

## Applications for Municipal Franchise Agreements and Associated Franchise Fee Rate Riders

This rule [as amended](#) was approved by the Alberta Utilities Commission on ~~February 25, 2015~~ [Month DD, 20XX](#), and is effective ~~April 1, 2015~~ on [Month DD, 20XX](#).

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## 1 Definitions

1.1 In this rule,

- (a) "Commission" means the Alberta Utilities Commission; ~~as defined in the *Alberta Utilities Act*;~~
- (b) "electric utility" means an electric utility as defined in the *Electric Utilities Act*, which provides electric distribution service as defined in ~~the~~ that act;
- (c) "franchise agreement" means an agreement made between a municipality and an owner, ~~of an electric utility or an owner of a gas utility~~ which grants the owner ~~of the utility the~~ a right to provide electric distribution service or gas service, in all or part of the municipality, in accordance with Section 45 of the *Municipal Government Act*;
- (d) "franchise fee" means an amount payable by an owner to a municipality in exchange for the grant of a franchise;
- (e) "franchise fee rate rider" means the rate approved by the Commission to be charged to customers of the electric utility or gas utility in the municipality resulting from the franchise agreement;
- (f) "gas utility" means a gas utility as defined in the *Gas Utilities Act*;
- (g) "municipality" means a municipality as defined in the *Municipal Government Act*;
- (h) "owner" means an owner of an electric utility as defined in the *Electric Utilities Act* or an owner of a gas utility as defined in the *Gas Utilities Act*;
- (i) "template" means the standard electric franchise agreement approved in Decision 2012-255 or Decision 2012-294 for an electric utility ~~or~~ and means the standard natural gas franchise agreement approved in Decision 20069-D01-2015 for a gas utility.

## 2 Application

- 2.1 This rule applies to an applications ~~seeking for Commission~~ approval of a franchise agreement and ~~the associated franchise fee rate rider, from ATCO Electric Ltd., FortisAlberta Inc., ATCO Gas and Pipelines Ltd., and AltaGas Utilities Inc., pursuant to the *Electric Utilities Act* or *Gas Utilities Act* and the *Municipal Government Act*~~ under the *Municipal Government Act* and either the *Electric Utilities Act* or the *Gas Utilities Act*.

### 3 Franchise agreement application

- 3.1 An owner ~~of an electric utility may apply for~~ applying for Commission approval of an electric franchise agreement ~~by must~~ submitting:
- (a) the completed form set out in Appendix 1;
  - (b) ~~the a~~ proposed franchise agreement; ~~which is in accordance with the template for an electric utility;~~
  - (c) ~~the a~~ rate rider schedule showing the franchise fee percentage and the effective date of the franchise fee rate rider;
  - (d) a copy of the notice and the rationale for the method chosen to provide notice under Section 4.1; and
  - (e) a copy or summary of all written and oral objections or concerns received from interested parties, and a copy or summary of all responses provided to those parties.
- 3.2 An owner ~~of a gas utility may~~ applying for Commission approval of a gas franchise agreement ~~by must~~ submitting:
- (a) the completed form set out in Appendix 2;
  - (b) ~~the a~~ proposed franchise agreement ~~which is in accordance with the template for a gas utility;~~
  - (c) ~~the a~~ rate rider schedule showing the franchise fee percentage and the effective date of the franchise fee rate rider;
  - (d) a copy of the notice and the rationale for the method chosen to provide notice under Section 4.1; and
  - (e) a copy or summary of all written and oral objections or concerns received from interested parties, and a copy or summary of all responses provided to those parties.
- 3.3 If ~~an applicant makes any changes to the template, it must list the changes, and provide additional information on the changes, including the result or impact of the changes and supporting rationale for each change.~~ the owner is Apex Utilities Inc., ATCO Electric Ltd., ATCO Gas and Pipelines Ltd., or FortisAlberta Inc., and if the franchise agreement under Section 3.1(b) or 3.2(b) contains changes to the template, then the owner must submit:
- (a) a blacklined version of the template that tracks each change;
  - (b) a supporting rationale for each change; and
  - (c) an explanation of the result or impact of each change.

