

**Process for Renewal of a Natural Gas Franchise Agreement
Pursuant to the Municipal Government Act & Alberta Utilities Commission (AUC) Regulations**

Representatives of ATCO Gas and Pipelines Ltd. (ATCO) and your municipality will meet to discuss the terms of your franchise agreement renewal. Once the terms have been discussed and agreed upon to the satisfaction of both your municipality and ATCO, the following events will then occur:

Step	Action/Event	Responsibility
1	<p><u>Preliminary Documents Sent to Municipality</u></p> <p>ATCO will provide your municipality with:</p> <ul style="list-style-type: none"> • A copy of your existing natural gas distribution franchise agreement. • A draft of the proposed renewal agreement. (This is a standard template agreement, which has been approved by the AUMA and the AUC.) • A chart outlining your historic franchise fee information & a forecast. • This process document, which outlines the steps your municipality and ATCO must take together to renew the gas franchise agreement. 	ATCO
2	<p><u>Municipality Reviews Preliminary Documents</u></p> <p>The municipality will:</p> <ul style="list-style-type: none"> • Fill out the <i>Form of Application</i> found at the end of this process document. • Review the draft renewal franchise agreement and: <ol style="list-style-type: none"> 1. Decide on the length of agreement term (min. 10 – max. 20 years). 2. Decide on a franchise fee % and write it in the blank in Clause 5. <ul style="list-style-type: none"> ○ What are other communities charging? See page 4 of these PDFs: <ul style="list-style-type: none"> • North: https://gas.atco.com/content/dam/web/for-home/natural-gas/natural-gas-north-rate-schedule.pdf • South: https://gas.atco.com/content/dam/web/for-home/natural-gas/natural-gas-south-rate-schedule.pdf 3. Decide if linear property tax will be levied. (Clause 8 “Municipal Taxes” to be modified if franchise fees are in lieu of property taxes.) 4. Confirm the municipality’s contact details. (Clause 21) 5. Provide the names & titles of the two municipal representatives who will be signing the agreement. (Signature Page) 6. Initial each page of the draft agreement to indicate that your municipality has reviewed the content of the agreement. 7. DO NOT SIGN THE AGREEMENT at this time. An updated version will be provided later, for execution, as per step thirteen below. 	Municipality
3	<p><u>Bylaw 1st Reading</u></p> <p>A bylaw authorizing the mayor and administrator to execute the agreement with ATCO renewing the franchise must be given first reading in municipal council. (See bylaw example included at the end of this document.)</p>	Municipality

Step	Action/Event	Responsibility
4	<p><u>Bylaw Certification</u></p> <p>Two (2) copies of the bylaw are to be certified by the mayor and administrator as having received first reading.</p> <p>One copy of this certified bylaw must be sent to ATCO, as per step five below.</p>	Municipality
5	<p><u>Municipality Returns Preliminary Documents to ATCO</u></p> <p>A package consisting of one (1) copy of each of the following documents must be sent by the municipality to ATCO:</p> <ol style="list-style-type: none"> 1. Initialed & marked-up copy of the proposed natural gas distribution franchise agreement. 2. A copy of the 1st reading of your bylaw. 3. Completed and signed <i>Form of Application</i> (found at the end of this document). <p>Kindly scan and emailed these documents to your local ATCO Gas contact with cc to: FranchiseCoordinatorGas@atco.com</p> <p>A copy of each document should be retained for your municipality's records.</p>	Municipality
6	<p><u>Prepare the of Notice of Application Template</u></p> <p>Section 45(3)(a) of the <i>Municipal Government Act</i> states that when a franchise agreement is made, amended or renewed, it must be advertised. Similarly, Alberta Utilities Commission (AUC) Rule 029 requires that notice to the public be given before an application (for a new agreement, a renewal, or a franchise fee rate change) is made. This is required so that the public can be made aware of the agreement, or rate change, and the financial impact on customers.</p> <p><u>The AUC provides a notice template that must be used.</u> With the information provided by the municipality in step five above, ATCO will fill in most of the blanks in the template and send it to the municipality.</p> <p>The municipality must fill in the remaining blanks in the template and then publish the notice as per step seven below.</p> <p>(continued on next page)</p>	ATCO

