

Rule 029

Municipal Franchise Agreements

This rule as amended was approved by the Alberta Utilities Commission on Month XX, 202X, and is effective Month XX, 202X.

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1 Definitions

1.1 In this rule,

(a) "Commission" means the Alberta Utilities Commission;

(b) "electric utility" means an electric utility as defined in the Electric Utilities Act, which provides electric distribution service as defined in that act;

(c) "franchise agreement" means an agreement made between a municipality and an owner, which grants the owner a right to provide utility 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. It may also be referred to as a Local Access Fee on a utility customer bill;

(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) "other utility services" means utility services other than those provided by an electric utility or a gas utility;

(i) "owner" means an owner of an electric utility as defined in the Electric Utilities Act; an owner of a gas utility as defined in the Gas Utilities Act; an owner of a public utility as defined in the Public Utilities Act; or any person other than a municipality providing other utility services;

(j) "template" means a standard electric franchise agreement for an electric utility or a standard natural gas franchise agreement for a gas utility set out on the AUC website (Rule 029 - AUC);

(k) "template amendment" means an amendment to the template that will be used on a go forward basis. This could be initiated by the Commission, or by owners using the process outlined in Section 6;

(l) "template deviation" means a deviation from the template in a specific franchise agreement between an owner and a municipality. The Commission will consider template deviations on a case-by-case basis;

(m) "utility service" means utility service, as defined in Section 28 of the *Municipal Government Act*.

Per Section 1(1) of the Municipal Government Act, this may include the provision of the following utility services: water, steam, sewage disposal, public transportation operated by or on behalf of the municipality, irrigation, drainage, electric power, heat, waste management, and residential and commercial street lighting.

2 Application

2.1 This rule applies to an application for Commission approval of a franchise agreement and associated franchise fee rate rider under the *Municipal Government Act*, the *Electric Utilities Act* for electric franchise agreements, the *Gas Utilities Act* for gas franchise agreements or the *Public Utilities Act* for other utility service franchise agreements.

2.2 The Commission may dispense with, vary or supplement all or any part of these rules if it is satisfied that the circumstances of any proceeding, or the fair, expeditious and efficient resolution of any issue, require it.

3 Notice of electric or gas application

3.1 An owner, before filing an electric or gas franchise agreement application with the Commission under Section 4 or a franchise fee change application under Section 8.3, must:

(a) ensure the notice of application contains the information set out in the notice of application template available on the AUC website;

(b) consult with the municipality that is a party to the franchise agreement to select the method(s) for providing notice under Section 3.1(c) that ensures that notice is provided to as many utility customers as reasonably possible;

(c) ensure the notice of application is provided using at least one of the methods listed below:

(i) published in the newspaper having the widest circulation in the municipality;

(ii) directly mailed or emailed to utility customers in the municipality;

(iii) posted prominently on the municipality's website, social media pages, and office notice board for at least 14 days. If any of the website, social media pages and office notice board are not used, the owner or municipality must include an explanation to the Commission in the application. The Commission may require the notice of application to be re-advertised if it deems the explanation insufficient; or

(iv) an alternative method that best meets the objectives under Section 3.1(b). The Commission may require the notice of application to be re-advertised if it deems the alternate method insufficient.

3.2 An owner or the municipality who is a party to the electric or gas franchise agreement must provide:

(a) at least 14 days for interested parties to inquire about the franchise agreement or franchise fee change after the notice of application is provided;

(b) a meaningful response to inquiries about the franchise agreement or franchise fee change; and

(c) a clean copy of the proposed franchise agreement to any person requesting a copy in a manner accessible to that person.

Examples of a meaningful response to a customer's inquiry include an explanation of the purpose of a franchise agreement or franchise fee and what it will be used for, a commitment to pass a customer's feedback on to the person(s) at the municipality who set the franchise agreement or franchise fee, or a clear and direct response to any questions.

