



Claresholm

REQUEST FOR DECISION

Meeting: February 24, 2025

ATCO FRANCHISE AGREEMENT RENEWAL

DESCRIPTION/BACKGROUND:

The Town of Claresholm has an agreement with ATCO Gas and Pipelines Ltd. for the distribution of gas services in the community. This agreement allows ATCO to be the exclusive provider in the community. This agreement is up for renewal at the end of April, and was previously signed in 2005 (so a 20-year term). The Town of Claresholm passed Bylaw 1456 in 2005, which is the Town’s formal approval of the agreement. Administration is recommending that Council approve an agreement renewal with ATCO.

DISCUSSION/OPTIONS:

There are three decisions ATCO has advised the Town to make at the time of renewal:

- **Term of the agreement**, ATCO has proposed another 20-year term. They have advised that agreements generally range between 10 and 20-year terms. Town managers have reviewed the agreement and are in favour of another 20-year term.
- **Adjusting the Franchise Fee** – municipalities can adjust the franchise fee at the time of renewal. The current franchise fee is 14%. The maximum fee can be 35%. Administration is not recommending any adjustments to the fee, as Council has already increased the fee for 2025 (from 12% to 14%).
- **Linear Tax**

| YEAR | TAX ROLL | | |
|------|-----------|----------|----------|
| | 11393000 | 13103000 | 13114000 |
| 2021 | 42,873.73 | 1,282.65 | 947.13 |
| 2022 | 46,463.23 | 1,284.54 | 909.17 |
| 2023 | 46,049.27 | 1,456.83 | 935.39 |
| 2024 | 46,143.55 | 1,429.72 | 962.24 |

In addition to the franchise fees, the Town collects taxes on ATCO’s infrastructure, via a linear tax. See above chart. Council could cancel this linear tax, however, administration would recommend that Council make a corresponding franchise fee increase to recover the lost revenues. Most municipalities utilize a combination of franchise fee and linear taxes in their arrangements with ATCO. Linear taxes are ultimately passed on to ratepayers by ATCO, like franchise fees.

PROPOSED RESOLUTIONS:

MOVED by Councillor _____ to approve a _____ year term franchise agreement with ATCO Gas and Pipelines Ltd.

MOVED by Councillor _____ to maintain the Town of Claresholm's franchise fee with ATCO Gas and Pipelines Ltd. at 14%.

MOVED by Councillor _____ that the Town of Claresholm continue to collect Linear taxes from ATCO Gas and Pipelines Ltd. via Rider B for ATCO Gas and Pipelines Ltd.

If Council is in favour or proceeding, administration will prepare a bylaw that rescinds Bylaw 1456 and authorizes the Town to enter the new agreement.

COSTS/ SOURCE OF FUNDING (if applicable):

ATTACHMENTS:

- 1.) Bylaw 1456, ATCO Gas and Pipelines Ltd. Franchise Agreement
- 2.) Claresholm Franchise Agreement 2005-2025
- 3.) Renewal Process

APPLICABLE LEGISLATION:

- 1.) Bylaw 1456
- 2.) MGA Chapter M-26, Part 3, Division 3, Section 45 - 47

PREPARED BY: Abe Tinney, CAO

DATE: February 21, 2025