## 4 Notice of franchise agreement application

- 4.1 ~~Before filing an application with the Commission, an applicant shall prepare a notice of application containing the information set out in the notice of application template available on the Commission website, and place the notice in the newspaper having the widest circulation in the municipality. An owner, before filing a franchise agreement application with the Commission under Section 3, must:~~
- (a) consult with the municipality that is a party to the franchise agreement to select the method(s) for providing notice under Section 4.1(b) that ensures that notice is provided to as many utility customers as reasonably possible; and
  - (b) ensure the notice of application, containing the information set out in the notice of application template available on the AUC website, is provided using at least one of the methods listed below:
    - (i) published in the newspaper having the widest circulation in the municipality;
    - (ii) direct mail-out or emailed to utility customers in the municipality;
    - (iii) posted on the municipality's website, social media pages, and office notice board (as available); or
    - (iv) an alternative method that best meets the objectives under Section 4.1(a) if permission is granted by the Commission in advance of the owner filing the franchise agreement application.
- 4.2 ~~When determining which newspaper to place the notice in, the applicant shall consult with the municipality who is a party to the franchise agreement. An owner or the municipality who is a party to the franchise agreement must respond to inquiries about the franchise agreement and provide a copy of the franchise agreement to any person requesting a copy.~~
- 4.3 ~~If no newspaper is in circulation in the municipality, an applicant must inform the Commission and discuss an alternate manner of giving notice.~~
- 4.4 ~~The municipality who is a party to the franchise agreement may post on its website the notice of application.~~
- 4.5 ~~An applicant or the municipality who is a party to the franchise agreement shall respond to inquiries about the franchise agreement and provide a copy of the franchise agreement to any person requesting a copy.~~

## 5 Franchise agreement application processing timelines

- 5.1 The Commission will issue a decision on a franchise agreement application that satisfies the following criteria within five business days:
- (a) the owner is Apex Utilities Inc., ATCO Electric Ltd., ATCO Gas and Pipelines Ltd. or FortisAlberta Inc.;

- (b) the franchise agreement submitted under Section 3.1(b) or 3.2(b) contains no changes to the applicable template;
- (c) no objections or concerns were received from interested parties; and
- (d) the franchise agreement complies with all legislative and regulatory requirements.

5.2 For franchise agreement applications that do not qualify under Section 5.1, the Commission will assess the need for additional process and adhere to the performance standards and timelines set out in Bulletin 2015-09.

## 6 Rate rider schedules

6.1 In the event that ~~the an approved~~ franchise fee ~~rate rider~~ will not be effective on the ~~anticipated date,~~ approved by the Commission, ~~the applicant an owner shall~~ must file an updated franchise fee rate rider schedule with the Commission showing the franchise fee percentage and the new effective date of the franchise fee.

## 7 ~~Annual~~ Franchise fee changes

7.1 ~~Any change in the level of the franchise fee to be charged under an approved franchise agreement is required to be filed with the Commission for acknowledgement before the rate comes into effect.~~ Prior to changing a franchise fee to be charged under an approved franchise agreement, an owner must:

- (a) ensure notice is provided under Section 4.1 at least 45 days before the new franchise fee comes into effect; and
- (b) file an application with the Commission for acknowledgment of the change in franchise fee at least 14 days before the new franchise fee comes into effect.

7.2 ~~Prior to implementing any change in the franchise fee rate rider schedule, the municipality who is a party to the franchise agreement must notify utility customers of the proposed change in the rate through the publication of a notice in the newspaper having the widest circulation in the municipality, at least 45 days prior to the implementation of the revised rate.~~ An owner, in its filing for acknowledgment under Section 7.1(b), must:

- (a) describe the franchise fee change;
- (b) provide a copy of the notice and the rationale for the method chosen to provide notice under Section 4.1;
- (c) include an updated franchise fee rate rider schedule showing the effective date of the new franchise fee percentage; and
- (d) provide a copy or summary of all written and oral objections or concerns received from interested parties, and a copy or summary of all responses provided to those parties.