4 Electric or gas franchise agreement application

4.1 An owner applying for Commission approval of an electric or gas franchise agreement must submit:

(a) the completed form set out in Appendix 1 for an electric franchise agreement or in Appendix 2 for a gas franchise agreement;

(b) a proposed franchise agreement;

(c) a rate rider schedule showing the franchise fee percentage and the effective date of the franchise fee rate rider;

(d) a detailed description of how the franchise fee is calculated;

(e) a copy of the notice and the rationale for the method chosen to provide notice under Section 3.1; and

(f) 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 in accordance with Section 3.2.

4.2 If the owner is Apex Utilities Inc., ATCO Electric Ltd., ATCO Gas and Pipelines Ltd., or FortisAlberta Inc., and if the franchise agreement under Section 4.1(b) contains template deviations, then the owner must submit:

(a) a blacklined version of the template that tracks each template deviation;

(b) a supporting rationale for each template deviation; and

(c) an explanation of the result or impact of each template deviation.

4.3 The owner must file the application with the Commission at least 30 days before the proposed franchise agreement comes into effect.

5 Franchise agreement application processing timelines

5.1 The Commission will issue a decision on a franchise agreement application within five business days if the eFiling System indicates that the application may qualify for an expedited process. The application must satisfy the following criteria:

(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 4.1(b) contains no template deviations;

(c) no objections or concerns were received from interested parties; and

(d) the franchise agreement complies with all legislative and regulatory requirements.

5.2 If a franchise agreement application does not qualify under Section 5.1, then the Commission will assess the need for additional process and adhere to the performance standards and timelines set out below.

	Process Type		
	No Notice of Application	Notice Only	Basic Written Process
Process Phase	(Calendar Days)		
Record development	2 - 4	16 - 24	45 – 75
Disposition document completion	3 - 6	30 - 45	40 – 55
Full cycle	5 - 10	46 - 69	85 - 130

6 Template amendments

6.1 This section applies to Apex Utilities Inc., ATCO Electric Ltd., ATCO Gas and Pipelines Ltd., and FortisAlberta Inc.

6.2 If an owner would like to propose a template amendment to the template which it uses, the owner must submit the following to the Commission at info@auc.ab.ca:

(a) a clean version of the proposed amended template;

(b) a blacklined version of the proposed amended template that tracks each template amendment;

(c) an explanation of the reason for and result or impact of each template amendment.

6.3 Upon receiving a proposal to amend a template, the Commission will review the proposal, determine what process is required, and notify the owner accordingly. Submissions may be held for consideration in a future consultation process.

7 Rate rider schedules

7.1 In the event that an approved electric or gas franchise fee will not be effective on the date approved by the Commission, an owner 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.

8 Electric or gas franchise fee changes

8.1 Prior to changing an electric or gas franchise fee to be charged under an approved franchise agreement, an owner must:

(a) ensure notice is provided in accordance with Section 3.1; 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.

8.2 An owner, in its filing for acknowledgment under Section 8.1(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 3.1;

(c) include an updated franchise fee rate rider schedule showing the effective date of the new franchise fee percentage;

(d) provide a detailed description of how the franchise fee is calculated; and

(e) 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 in accordance with Section 3.2.

9 Other utility service franchise agreement and franchise fee change applications

9.1 This section applies to owners and utility service providers except those providing electric and gas services.

9.2 Prior to submitting an application for a new franchise agreement, an application to renew a franchise agreement or a franchise fee change application to the Commission, the owner and the municipality that is a party to the franchise agreement must ensure notice has been issued meeting the following minimum requirements:

(a) the notice of application must contain the information set out in the appropriate notice of application template available on the AUC website;

(b) the municipality must provide the notice of application to as many of the utility customers as reasonably possible using one or more of the following methods:

(i) published in the newspaper received by the most customers in the municipality;

(ii) directly mailed or emailed to utility customers in the municipality;

(iii) posted prominently on the municipality's website, social media pages and office notice board for at least 14 days. If any of the website, social media pages and office notice board is not used, the owner or utility service provider or the municipality must include an explanation to the Commission in the application, and the Commission may require the notice of application to be re-advertised if it deems the explanation insufficient; or

(iv) an alternative method that will ensure the notice of application is provided to more customers in the municipality than any of the options listed above. The Commission may require the notice of application to be re-advertised if it deems the alternate method insufficient.

