



**Village of Rycroft
Request for Decision**

Council Meeting Date: January 21, 2020

TOPIC: ATCO Franchise Agreement Bylaw 217-20

RECOMMENDED ACTION: That Council give first reading to the ATCO Franchise Agreement Bylaw 217-20, and direct administration to advertise the notice of application in the Central Peace Signal as per the *MGA*.

BACKGROUND: ATCO representatives attended the January 8, 2020 regular meeting of council and made a presentation to renew the Franchise agreement. Council currently has an agreement with ATCO under Bylaw 98-09 that expires on April 21, 2020.

ATCO currently owns all the electrical assets (lines, boxes, poles, lights, etc.) in the Village. They have the geographical rights to supply this service to the Village and area. If the Village decided that they did not want ATCO to be their Electrical Utility Operator, then the Village would have to operate the Electrical Utility ourselves. That would mean that we would have to purchase all the assets from ATCO, and arrange to manage the utility, much like we operate the water and sewer utility now. The Village has neither the money, electrical expertise, or resources to manage an electrical utility.

Council does have an opportunity annually to adjust the franchise fee. In 2016, the fee was moved from 3% to 6%. Currently the fee is at 6%, and this is based on a percentage of ATCO's utility revenue from the Village users. As a comparison, currently other regional franchise fees are Fairview 7.5%; Grimshaw 6.0%; and Spirit River 5.5%.

FINANCIAL IMPLICATIONS: Based on 2018 year-end revenues, a 1% increase would result in an increase of approximately \$7,636.61 to franchise fee revenue per year.

POLICY AND/OR LEGISLATIVE IMPLICATIONS: Council needs to provide an electrical utility as part of service to the residents.

ALTERNATIVE OPTIONS:

1. Council could arrange to become the provider of the Electrical Utility
2. Council could increase the annual franchise upwards from 6% to a maximum of 20%.

ATTACHMENTS:

1. ATCO Franchise Agreement Bylaw 217-20

Peter Thomas
Chief Administrative Officer

January 16, 2020
Date