise fees and taxes. Bills will vary from customer to customer depending on their consumption and billing cycle; and from community to community based on franchise agreements.

May 2004 rates are pending EUB approval. * identifies months in which Alberta Government natural gas rebates were applied.

	2004					2003								
	May	Apr	Mar	Feb	Jan	Dec	Nov	Oct	Sept	Aug	July	June	May	April
North	\$53	\$85	\$114*	\$142*	\$176*	\$169	\$144	\$77	\$57	\$44	\$43	\$44	\$52	\$110
South	\$53	\$88	\$124*	\$158*	\$187*	\$182	\$147	\$80	\$58	\$41	\$41	\$42	\$52	\$119

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

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.