(c) the municipality must provide at least 14 days for interested parties to submit comments, concerns or questions about the franchise agreement or franchise fee change to the municipality.

(d) the municipality must provide a meaningful response to each submission about the franchise agreement or the franchise fee change.

(e) the municipality must provide a copy or summary of the submissions and of its responses to the submissions to the owner for inclusion in the application to the Commission.

(f) the municipality must provide a clean copy of the proposed franchise agreement to any person who requests a copy. The copy of the proposed franchise agreement must be provided in a manner that is accessible to the person who requested the copy.

Examples of a meaningful response to a customer's inquiry includes an explanation of the purpose of a franchise agreement or franchise fee and what it will be used for, a commitment to pass a customer's feedback on to the person(s) who set the franchise agreement or franchise fee, or a clear and direct response to any questions.

9.3 An owner applying for Commission approval of a new or renewed franchise agreement must:

(a) file the application with the Commission at least 30 days before the proposed franchise agreement comes into effect, and

(b) include in the application:

(i) the completed form set out in Appendix 3;

(ii) the proposed franchise agreement;

(iii) a copy of the notice of application;

(iv) a copy or summary of all submissions received by the municipality about the proposed franchise agreement in accordance with sections 9.2(c) and (e);

(v) a copy or summary of the municipality's responses to the submissions in accordance with sections 9.2(d) and (e), and

(vi) a detailed description of how the franchise fee is calculated.

9.4 An owner or municipality applying for the Commission's acknowledgment of a change to a franchise fee must:

(a) file the application with the Commission at least 14 days before the proposed franchise fee comes into effect, and

(b) include in the application:

(i) a description of the franchise fee change;

(ii) a copy of the notice of application;

(iii) a copy or summary of all submissions received by the municipality about the proposed franchise agreement in accordance with sections 9.2(c) and (e);

(iv) a copy or summary of the municipality's responses to the submissions in accordance with sections 9.2(d) and (e); and

(v) a detailed description of how the franchise fee is calculated.

AUC
Alberta Utilities Commission

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Calgary, Alberta
T2P 0G5

Appendix 1 - Electric Franchise Application Form

Month Day Year

Under Section 45 of the *Municipal Government Act*, and Section 139 of the *Electric Utilities Act*, [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*, [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.

1. FRANCHISE AGREEMENT

The proposed franchise agreement is based on the standard electric franchise agreement template and forms part of this application. YES ☐ NO ☐

2. MODIFIED FRANCHISE AGREEMENT

This section applies only to ATCO Electric Ltd. and FortisAlberta Inc. YES ☐ NO ☐

The proposed franchise agreement includes deviations from the standard electric franchise agreement template.

[If yes, please refer to Section 4.2 of Rule 029: *Municipal Franchise Agreements* for requirements.]

3. TERM

The term of the franchise agreement is 20 years or less, with a proposed term of [XX years].

4. EFFECTIVE DATE

The proposed effective date of the franchise agreement is [Month XX, YYYY].

5. FRANCHISE FEE

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 [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.

6. RATE RIDER SCHEDULE

The franchise fee rate rider schedule forming part of this application is effective on [Month XX, YYYY] and shows the [proposed or continuing] franchise fee.

7. NOTICE OF APPLICATION FILING

Notice of the proposed franchise agreement was provided on [Month XX, YYYY] using the following method(s):

- ☐ in [XXXX newspaper];
- ☐ direct mail-out or email to utility customers in the municipality;
- ☐ posted on the municipality's website, social media pages, and office notice board and/or;
- ☐ alternative method.

8. ☐ Confirm that the advertising requirement in Section 45(3)(a) of the *Municipal Government Act* is complete.

9. COMMENTS

Comments or submissions related to the proposed franchise agreement were received. YES ☐ NO ☐

If comments or submissions were received, include a copy or summary of the submission(s). Include a copy or summary of the response(s) to the submission(s).