- ~~7.3 — If no newspaper is in circulation of the municipality, the Commission must be informed and an alternate manner of giving notice discussed.~~
- ~~7.4 — The owner of an electric utility or the owner of gas utility in its filing for acknowledgement shall:~~
- ~~(a) — indicate the proposed franchise fee changes,~~
  - ~~(b) — attach a copy of the newspaper notice or notice given by alternate means,~~
  - ~~(c) — include an update rate rider schedule showing the effective date of the new franchise fee percentage.~~

## Appendix 1 – Electric Franchise Application Form

Month Day Year

Pursuant to Under Section 45 of the *Municipal Government Act*, and Section 139 of the *Electric Utilities Act*, [Electric Utility Owner] applies for approval of a franchise agreement with [municipality]. The franchise agreement satisfies the requirements of the *Municipal Government Act* and *Electric Utilities Act*. In addition, pursuant to Section 102 of the *Electric Utilities Act*, [Electric Utility Owner] applies to the Alberta Utilities Commission for approval of its [Franchise Fee Rate Rider Schedule], which reflects the franchise fee percentage as set out in the franchise agreement.

<b>1. FRANCHISE AGREEMENT</b>	
The proposed franchise agreement is based on the standard electric franchise agreement template approved in Decision 2012-255 or 2012-294, and forms part of this application.	YES <input type="checkbox"/> NO <input type="checkbox"/>
<b>2. MODIFIED FRANCHISE AGREEMENT</b>	
<u>This section applies only to ATCO Electric Ltd. and FortisAlberta Inc.</u>	YES <input type="checkbox"/> NO <input type="checkbox"/>
The proposed franchise agreement includes changes to the standard electric franchise agreement template approved in Decision 2012-255 and Decision 2012-294. <del>If there are changes to the template, include a document indicating the changes to the franchise agreement template and the result or impact of the change, also include the supporting rationale for each change.</del> <u>[If yes, please refer to Section 3.3 of Rule 029: Applications for Municipal Franchise Agreements and Associated Franchise Fee Rate Riders for requirements]</u>	
<b>3. TERM</b>	
The term of the franchise agreement is 20 years or less, with a proposed term of [XX years].	
<b>4. EFFECTIVE DATE</b>	
The proposed effective date of the franchise agreement is [Month XX, YYYY].	
<b>5. FRANCHISE FEE</b>	
In the absence of prior approval by the Commission, the franchise fee will not exceed 20 per cent. The proposed franchise fee of [XX] per cent <del>[replaces the current franchise fee of XX per cent or is a continuation of the current franchise fee.]</del> The proposed franchise fee will result in <del>[an increase or a decrease of \$X.XX to or a continuation of \$X.XX in]</del> the average monthly charge for an average residential customer.	
<b>6. RATE RIDER SCHEDULE</b>	
The franchise fee rate rider schedule forming part of this application is effective on [Month XX, YYYY], shows the [proposed or continuing] franchise fee.	
<b>7. NOTICE OF APPLICATION FILING</b>	
Notice of the proposed franchise agreement was <del>advertised</del> <u>provided</u> on [Month XX, YYYY] <del>in the [XXXX newspaper]</del> using <del>template version [YYYY-XX]</del> the following method(s):	
<input type="checkbox"/> <u>in [XXXX newspaper]</u> <input type="checkbox"/> <u>direct mail-out or email to utility customers in the municipality</u> <input type="checkbox"/> <u>posted on the municipality's website, social media pages and office notice board</u> <input type="checkbox"/> <u>alternative method approved by the Commission</u>	
<b>8. <input type="checkbox"/> Confirm that the advertising requirement in Section 45.3(a) of the <i>Municipal Government Act</i> is complete.</b>	
<b>9. OBJECTIONS</b>	
Objections or concerns related to the proposed franchise agreement were received.	YES <input type="checkbox"/> NO <input type="checkbox"/>
If objections or concerns were received, include a copy of the written submission. Also, include any written submissions supporting the proposed franchise agreement.	
<b>10. BYLAW</b>	
Municipality has commenced reading of [Bylaw No. XXXX] approving the franchise agreement.	
<b>10. CONTACT INFORMATION</b>	
[Electric Utility] [Contact Name] [Contact Phone] [Contact email]	

