



Town of Blackfalds

Franchise Agreement with FortisAlberta Inc.

February 26, 2010



ALBERTA UTILITIES COMMISSION
Decision 2010-088: Town of Blackfalds
Franchise Agreement with FortisAlberta Inc.
Application No. 1605780

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ALBERTA UTILITIES COMMISSION

Calgary Alberta

TOWN OF BLACKFALDS

Decision 2010-088

FRANCHISE AGREEMENT WITH FORTISALBERTA INC.

Application No. 1605780

1. The Town of Blackfalds (the Town) filed an application with the Alberta Utilities Commission (AUC or the Commission) for approval to amend its special franchise agreement (the Franchise Agreement) with FortisAlberta Inc. (FortisAlberta).
2. The AUC understands that the Town requested that FortisAlberta file an application, on behalf of the Town, to amend the Franchise Agreement so that the franchise fee being paid by FortisAlberta to the Town in 2010 is increased from 3.00 to 20.00 percent of the gross revenue of FortisAlberta within the Town. This would require that the Franchise Agreement be amended to allow for both an increase in the current level of the franchise fee as well as the maximum franchise fee identified in the Franchise Agreement.

The filed application includes revisions to page 4 of the Franchise Agreement to allow for an increase in the maximum franchise fee from 15.00 to of 20.00 percent. It also includes an increase in the current franchise fee from 3.00 to 20.00 percent effective March 1, 2010. A copy of page 4, with the proposed changes, is attached as [Appendix 1](#). With the proposed change to the level of the franchise fee, the average residential customer would experience a monthly increase in the charge for recovery of this fee from \$1.07 to \$7.11, effective March 1, 2010.

3. Notice of the application was published and no objections were received.
4. It is noted that a maximum franchise fee of 20.00 percent was considered by the Alberta Energy and Utilities Board (EUB) in a public hearing and found reasonable in Decision [2001-106](#)¹ for the Town of Hinton and other municipalities in the province. It would therefore be reasonable to approve amendments to the Town of Blackfalds Franchise Agreement to allow a franchise fee of 20 percent.
5. The AUC therefore considers that the privilege or franchise contained in the Franchise Agreement, as amended, would continue to be necessary and proper for the public convenience and properly conserves the public interests. The AUC notes that the Town and FortisAlberta have given the AUC consent to proceed with this application without a hearing.

¹ Decision 2001-106: Town of Hinton, Application to Renew its Electric Franchise Agreement with UtiliCorp Networks Canada (Alberta) Ltd. (Application No. 1237381, File No. 6650-H13) (Released: December 11, 2001).

6. Therefore, the AUC, pursuant to the *Municipal Government Act*, R.S.A. 2000, c. M-26, hereby orders as follows:

- (a) Application No. 1605780 by the Town of Blackfalds dated January 11, 2010 as filed by FortisAlberta Inc. on January 11, 2010 is approved, subject to the terms and conditions herein contained.
- (b) The Town of Blackfalds shall file with the AUC a copy of the Agreement, with the approved Amendment, once it has been finalized.

Dated on February 26, 2010.

ALBERTA UTILITIES COMMISSION

(original signed by)

Thomas McGee
Commissioner

APPENDIX 1 – TOWN OF BLACKFALDS AMENDMENT TO FRANCHISE AGREEMENT WITH FORTISALBERTA INC.

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



Appendix 1 -
Amendment to Franchi
(consists of 2 pages)

**AMENDMENT to
the Electric Distribution System Franchise Agreement**

Dated this 8 day of Dec., 2009.

Between:

The Town of Blackfalds

and

FortisAlberta Inc.

This Amendment will be attached to and becomes part of the original Electric Distribution System Franchise Agreement between the parties.

The parties agree to amend the Electric Distribution System Franchise Agreement as follows:

Under section "5. Franchise Fees", subsection "b Adjustment to Franchise Fee and Cap", change words "fifteen (15%) to twenty (20%)".

IN WITNESS WHEREOF both parties agree to the above amendments and hereto have executed these presents as of the day and year first above written.

FortisAlberta Inc.

The Town of Blackfalds

Authorized By Carolyn Hartman
Regulatory Advisor - FA

Authorized By: Cornie Newman - CAO

Signature: [Signature]

Signature: [Signature]

- iii) use designated portions of roads, rights-of-way, and other lands including other lands owned, controlled or managed by the Municipality necessary to Construct, Operate and Maintain the Distribution System, including the necessary removal, trimming of trees, shrubs or bushes or any parts thereof;
- iv) use the Municipality's roads, rights-of-way and other Municipal Property granted hereunder solely for the purpose of providing Distribution Access Service and any other service contemplated by this Agreement.

5) **FRANCHISE FEE****Calculation of Franchise Fee**

- a) In consideration of the grant of franchise and the mutual covenants herein, the Company agrees to pay to the Municipality a franchise fee. For each calendar year the franchise fee will be calculated as a percentage of the Company's actual gross revenue in that year from the Distribution Tariff rates charged for Distribution Access Service within the Municipality. For the first calendar year of the Term of this Agreement, the franchise fee percentage shall be three (3%) percent. *Effective March 1, 2010, the franchise fee percentage will be increased to (20%) twenty percent.* By no later than October 1 of each year, the Company shall: (i) advise the Municipality in writing of the gross revenues that were derived from the Distribution Tariff within the existing boundaries of the Municipality for the prior calendar year; and (ii) with the Municipality's assistance, provide in writing an estimate of gross revenues to be derived from the Distribution Tariff within the boundaries of the Municipality for the next calendar year.

By no later than December 1 of each year, the Municipality shall advise the Company in writing of the franchise fee percentage to be charged.

Adjustment to Franchise Fee and Cap

- b) At the option of the Municipality, the franchise fee percentage may be changed annually by providing written notice to the Company by December 1 of each year, and the change is effective for the next calendar year.

The franchise fee percentage shall not at any time exceed ^{20%} fifteen (15%) percent, unless there has been prior Board approval.

Payment of Franchise Fee

- c) The Company shall pay the franchise fee amount to the Municipality on a monthly basis within forty-five (45) days after billing each retailer.

Reporting Considerations

- d) The Company shall provide to the Municipality along with payment of the franchise fee amount, the financial information used by the Company to verify the franchise fee amount.

The Company shall, to the extent required by law, require each retailer to disclose to each Consumer the franchise fee amount, in dollars, on each bill.

UNGA APPROVED BY <i>[Signature]</i>	TOWN OF BLACKFALDS APPROVED BY <i>[Signature]</i>
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