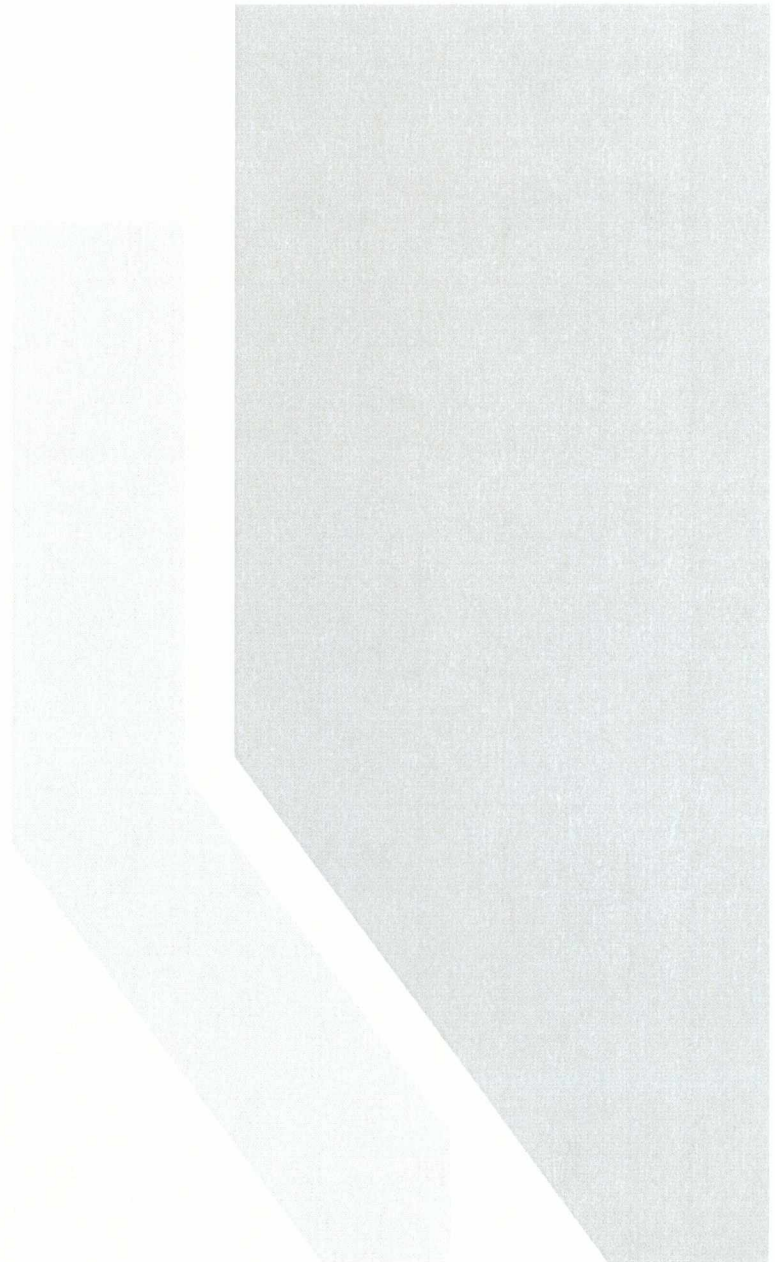




## **City of Cold Lake**

**Franchise Agreement with ATCO Electric Ltd.**

**August 7, 2013**



**The Alberta Utilities Commission**

Decision 2013-291: City of Cold Lake

Franchise Agreement with ATCO Electric Ltd.

Application No. 1609709

Proceeding ID No. 2681

August 7, 2013

Published by

The Alberta Utilities Commission

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## **1 Introduction**

1. On June 25, 2013, the Alberta Utilities Commission (the AUC or the Commission) received an application from the City of Cold Lake (Cold Lake) and ATCO Electric Ltd. (ATCO Electric) requesting approval to renew their electric distribution franchise agreement (franchise agreement) for a period of 10 years with the option for two five-year extensions. The renewed franchise agreement is attached as [Appendix 1](#) to this decision and is based on a standard agreement which was approved by the AUC in Decision [2012-255](#).<sup>1</sup>

2. The AUC published the notice of application on the AUC website on July 3, 2013, and in the Cold Lake Sun on July 9, 2013. If anyone had concerns or objections they were directed to file a submission with the AUC by July 23, 2013. The AUC has processed this application without further notice as no objections were received.

