

December 15, 2023

Disposition 28697-D01-2023

ATCO Gas and Pipelines Ltd.
Fifth Floor, 10035 105 St.
Edmonton, Alta. T5J 2V6

Attention: Michelle Marti
Business Analyst

ATCO Gas and Pipelines Ltd.
South Rate Rider A franchise fee adjustment for the Town of Okotoks
Proceeding 28697

1. On December 5, 2023, ATCO Gas and Pipelines Ltd. applied to the Alberta Utilities Commission for acknowledgment of a change to the municipal franchise fee from 20 per cent to 35 per cent for the Town of Okotoks. The application was filed according to Rule 029,¹ and included a copy of the Rate Rider A schedule attached to this disposition as [Appendix 1](#),² effective January 1, 2024.
2. Municipalities have the ability to revise the franchise fee on an annual basis pursuant to Clause 5(b) of the Natural Gas Distribution System Franchise Agreement. The Commission recognized this in Decision 20069-D01-2015³ where it approved the template franchise agreement for ATCO Gas and Pipelines Ltd. that allowed for the level of the franchise fee to be changed once annually at the option of the municipality, to a maximum franchise fee level of 35 per cent.
3. Prior to any change in the level of the franchise fee pursuant to the franchise agreement, customers shall be notified as outlined in Section 6 of Rule 029. Under Rule 029, 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 acknowledgment.
4. Notice of the proposed franchise fee change was advertised on September 27 and October 4, 2023, in the Western Wheel newspaper. Sixty-eight comments or concerns related to the proposed franchise fee were received by residents; two in support and 66 opposed. The objections were primarily focused on the size of the franchise fee increase and general affordability concerns. The Town of Okotoks responded to the concerns with information in the form of a franchise fee frequently asked questions document. The residents' comments and the town's response were included in the application.

¹ Rule 029: *Applications for Municipal Franchise Agreements and Associated Franchise Fee Rate Riders*.

² Exhibit 28697-X0006, Rider A – South Rate Schedule – January 1 2024.

³ Decision 20069-D01-2015: AltaGas Utilities Inc. et al., Approval of New Standard Natural Gas Distribution System Franchise Agreement Template, Proceeding 20069, March 20, 2015.

5. The Commission is satisfied that the municipality provided adequate notice of the franchise fee change through publication in a newspaper having the widest circulation in the municipality.

6. The Commission acknowledges the concerns raised by the residents given the size of the increase in the franchise fee. However, the approved franchise agreement affords the Town of Okotoks authority to determine the level of its franchise fee, as long as it does not exceed the 35 per cent maximum level set by the Commission in Decision 20069-D01-2015. The Commission notes that the proposed franchise fee meets but does not exceed that limit, and is being applied equally to all customers. In these circumstances, the Commission is of the view that no further process to assess the franchise fee is required, and it defers to the authority granted to the elected council of the municipality in this matter.

7. Given the above, the Commission acknowledges ATCO Gas's franchise fee adjustment for the Town of Okotoks from 20 per cent to 35 per cent, effective January 1, 2024.

8. The Commission may, no later than 60 days from the date of this disposition and without notice, correct typographical, spelling and calculation errors and other similar types of errors and post the corrected disposition on its website.

(original signed by)

Vera Slawinski
Commission Member

Attachment

Appendix 1 – South Rate Rider A

[\(return to text\)](#)



Appendix 1 - South
Rider A

(consists of 1 page)

Effective January 1, 2024 by AUC Disposition 28697-D01-2023

ATCO GAS AND PIPELINES LTD. – SOUTH RIDER "A" MUNICIPAL FRANCHISE FEE TO ALL RATES AND ANY OTHER RIDERS THERETO

All charges under the Rates, including any charges under other Riders, to Customers situated within the communities listed on this Rider "A" Municipal Franchise Fee are subject to the addition of the percentage shown. The percentage shown is to be applied as an addition to the billings calculated under the Rates including charges as allowed under other Riders in effect.

Method A. - Applied to gross revenues*.

Method C. - Applied to gross revenues* and Rider "E".

<u>Effective</u>			<u>Effective</u>			<u>Effective</u>		
<u>Municipalities –</u>		<u>Date</u>	<u>Municipalities</u>		<u>Date</u>	<u>Municipalities –</u>		<u>Date</u>
<u>Method A</u>	<u>%</u>	<u>yymmdd</u>	<u>Method A</u>	<u>%</u>	<u>yymmdd</u>	<u>Method C</u>	<u>%</u>	<u>yymmdd</u>
Acme	20.00	04/03/10	Foremost	21.00	04/01/21	Calgary**	11.11	91/01/01
Airdrie	29.60	07/10/01	Fort Macleod	12.50	01/10/02			
Banff	31.20	06/03/24	Gasoline Alley	19.50	20/05/01			
Banff Ntl Park	31.20	22/01/01	Glenwood	10.00	23/03/01			
Barnwell	13.00	01/01/18	Granum	12.00	13/01/01			
Barons	14.97	00/08/21	High River	20.00	19/05/01			
Bassano	25.00	13/01/01	Hill Spring	5.00	10/03/25			
Beiseker	16.00	19/01/01	Hussar	27.50	22/02/01			
Big Valley	12.00	16/03/01	Innisfail	27.00	19/01/01			
Bow Island	17.00	24/01/01	Irricana	14.18	23/01/01			
Bowden	22.00	07/02/16	Lethbridge	27.00	12/02/15			
Brooks	19.50	21/01/01	Linden	15.23	04/07/09			
Burdett	15.00	20/04/01	Lomond	25.00	15/12/01			
Canmore	35.00	24/01/01	Longview	20.00	16/01/01			
Carbon	16.00	22/01/01	Magrath	15.00	10/01/18			
Cardston	20.00	23/02/01	Milk River	30.00	04/12/14			
Carmangay	15.00	10/03/02	Nanton	19.00	23/01/01			
Carstairs	25.00	07/08/01	Nobleford	7.50	23/01/01			
Champion	15.00	10/03/02	Okotoks	35.00	24/01/01			
Chestermere	17.00	14/01/01	Olds	30.00	12/01/01			
Claresholm	12.00	24/01/01	Penhold	25.00	18/09/01			
Coaldale	18.00	23/04/01	Picture Butte	18.00	16/09/01			
Coalhurst	12.45	24/01/01	Raymond	15.00	20/10/07			
Cochrane	20.00	16/01/01	Rockyford	30.00	12/01/01			
Coutts	20.00	08/09/09	Rosemary	17.00	23/01/01			
Cowley	13.79	02/08/23	Springbrook	10.50	23/04/01			
Cremona	23.00	23/01/01	Standard	4.00	23/01/01			
Crossfield	20.00	24/01/01	Stavely	11.00	21/01/01			
Crowsnest Pass	25.00	13/01/17	Stirling	12.00	19/01/01			
Delburne	21.60	07/04/10	Strathmore	35.00	21/04/01			
Diamond Valley	15.00	23/01/01	Taber	18.00	20/07/01			
Didsbury	25.00	10/01/01	Taber*	33.00	20/07/01			
Duchess	15.00	21/01/01	Trochu	20.00	15/12/01			
Elnora	16.00	04/05/27	Vauxhall	12.00	24/01/01			
			Vulcan	35.00	14/01/01			

* Applied to High Use.

** Exemption available on Rider "E" portion of natural gas feedstock quantities used by an electrical generation plant whose primary fuel source is natural gas, for the commercial sale of electricity or used by a district energy plant for combined heat and power production, if deemed by the City of Calgary to be a qualifying facility.