

Rule 029

Applications for Municipal Franchise Agreements and Associated Franchise Fee Rate Riders

This rule was approved by the Alberta Utilities Commission on February 25, 2015 and is effective April 1, 2015.

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1 Definitions

In this rule,

- (a) “Commission” means the Alberta Utilities Commission as defined in the *Alberta Utilities Commission Act*;
- (b) “electric utility” means an electric utility as defined in the *Electric Utilities Act*, which provides electric distribution service as defined in the 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 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 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;
- (e) “gas utility” means a gas utility as defined in the *Gas Utilities Act*;
- (f) “municipality” means a municipality as defined in the *Municipal Government Act*;
- (g) “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*;
- (h) “template” means the standard electric franchise agreement approved in Decision 2012-255 or Decision 2012-294 for an electric utility or the standard natural gas franchise agreement approved in Decision 20069-D01-2015 for a gas utility.

2 Application

- 2.1 This rule applies to applications seeking 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*.

3 Franchise agreement application

- 3.1 An owner of an electric utility may apply for approval of a franchise agreement by submitting:
 - (a) the completed form set out in Appendix 1,
 - (b) the proposed franchise agreement which is in accordance with the template for an electric utility,

- (c) the rate rider schedule showing the franchise fee percentage and the effective date of the franchise fee rate rider,
- (d) a copy of all written objections or concerns received from interested parties.

3.2 An owner of a gas utility may apply for approval of a franchise agreement by submitting:

- (a) the completed form set out in Appendix 2,
- (b) the proposed franchise agreement which is in accordance with the template for a gas utility,
- (c) the rate rider schedule showing the franchise fee percentage and the effective date of the franchise fee rate rider,
- (d) a copy of all written objections or concerns received from interested 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.

4 Notice of 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.

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.

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 Rate rider schedules

5.1 In the event that the franchise fee rate rider will not be effective on the anticipated date, the applicant shall file an updated rate rider schedule showing the franchise fee percentage and the new effective date of the franchise fee.

6 Annual franchise fee changes

- 6.1** 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.
- 6.2** 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.
- 6.3** If no newspaper is in circulation in the municipality, the Commission must be informed and an alternate manner of giving notice discussed.
- 6.4** 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 updated rate rider schedule showing the effective date of the new franchise fee percentage.

Appendix 1 - Electric Franchise Application Form

Month, Day Year

Pursuant to Section 45 of the *Municipal Government Act*, and Section 139 of the *Electric Utilities Act*, [Electric Utility] 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] 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 approved in Decision 2012-255 or 2012-294, and forms part of this application.	YES <input type="checkbox"/> NO <input type="checkbox"/>
2. MODIFIED FRANCHISE AGREEMENT	
The proposed franchise agreement includes changes to the standard electric franchise agreement template approved in Decision 2012-255 and 2012-294.	YES <input type="checkbox"/> NO <input type="checkbox"/>
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.	
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], shows the [proposed or continuing] franchise fee.	
7. NOTICE OF APPLICATION FILING	
Notice of the proposed franchise agreement was advertised on [Month XX, YYYY] in the [XXXX newspaper] using template version [YYYY-XX].	
8. OBJECTIONS	
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.	
9. BYLAW	
Municipality has commenced reading of [Bylaw No. XXXX] approving the franchise agreement.	
10. CONTACT INFORMATION	
[Electric Utility] [Contact Name] [Contact Phone] [Contact email]	

Appendix 2 - Natural Gas Franchise Application Form

Month, Day Year

Pursuant to Section 45 of the *Municipal Government Act*, and Section 49 of the *Gas Utilities Act*, [Gas Utility] 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] 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 approved in Decision 20069-D01-2015, and forms part of this application.	YES <input type="checkbox"/> NO <input type="checkbox"/>
2. MODIFIED FRANCHISE AGREEMENT	
The proposed franchise agreement includes changes to the standard natural gas franchise agreement template approved in Decision 20069-D01-2015.	YES <input type="checkbox"/> NO <input type="checkbox"/>
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.	
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], shows the [proposed or continuing] franchise fee.	
7. NOTICE OF APPLICATION FILING	
Notice of the proposed franchise agreement was advertised on [Month XX, YYYY] in the [XXXX newspaper] using template version [YYYY-XX].	
8. OBJECTIONS	
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.	
9. BYLAW	
Municipality has commenced reading of [Bylaw No. XXXX] approving the franchise agreement.	
10. CONTACT INFORMATION	
[Gas Utility] [Contact Name] [Contact Phone] [Contact email]	