10. BYLAW

Municipality has commenced reading of [Bylaw No. XXXX] approving the franchise agreement.

11. CONTACT INFORMATION

[Electric Utility]
[Contact Name]
[Contact Phone]
[Contact email]

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1-833-511-4AUC
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Appendix 2 - Natural Gas Franchise Application Form

Month Day Year

Under Section 45 of the *Municipal Government Act*, and Section 49 of the *Gas Utilities Act*, [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*, [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.

1. FRANCHISE AGREEMENT

The proposed franchise agreement is based on the standard natural gas franchise agreement template and forms part of this application. YES ☐ NO ☐

2. MODIFIED FRANCHISE AGREEMENT

This section applies only to Apex Utilities Inc. and ATCO Gas and Pipelines Ltd. YES ☐ NO ☐

The proposed franchise agreement includes deviations from the standard natural gas franchise agreement template.

[If yes, please refer to Section 4.2 of Rule 029: *Municipal Franchise Agreements* for requirements.]

3. TERM

The term of the franchise agreement is 20 years or less, with a proposed term of [XX years].

4. EFFECTIVE DATE

The proposed effective date of the franchise agreement is [Month XX, YYYY].

5. FRANCHISE FEE

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.

6. RATE RIDER SCHEDULE

The franchise fee rate rider schedule forming part of this application is effective on [Month XX, YYYY] and shows the [proposed or continuing] franchise fee.

7. NOTICE OF APPLICATION FILING

Notice of the proposed franchise agreement was provided on [Month XX, YYYY] using the following method(s):

☐ in [XXXX newspaper];
☐ direct mail-out or email to utility customers in the municipality;
☐ posted on the municipality's website, social media pages, and office notice board and/or;
☐ alternative method.

8. ☐ Confirm that the advertising requirement in Section 45(3)(a) of the *Municipal Government Act* is complete.

9. COMMENTS

Comments or submissions related to the proposed franchise agreement were received. YES ☐ NO ☐

If comments or submissions were received, include a copy or summary of the submission(s). Include a copy or summary of the response(s) to the submission(s).

10. BYLAW

Municipality has commenced reading of [Bylaw No. XXXX] approving the franchise agreement.

11. CONTACT INFORMATION

[Gas Utility]
[Contact Name]
[Contact Phone]
[Contact email]

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310-4AUC
1-833-511-4AUC
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1400, 600 Third Avenue S.W.
Calgary, Alberta
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Appendix 3 – Other Utility Services Franchise Application Form Month Day Year

Under Section 45 of the *Municipal Government Act,* [owner or utility service provider] applies for approval of a franchise agreement with [municipality]. The franchise agreement satisfies the requirements of the *Municipal Government Act.*

1. FRANCHISE AGREEMENT

The proposed franchise agreement forms part of this application. YES ☐ NO ☐

2. TERM

The term of the franchise agreement is 20 years or less, with a proposed term of [XX years].

3. EFFECTIVE DATE

The proposed effective date of the franchise agreement is [Month XX, YYYY].

4. FRANCHISE FEE

The proposed franchise fee of [$X.XX or XX per cent] [is new or replaces the current franchise fee of <$X.XX or 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.

5. NOTICE OF APPLICATION FILING

Notice of the proposed franchise agreement was provided on [Month XX, YYYY] using the following method(s):

- ☐ in [XXXX newspaper];
- ☐ direct mail-out or email to utility customers in the municipality;
- ☐ posted on the municipality's website, social media pages, and office notice board and/or;
- ☐ alternative method.

6. ☐ Confirm that the advertising requirement in Section 45(3)(a) of the *Municipal Government Act* is complete.

7. COMMENTS

Comments or submissions related to the proposed franchise agreement were received. YES ☐ NO ☐

If comments or submissions were received, include a copy or summary of the submission(s). Include a copy or summary of the response(s) to the submission(s).

8. BYLAW

Municipality has commenced reading of [Bylaw No. XXXX] approving the franchise agreement.

9. CONTACT INFORMATION

[Owner or Utility Service Provider]
[Contact Name]
[Contact Phone]
[Contact email]