

**Bylaw 31-2016 Electric Distribution System Franchise Agreement****Report Purpose**

To give first and second reading to a bylaw that proposes to enter into an agreement granting Fortis Alberta Inc. the right to provide distribution access services within Strathcona County.

**Recommendation**

1. THAT Bylaw 31-2016, a bylaw that proposes to enter into an Electric Distribution Franchise Agreement, be given first reading.
2. THAT Bylaw 31-2016 be given second reading.

**Strategic Plan Priority Areas**

**Economy:** This franchise agreement provides a mechanism to collect property taxes and additional revenues.

**Governance:** n/a

**Social:** n/a

**Culture:** n/a

**Environment:** n/a

**Other Impacts**

**Policy:** n/a

**Legislative/Legal:** Section 45 of the *Municipal Government Act* gives Council the right to enter into an exclusive or non-exclusive agreement to provide a utility service in all or part of Strathcona County for not more than 20 years. Section 45.1 of the *Municipal Government Act* prohibits an agreement that grants an exclusive right to provide to customers in all or any part of the municipality the functions or services that retailers are permitted to provide under the *Electric Utilities Act* or the regulations under the Act.

Prior to entering into the agreement, the Alberta Utilities Commission (AUC) must approve it and the proposed bylaw or resolution approving the agreement must be advertised in accordance with Section 606 of the *Municipal Government Act*. Advertising gives rise to the right to petition against the bylaw or resolution in accordance with the procedures in Section 231 of the *Municipal Government Act*.

**Interdepartmental:** n/a

**Summary**

In 1987, Strathcona County and TransAlta entered into an exclusive electric distribution franchise agreement for a 10-year term. The agreement was not renewed.

In 2012, the Alberta Urban Municipalities Association, the AUC, ATCO and Fortis Alberta negotiated a standard-form agreement for electric distribution system franchises between the electricity providers and municipalities. Fifty-six municipalities participated in the template agreement consultation process. The standard-form agreement was found to meet the public interest and was approved for use in a hearing before the AUC in September of 2012 (Order 2012-255).

The franchise agreement permits the municipality to collect franchise fees, but none are contemplated at this time. The franchise fee cap is 20% should one be contemplated in

future. The agreement contains provisions governing franchise fee adjustments, term (10 years) and renewal option (five years), street lighting, determination of obligations if municipal boundaries change, system maintenance, safety obligations, core services and reporting. Changes to the agreement, amendment or renewal must be approved by the Alberta Utilities Commission.

### **Communication Plan**

Prior to third reading be given, an AUC Notice is published in the local newspaper. The Notice will appear once and must allow a minimum 14 days for residents to respond.

### **Enclosure**

1 Bylaw 31-2016