## **2 Franchise agreement**

3. The municipality determines the level of the franchise fee, which is the consideration paid by the utility for the exclusive right to provide electric service to customers within the municipality. The municipality may also collect linear property taxes from the utility. Franchise fees and linear property taxes are a cost of ATCO Electric doing business in the municipality, and these costs are recovered from electricity customers in the municipality.

4. Cold Lake completed first reading of Bylaw No. 486-FA-13, which authorized the municipality to execute a new franchise agreement with ATCO Electric to provide distribution service within Cold Lake.

5. In the franchise agreement, Cold Lake proposed to maintain the franchise fee of 4.25 per cent of the delivery revenue received by ATCO Electric. In addition to the collection of the franchise fee, Cold Lake has also opted to continue the receipt of linear property taxes from ATCO Electric. With the franchise fee and linear property taxes combined, the monthly cost for an average residential customer is forecast to remain at \$5.14.

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<sup>1</sup> Decision 2012-255: City of Hinton, New Franchise Agreement Template and Franchise Agreement with FortisAlberta Inc., Application No. 1608547, Proceeding ID No. 1946, September 28, 2012.

6. The term of the franchise agreement is 10 years with the option for two five-year renewals, for a potential maximum term of 20 years. In accordance with Section 45 of the *Municipal Government Act*, RSA 2000, c. M-26, a council may grant exclusive right to provide a utility service in all or part of the municipality with a term not exceeding 20 years. The Commission finds that the term of this agreement is in accordance with the legislated time frame.

7. The franchise fee can be changed once annually at the sole discretion of Cold Lake to a maximum of 10 per cent in accordance with articles 5(b) and 5(c), of the franchise agreement. The Commission agrees with these provisions and recognizes that a maximum of 20 per cent was approved in the standard agreement in Decision 2012-255.

8. Therefore, pursuant to Section 45 of the *Municipal Government Act*, Section 106 of the *Public Utilities Act*, RSA 2000, c. P-45 and Section 139 of the *Electric Utilities Act*, SA 2003, c. E-5.1, the Commission approves the franchise agreement and finds the right granted by Cold Lake to ATCO Electric to be necessary and proper for the public convenience and properly serves the public interest.

9. The Commission also approves the continued collection of linear property taxes as part of the franchise agreement pursuant to Section 353 of the *Municipal Government Act*. The linear property tax rate for Cold Lake is 1.5 per cent.

### 3 Riders

10. Franchise fees and linear property taxes are collected through ATCO Electric's Rider A. ATCO Electric indicated that as a result of the proposed agreement, no changes to ATCO Electric's Rider A are required. The Commission has attached Rider A as [Appendix 2](#) to this decision.

11. The property tax rate for Cold Lake changes on an annual basis. The linear property tax rate of 1.5 per cent, was acknowledged by Commission letter dated February 14, 2013 in Application No. 1609302.

12. In accordance with Section 125 of the *Electric Utilities Act*, and based on the approval of the franchise agreement in this decision, the Commission approves Rider A and finds the amounts to be just and reasonable.

### 4 Order

13. It is hereby ordered that:

- (1) A copy of Bylaw No. 486-FA-13 shall be filed with the AUC after third reading along with a copy of the executed franchise agreement.
- (2) The continuing franchise fee and linear property tax for Cold Lake as indicated on Rider A is approved and is attached as Appendix 2 to this decision.
- (3) Any changes in the level of the franchise fee pursuant to the provisions in Article 5(b) of the franchise agreement are required to be filed with the AUC for

acknowledgement on or before the date that the rate comes into effect, including an updated Rider A schedule.

- (4) Prior to implementing any change in the franchise fee, customers shall be notified of the change in the franchise fee through the publication of a notice in the newspaper having the widest circulation in Cold Lake at least 45 days prior to the implementation of the revised franchise fee. A copy of the notice shall be filed with the AUC.

Dated on August 7, 2013.

**The Alberta Utilities Commission**

*(original signed by)*

Neil Jamieson  
Commission Member



## **Appendix 1 – City of Cold Lake franchise agreement with ATCO Electric Ltd.**

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



Appendix 1 -  
Franchise Agreement

(consists of 34 pages)

## **Appendix 2 – Rider A with respect to the City of Cold Lake**

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



Appendix 2 - Rider A

(consists of 1 page)