

August 29, 2024

Town of Claresholm
PO Box 1000
Claresholm, AB, T0L 0T0

Attention: Mr. Abe Tinney, Chief Administrative Officer

Re: Natural Gas Franchise Fee Estimate for 2025 – Claresholm (Updated)

As per the Natural Gas Distribution System Franchise Agreement between ATCO Gas and Pipelines Ltd. (ATCO) and the Town of Claresholm, ATCO pays the Town of Claresholm a franchise fee. The franchise fee is collected from gas customers within Claresholm and is calculated as a percentage of ATCO's revenue derived from the delivery tariff.

The franchise agreement requires that we provide ATCO's total revenues derived from the delivery tariff within Claresholm for 2023 and an estimate of total revenues to be derived from the delivery tariff within Claresholm for 2025. The chart below provides this information as well as an estimate of your franchise fee revenue for the 2025 calendar year.

ATCO's Delivery Tariff Revenue in 2023	ATCO's Estimated Delivery Tariff Revenue for 2025	Your Current Franchise Fee Percentage	Your Estimated Franchise Fees for 2025
\$1,188,126	\$1,308,973	12.00%	\$ 157,077

Please note that the estimated delivery tariff revenue for 2025 can be impacted by changes in customer operations and weather. Additionally, ATCO has utilized forecast 2025 delivery rates, however, they have not yet been approved by the Alberta Utilities Commission. ATCO commits to providing updated franchise fee revenue forecasts at a future date should there be material impacts related to any update of these forecast assumptions.

Under the franchise agreement, the Town of Claresholm has the option of changing the franchise fee percentage for 2025. If you are considering changing the franchise fee in 2025, please contact us as soon as possible to learn about the process. We will guide you through the process and will file an application with the Alberta Utilities Commission (AUC) for approval. A request to change the franchise fee must be made in writing and must be received by ATCO on or before October 15th, 2024.

We trust you will find this information useful. Should you have any questions or require anything further, please do not hesitate to contact me at Dan.Magnan@atco.com.

Yours truly,

Dan Magnan
Senior Manager, Lethbridge Operations
ATCO Gas & Pipelines Ltd.