

13 August, 2024

Village of Rycroft
PO Box 360
Rycroft, AB, T0H 3A0

Attention: Mr. Peter Thomas, Chief Administrative Officer

**Re: Impacts of New Provincial Legislation on Your Gas Distribution Franchise Agreement
Time-Sensitive and Action Required**

As you may be aware, the Government of Alberta's *Utilities Affordability Statutes Amendment Act, 2024*,¹ (the "Act") became law when it received Royal Assent on May 16, 2024. The Act makes several changes to various statutes governing franchise agreements. One of these changes affects the gas distribution franchise agreement you have with ATCO Gas and Pipelines Ltd. ("ATCO"):

- Section 49(5) of the *Gas Utilities Act* now states that a franchise granted by a municipality to an owner of a gas utility that has not been approved by the AUC after the coming into force of this subsection will terminate 270 days after the coming into force of that subsection.

This means that your gas distribution franchise agreement for Rycroft, which is current and valid, must be reviewed and re-approved by the Alberta Utilities Commission ("AUC") before March 17, 2025, or it will terminate by operation of law on that date. If it is terminated, all benefits provided under the agreement will end, including the payment of franchise fees to your municipality.

In response to this new legislation, the AUC has established a special process² to efficiently approve all existing current and valid gas distribution franchise agreements that are compliant with the new legislation before the March 2025 deadline. To qualify for this special process, no changes may be made to the previously approved franchise terms, including the expiry date and the existing franchise fee. As

¹ *Utilities Affordability Statutes Amendment Act, 2024*, SA 2024, c 8; www.alberta.ca/making-utility-bills-more-affordable

² <https://media.auc.ab.ca/prd-wp-uploads/News/2024/Bulletin%202024-12.pdf>

part of this special process, ATCO is required to submit information pertaining to your franchise agreement to the AUC at the end of this year, for its review and approval.

We require your collaboration with respect to certain aspects of the re-approval process, including (1) advertising your franchise agreement to your community using a template we will provide you, (2) recording any feedback from residents, (3) responding to feedback from residents and keeping records of your responses, and (4) providing ATCO with all of that information to submit to the AUC. We understand that this may be inconvenient and an imposition on your resources, but it cannot be avoided due to the changes made by the Act. The attached process document explains what must be done and by when.

Please note that if you think you may want to change your franchise fee rate for the full 2025 calendar year, it is necessary to complete the above-described re-approval process first, by early October, before commencing the franchise fee rate change process. Otherwise, franchise fee rate changes will be processed for an effective date of April 1, 2025, or later.

Thank you for your prompt attention to this matter. If you have any questions or concerns, please reach out to me at your earliest convenience at John.Lembryk@atco.com.

Regards,



John Lembryk

Senior Manager, District Operations Northwest

ATCO Gas and Pipelines Ltd.

Franchise Agreement Re-Approval Process
(Utilities Affordability Statutes Amendment Act, 2024)

Step	Action/Event	Responsibility
1	<p><u>Contact ATCO</u> At Your Earliest Convenience</p> <p>Contact ATCO for a copy of the AUC Notice template, tailored to your community, that you must publish in your local print newspaper with the widest circulation in your community.</p>	Municipality
2	<p><u>ATCO Prepares & Sends You the Template</u> Within 7 Days of your Request</p> <p>Upon receiving your request, ATCO will tailor the AUC Notice template with information specific to your community.</p>	ATCO
3	<p><u>Publish the Notice</u> As Soon As Possible (15 November 2024 at the latest)</p> <p>Publish the Notice in your local print newspaper with the widest circulation in your community.</p>	Municipality
4	<p><u>Take a Picture of the Ad in the Newspaper</u></p> <p>On the day the Notice appears in your local print newspaper, take a photo of the page that the Notice appears on and send the photo to ATCO. A digital scan of the page will also suffice.</p> <p><u>This photo or scan must clearly show the Notice, the name of newspaper, and the date of publication.</u> Text must be legible.</p> <p>This photo (or scan) may be requested by AUC as part of the re-approval process, to prove that the Notice was published and that the public was notified as per AUC requirements.</p> <p>(Continued on next page...)</p>	Municipality

Step	Action/Event	Responsibility
<p>5</p>	<p><u>Wait 2 Weeks, Record Public Feedback and Your Responses to the Public</u></p> <p>The public has fourteen days to express any objections, concerns, or support regarding the franchise agreement and the financial impact on them. The public may send their feedback to your municipality, to ATCO, or to the AUC.</p> <p>If you receive any written feedback, please reply to the community member and keep a copy of all communication. If you receive verbal/telephone comments, please make note of the person’s name, the date, and a brief summary of the conversation, including your response.</p> <p>Send copies of all feedback and your replies to ATCO.</p> <p>These communications will be included in the application to the AUC.</p> <p>If no comments are received, then a short email to ATCO saying so is sufficient.</p>	<p>Municipality</p>
<p>6</p>	<p><u>Application Made to the AUC</u> As Soon As Possible (13 December 2024 at the latest)</p> <p>ATCO will submit the information you provide as well as other details about your franchise agreement, as required by the AUC, to the AUC for their review and approval.</p>	<p>ATCO</p>
<p>7</p>	<p><u>Application Reviewed and Decision Issued</u></p> <p>The AUC will review the information submitted. Provided everything is in order, the AUC will then issue a Decision to confirm that your franchise agreement is current, valid and compliant with the new legislation.</p> <p>If you would like a copy of the AUC Decision, please let your ATCO contact know and we will ensure one is sent to you.</p>	<p>AUC</p>

Frequently Asked Questions

Question: Why do we have to do this?

Answer: The Government of Alberta recently changed some laws. As a result, the Alberta Utilities Commission (AUC) must re-approve all existing gas franchise agreements to ensure they are compliant with the changes.

Question: What happens if we don't do this?

Answer: Your gas distribution franchise agreement will terminate on March 17, 2025, and all benefits provided under the agreement will end, including the payment of franchise fees to your municipality.

Question: Why must we advertise a Notice as part of this re-approval process?

Answer: The AUC requires it.

Question: Can we make changes to our gas distribution franchise agreement as part of this re-approval process?

Answer: No. Changes to the franchise agreement can only be made by renewing the franchise agreement. However, renewing a valid and current franchise agreement is not recommended at this time because of the high number of approvals the AUC will be processing in the coming months due to the change in legislation.

Question: Can we change our franchise fee percentage as part of this re-approval process?

Answer: No.

Question: What if we want to change our franchise fee for 1 January, 1 February or 1 March 2025?

Answer: First, the re-approval process must be completed by early October 2024. Then, we can help you through the franchise fee rate change process. Contact us as soon as possible for further details and to start the process.