



talk about natural gas

April 2009

Your residential natural gas bill

Who supplies residential natural gas service?

Natural gas utility companies provide a service that combines the purchase of natural gas on your behalf and its delivery to your home through the pipeline system. In some cases the same company provides both the purchase of natural gas and the delivery of that gas; in other cases it is two separate companies: a gas supplier and a pipeline owner. It is important to note that energy costs and delivery costs may be billed by separate entities.

In Alberta, natural gas service may be provided by:

- **Investor-owned gas utility companies** regulated by the Alberta Utilities Commission (AUC). For example, ATCO Gas North, ATCO Gas South, AltaGas Utilities. As of June 2004, consumers served by ATCO receive their AUC-regulated gas supply service and billing from Direct Energy Regulated Services.
- **Municipally-owned gas utilities** owned and regulated by the municipality. For example, the City of Medicine Hat; the County of Smoky Lake; the Town of High Prairie; or Village of Boyle.
- **Rural gas co-operatives** owned by the members they serve and regulated by the elected co-op board members. For example, Ankerton Gas Co-op Ltd., Little Bow Gas Co-op Ltd.
- **Competitive retailers** offering natural gas contracts. Service Alberta licenses retailers under the Fair Trading Act. The terms and conditions of the sale are set in the contract. If you purchase gas from a competitive retailer, the gas is still delivered by the gas distribution company who owns the pipeline system that delivers the natural gas to your house. Examples of competitive retailers are ENMAX and Direct Energy Essential Services.

What are the components of a typical residential Alberta natural gas bill?

Meter reading – Estimated (E) or Actual (A)

Meters record how much natural gas you used during the billing period and are read at regular intervals, usually every second month. For months that your meter is not read, monthly consumption is estimated.

Estimates are allowed, provided they are reconciled to actual consumption as soon as possible. Your bill will state whether the current charges are based on an estimate of your consumption or an actual meter reading.

Delivery Charges

These charges are the regulated cost of transporting natural gas to consumers. Consumers have always paid for the costs of receiving natural gas from the distribution system. These systems are fully regulated by their regulator, which approves their tariffs. Some rural gas co-operatives and municipally owned gas utilities combine the delivery charges with the energy charges in their bills. More detailed delivery charges may be shown on your bill as:

- **Fixed delivery charge** - This delivery charge covers the costs of building and maintaining the distribution system to deliver natural gas to consumers. It is not based on consumption and is typically charged at a fixed monthly rate.
- **Variable delivery charge** - This delivery charge covers the cost for the operation of the distribution system, and is based on the amount of energy consumed.

Rate Rider(s)

A rider is a temporary credit or charge approved by the regulator of the gas company. Riders occur when the actual costs incurred by a gas company to provide natural gas service to their customers differs from the rates approved by their regulator. Energy rate riders are associated with the cost of the actual energy, and delivery rate riders are associated with distribution costs.



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Energy Charge

This is the cost of natural gas consumed during the billing period, typically expressed in dollars per gigajoule (\$/GJ). Since 1985, wholesale prices for natural gas in Alberta have been set in the North American marketplace by market forces, not the government. Differences can occur between the rates set by regulators, reflecting variations in transportation costs, gas management costs, storage and other factors.

•Investor-owned gas company:

The Gas Cost Recovery Rate (GCRR) or Gas Cost Flow Through Rate (GCFR) is a flow-through rate designed to represent the projected monthly market cost of natural gas. The GCRR or GCFR is the forecast of what the regulated cost of gas is expected to be for a month. To ensure only the actual cost of the gas is being passed on to the consumers, the GCRR or GCFR also includes any adjustments needed to reconcile actual costs with forecast costs for the previous two months. More information about the regulation of GCRR or GCFR is available at the AUC’s website, www.auc.ab.ca.

•Municipally owned gas utility:

You should contact your municipal utility directly to determine how the energy charge is set.

•Rural gas co-operative:

Most gas co-operatives acquire their natural gas supply from Gas Alberta Inc., a brokerage operation owned by the co-ops. To determine how the energy charge is set, contact your gas co-op directly.

•Competitive retailer:

Competitive retailers offer contracts with a variety of terms, typically at fixed prices. Fixed prices make budgeting easier and provide certainty with regard to prices. Please note that these are legal agreements between you and a licensed energy retailer. For a list of companies offering contracts, please visit www.ucahelps.gov.ab.ca.

Regulated energy companies do not sell energy contracts.

AltaGas Utilities	1-866-222-2067	ATCO Gas	310-5678 (toll-free)
Direct Energy-North		Rural Gas Co-ops	Local rural gas co-op
Direct Energy-South	1-866-420-3174		
Municipal Utilities	Local municipality		
ENMAX	310-2010 (toll-free)	EPCOR	310-4300 (toll-free)

Administration Charge

This charge may be broken out on bills. It is intended to cover the provider’s costs for billing, customer services, call centre and other administrative services.

Municipal Franchise Fee

This fee is collected by the gas company on behalf of local government as a charge to access municipal land to construct, maintain and operate distribution systems serving the residents of the city, town, or village. The local government council establishes the rate.

In some cases, the Municipal Franchise Fee is collected as a percentage of the energy charge and the delivery charge, resulting in a corresponding change when prices change. In other cases, the fee is based on delivery costs and is not subject to gas market price fluctuations. The authorization for such fees falls under the Municipal Government Act.

Goods and Services Tax (GST)

The five per cent federal GST calculation is based on the total cost on your bill.

Where can consumers get more information?

For questions about your natural gas bill, please contact your gas company directly.

Questions relating to Rural Gas Co-ops

Please refer to the Federation of Gas Co-ops website at: www.fedgas.com/ or call 780-416-6543.

Questions about Alberta’s natural gas marketplace

Please visit www.ucahelps.gov.ab.ca, or call the Utilities Consumer Advocate toll-free at 310-4UCA (310-4822).