Step	Action/Event	Responsibility
7	<p data-bbox="240 218 717 252"><u>Communicate the <i>Notice of Application</i></u></p> <p data-bbox="240 291 1268 359">ATCO will provide the AUC's <i>Notice of Application</i> to the municipality who then must provide the notice to the community via one (or more) of the four methods listed here.</p> <p data-bbox="240 399 1268 466">Select the method(s) that ensures that notice is provided to as many utility customers as reasonably possible.</p> <ol data-bbox="337 506 1268 926" style="list-style-type: none"> <li data-bbox="337 506 1268 573">1. Publish the notice in the print newspaper having the widest circulation in your municipality; <li data-bbox="337 613 1268 680">2. Mail (Canada Post) or e-mail the notice directly to all utility customers in your municipality; <li data-bbox="337 720 1268 787">3. Post the notice on your municipality's website <u>and</u> social media page(s) <u>and</u> office notice board (as available); or <li data-bbox="337 827 1268 926">4. Seek permission from the AUC to use an alternative method that ensures that notice is provided to as many utility customers as reasonably possible. (AUC must grant permission before using this option.) <p data-bbox="240 966 1268 1033">Be prepared to justify to the AUC why you chose the method(s) you did. The goal is to provide notice to as many utility customers as reasonably possible.</p> <p data-bbox="240 1073 1268 1318">The template that ATCO provides you is an AUC template. When you receive the template, use exactly what you receive, fill in the highlighted fields as instructed, and do not remove the AUC logo or their contact information or any other information. The AUC designed the template with specific information to be communicated to the public. If an alternate template is used, or if changes are made to the information in the template provided, the AUC may deny the application and insist that the notice process be redone.</p> <p data-bbox="240 1358 1268 1425">AUC Rule 029 clause 4.1(c) states that this step (publishing the notice) must happen at least 45 days before the application to renew is filed with the AUC.</p> <p data-bbox="240 1465 1268 1533">Please ensure that the advertising requirement in Section 45(3)(a) of the <i>Municipal Government Act</i> is met.</p> <p data-bbox="240 1572 1268 1640">Costs associated with providing notice to the community are the responsibility of the municipality.</p> <p data-bbox="240 1890 537 1923">(continued on next page)</p>	Municipality

Step	Action/Event	Responsibility
8	<p><u>Take a Photo/Screenshot of the Notice as Proof</u></p> <ul style="list-style-type: none"> i. If you published the <i>Notice of Application</i> in your local print newspaper, take a photo of the page that the notice appears on and send the photo to your ATCO contact. A digital scan of the page will also suffice. <u>This photo or scan must clearly show the notice, the name of newspaper, and the date of publication.</u> Text must be legible. ii. If you did a direct mail-out, please send your ATCO contact a copy of the mailout AND a letter on municipal letterhead stating how many utility customers it was sent to and on what date. iii. If you posted on your municipality's website, social media pages, and office notice board, please take screen shots of the website and social media pages (URLs must be visible), and a photo of the notice on your notice board. Note the date that the screen shots and photo were taken. Send these photos/screen shots and dates to your ATCO contact along with a letter on municipal letterhead stating the date that each was posted. <p>This photo (or scan) is submitted to the AUC as part of the renewal application, to prove that the public was notified.</p>	Municipality
9	<p><u>Wait 14 Days, Report Comments from Public to ATCO</u></p> <p>The public has 14 days to express any objections, concerns, or support regarding the renewal, the rates, or the financial impact on them. The public may send their expressions of concern or support to your municipality, to ATCO, or to the AUC.</p> <p>If you receive any written objections, expressions of concerns, or support, via email or post, you must reply to them and send copies of all communications to ATCO. If you receive verbal/telephone comments, please make note of the person's name, the date, and the gist of the conversation, and send to ATCO. The AUC requires that these comments be included in the franchise agreement renewal application filing.</p> <p>If no comments were received, then a short email to ATCO saying so is sufficient.</p> <p>In your communication with ATCO, please confirm that the advertising requirement in Section 45(3)(a) of the <i>Municipal Government Act</i> has been met.</p> <p>(continued on next page)</p>	Municipality

Step	Action/Event	Responsibility
10	<p><u>Apply to AUC for Approval of Renewal Franchise Agreement & Franchise Fee Rate</u></p> <p>ATCO uses the information that you provided in steps five, eight and nine above, to prepare and file an application with the AUC to have the franchise agreement renewal approved.</p> <p><u>Note: AUC Rule 029</u> clause 4.1(c) states that before the application can be filed with the AUC, 45 days must pass after the publication of the <i>Notice of Application</i> in step seven above.</p>	ATCO
11	<p><u>AUC Hearing (rare)</u></p> <p>The Alberta Utilities Commission (AUC) may require a hearing in response to objections, concerns or support expressed by residents/customers who saw the <i>Notice of Application</i> published in step seven above.</p> <p>This is rare.</p> <p>If there is a hearing, the municipality may wish to have ATCO appear on its behalf. In this case, the municipality should advise the AUC and ATCO. Instructions will be received from the AUC in this regard.</p>	<p>AUC</p> <p>Municipality / ATCO</p>
12	<p><u>AUC Decision</u></p> <p>The Alberta Utilities Commission (AUC) will render its decision on the application to renew the franchise agreement and, upon approval of the application, will issue a disposition.</p> <p>ATCO will provide a copy of the disposition to the municipality. (The municipality may wish to use the disposition for the second and third readings of the relevant bylaw.)</p>	<p>AUC</p> <p>ATCO</p>
13	<p><u>Prepare Contract for Execution</u></p> <p>ATCO will prepare a final version of the franchise agreement for signature.</p> <p>At the municipality's preference, ATCO will:</p> <ul style="list-style-type: none"> A. Hand deliver to the municipality two (2) paper copies of the natural gas distribution franchise agreement, duly executed by ATCO, for execution by the municipality, or B. Arrange for the municipality to execute the agreement digitally via Adobe Sign. 	ATCO