## Appendix 2 – Natural Gas Franchise Application Form

**Month Day Year**

~~Pursuant to Under~~ Section 45 of the *Municipal Government Act*, and Section 49 of the *Gas Utilities Act*, [Gas Utility Owner] applies for approval of a franchise agreement with [municipality]. The franchise agreement satisfies the requirements of the *Municipal Government Act* and *Gas Utilities Act*. In addition, pursuant to Section 35 of the *Gas Utilities Act*, [Gas Utility Owner] applies to the Alberta Utilities Commission for approval of its [Franchise Fee Rate Rider Schedule], which reflects the franchise fee percentage as set out in the franchise agreement.

<b>1. FRANCHISE AGREEMENT</b>	
The proposed franchise agreement is based on the standard natural gas franchise agreement template approved in Decision 20069-D01-2015, and forms part of this application.	YES <input type="checkbox"/> NO <input type="checkbox"/>
<b>2. MODIFIED FRANCHISE AGREEMENT</b>	
<u>This section applies only to Apex Utilities Inc. and ATCO Gas and Pipelines Ltd.</u>	YES <input type="checkbox"/> NO <input type="checkbox"/>
The proposed franchise agreement includes changes to the standard natural gas franchise agreement template approved in Decision 20069-D01-2015.	
<u>[If yes, please refer to Section 3.3 of Rule 029: Applications for Municipal Franchise Agreements and Associated Franchise Fee Rate Riders for requirements]</u>	
<b>3. TERM</b>	
The term of the franchise agreement is 20 years or less, with a proposed term of [XX years].	
<b>4. EFFECTIVE DATE</b>	
The proposed effective date of the franchise agreement is [Month XX, YYYY].	
<b>5. FRANCHISE FEE</b>	
In the absence of prior approval by the Commission, the franchise fee will not exceed 35 per cent. The proposed franchise fee of [XX] per cent [replaces the current franchise fee of XX per cent or is a continuation of the current franchise fee.] The proposed franchise fee will result in [an increase or a decrease of \$X.XX to or a continuation of \$X.XX in] the average monthly charge for an average residential customer.	
<b>6. RATE RIDER SCHEDULE</b>	
The franchise fee rate rider schedule forming part of this application is effective on [Month XX, YYYY], shows the [proposed or continuing] franchise fee.	
<b>7. NOTICE OF APPLICATION FILING</b>	
Notice of the proposed franchise agreement was <del>advertised</del> provided on [Month XX, YYYY] in the [XXXX newspaper] using <del>template version [YYYY-XX]</del> the following method(s):	
<input type="checkbox"/> in [XXXX newspaper]. <input type="checkbox"/> direct mail-out or email to utility customers in the municipality <input type="checkbox"/> posted on the municipality's website, social media pages, and office notice board <input type="checkbox"/> alternative method approved by the Commission	
8. <input type="checkbox"/> <b>Confirm that the advertising requirement in Section 45.3(a) of the <i>Municipal Government Act</i> is complete.</b>	
<b>9. OBJECTIONS</b>	
Objections or concerns related to the proposed franchise agreement were received.	YES <input type="checkbox"/> NO <input type="checkbox"/>
If objections or concerns were received, include a copy of the written submission. Also, include any written submissions supporting the proposed franchise agreement.	
<b>10. BYLAW</b>	
Municipality has commenced reading of [Bylaw No. XXXX] approving the franchise agreement.	
<b>10. CONTACT INFORMATION</b>	
[Gas Utility] [Contact Name] [Contact Phone] [Contact email]	