Step	Action/Event	Responsibility
	(continued on next page)	
14	<p><u>Bylaw 2nd & 3rd Readings</u></p> <p>The municipality must give second and third readings to the relevant bylaw.</p>	Municipality
15	<p><u>Contract Execution</u></p> <p>The municipality must execute the natural gas distribution franchise agreement.</p>	Municipality
16	<p><u>Send Bylaw & Contract to ATCO</u></p> <p>One (1) copy of the fully executed agreement and one (1) certified copy of the completed bylaw (second and third readings) must be scanned and emailed back to your ATCO contact and FranchiseCoordinatorGas@atco.com.</p>	Municipality
17	<p><u>Contract Effective Date</u></p> <p>Once fully executed, the new franchise agreement will take effect on the <u>later</u> of:</p> <ul style="list-style-type: none"> (1) The date written into the agreement in clause 2 a) i; or (2) The 1st day of the month after all the following have been completed: <ul style="list-style-type: none"> a. the AUC has approved the agreement, and b. your municipality has passed third reading of the relevant bylaw and provided ATCO written evidence of the same on or before the twentieth (20th) day of the month, and c. your municipality has provided ATCO a copy of the fully executed agreement on or before the twentieth (20th) day of the month. 	

IMPORTANT: Kindly ensure you send all the documentation as requested in each step. ATCO cannot confirm the new franchise agreement in the billing system until all of the above steps have been completed and *all* documentation has been received by ATCO.

Bylaw No. _____

A bylaw of the _____ (the Municipality) to authorize the Mayor and Administrator to execute an agreement with ATCO Gas and Pipelines Ltd. (the Company) to renew an agreement with and to confer a franchise on the Company to deliver natural gas to customers within the Municipality.

WHEREAS the Company has requested a franchise be granted to provide natural gas services to customers within the Municipality;

AND WHEREAS it is deemed that such an agreement would be of benefit to customers within the Municipality;

THEREFORE under the authority of the Municipal Government Act, R.S.A. 2000, Chapter M-26, Part 3, Division 3, Section 45 - 47 be it enacted that the Mayor and Administrator be authorized to sign the agreement which is attached to and forming part of this bylaw and marked as Schedule "A" between the Municipality and the Company to renew an agreement with and to confer a franchise on the Company to deliver natural gas services within the Municipality;

This bylaw shall come into force upon the agreement being approved by the Alberta Utilities Commission for the Province of Alberta, and upon being given Third reading and finally passed.

READ a First time this _____ day
of _____ 2024

Mayor

Administrator

READ a Second time this _____ day
of _____ 2024

Mayor

Administrator

READ a Third time and finally
passed this _____ day

Mayor

of _____ 2024

Administrator

FORM OF APPLICATION

Alberta Utilities Commission
10 Fl, 10055-106 Street
Edmonton, Alberta,
T5J 2Y2

RE: RENEWAL OF A NATURAL GAS FRANCHISE AGREEMENT

The Council of the _____ (the Municipality) hereby applies to the Alberta Utilities Commission for approval to renew a natural gas franchise agreement between the Municipality and ATCO Gas and Pipelines Ltd.

Enclosed herewith is a copy of bylaw No. _____ read the first time on the ____ day of _____, 2024.

The Council hereby declares:

- a) That the privilege or franchise granted under the natural gas franchise renewal agreement is necessary and proper for the public convenience and properly conserves the public interests.
- b) That the scheme of ATCO Gas and Pipelines Ltd. for the delivery of natural gas under the provisions of the natural gas franchise renewal agreement is reasonable and sufficient having regard to the general circumstances.
- c) That with respect to the delivery of natural gas to the Municipality the natural gas utility has provided the construction, equipment, maintenance, service or operation as the public convenience and interests reasonably require.
- d) That having regard to the deliverability of natural gas in the area in which the Municipality is situated and to any other circumstances, the granting of the franchise or privilege in the natural gas franchise renewal agreement is to the general benefit of the area directly or indirectly affected thereby.
- e) That the natural gas supplier has fully discussed all proposed changes to the natural gas franchise agreement with the Council and the Council understands the reasons for this renewal and is in agreement with them.
- f) That the rights conferred by the Municipality in the Agreement are not exclusive as against His Majesty the King in the Right of the Province of Alberta.

Additionally, the Municipality hereby consents to the matter being determined without a hearing if no objections are filed with the Albert Utilities Commission following published notice of the pending renewal agreement.

For the purposes of advertising notice, _____ is the newspaper with the largest circulation within the Municipality.

DATED THIS _____ DAY OF _____, 2024

SIGNED:

MAYOR

ADMINISTRATOR