



AltaGas Utilities Inc.

Termination of Natural Gas Franchise Agreement with The Village of New Sarepta

February 2, 2012



The Alberta Utilities Commission

Decision 2012-037: AltaGas Utilities Inc.

Termination of Natural Gas Franchise Agreement with the Village of New Sarepta

Application No. 1607906

Proceeding ID No. 1589

February 2, 2012

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The Alberta Utilities Commission

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1. On November 23, 2011, the Alberta Utilities Commission (the AUC or the Commission) received an application registered as Application No. 1607906 from AltaGas Utilities Inc. (AUI) requesting approval to terminate the existing natural gas franchise agreement (franchise agreement) between AUI and the Village of New Sarepta (New Sarepta).
2. The Commission approved a renewed franchise agreement between AUI and the Village of New Sarepta on June 19, 2009 in Decision [2009-089](#)¹ for a period of 10 years. Subsequently, the Village of New Sarepta was dissolved and became a hamlet of Leduc County on September 1, 2010.
3. Due to New Sarepta's change to hamlet status, Leduc County (Leduc or District of Leduc) proposed that the franchise agreement between New Sarepta and AUI be terminated and that AUI's natural gas customers in New Sarepta be billed under Leduc County's Rider "B" rate schedule. AUI indicated that it would remove New Sarepta from the Rider "A" rate schedule, and include New Sarepta under the District Property Tax Rider rates for Leduc on the Rate Rider "B" District and Municipal Property Tax Riders schedule (Rider "B" rate schedule).
4. AUI's natural gas customers in New Sarepta currently pay franchise fees through Rider "A" which is set at 20.75 per cent and municipal taxes through Rider "B" which is set at 5.8662 per cent. Amounts for Rider "A" and Rider "B" are calculated based on delivery revenues only, which are the non-gas components on customers' bills that include the fixed and variable charges of delivery and exclude the cost of gas.
5. As a result of terminating the franchise agreement, AUI's natural gas customers in New Sarepta will no longer pay a franchise fee of 20.75 per cent. In addition, including New Sarepta under the Leduc District Property Tax Rider rates on the Rider "B" rate schedule, will decrease the Rider "B" rate for customers in New Sarepta to 0.4668 per cent from 5.8662 per cent of delivery revenues.
6. Section 47(1) of the *Municipal Government Act*, R.S.A. 2000, c. M-26, states a franchise agreement that is not renewed continues in effect until either party, with the approval of the Commission, terminates it on six months notice. The Commission considers that the six-month notice period does not apply as the franchise agreement was renewed in June 2009 and both parties have agreed to terminate the franchise agreement. On this basis, the Commission considers that it would be reasonable to terminate the franchise agreement.

¹ Decision 2009-089: Village of New Sarepta, Franchise Agreement with AltaGas Utilities Inc., Application No. 1603702, June 19, 2009.

7. Therefore, the Commission approves the termination of the franchise agreement between the Village of New Sarepta and AltaGas Utilities Inc. effective February 3, 2012 as set out in this application. The new municipal tax rate for New Sarepta as indicated in the Rider “B” rate schedule will be the rate for the District of Leduc. The Rider “B” rate schedule is attached as [Appendix 1](#) to this decision and becomes effective on or after the date of issuance of this decision.

Dated on February 2, 2012.

The Alberta Utilities Commission

(original signed by)

Neil Jamieson
Commission Member

Appendix 1 - Rider “B” with respect to the Hamlet of New Sarepta

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Appendix 1 - Rider B
with respect to the H:

(consists of two pages)

RATE RIDER "B"	DISTRICT & MUNICIPAL PROPERTY TAX RIDERS
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Additions to be made to the rates of customers resident in municipalities that receive a property tax assessed pursuant to Section 353 of the *Municipal Government Act, R.S.A. 2000 c.M-26*. The addition is an estimated percentage of distribution revenues required to provide for the tax payable each year. To the extent that this percentage may be more or less than that required to pay the tax, the percentage of distribution revenue in the rider will be adjusted on an annual basis. The percentages are filed with the Alberta Utilities Commission.

Rate Rider "B" is to be applied as an addition to the total billings calculated for the following areas:

District Property Tax Riders

<u>District</u>	<u>Rate (%)</u>	<u>Effective Date</u> ¹
Athabasca	3.0430	January 1, 2012
Barrhead, Morinville, Westlock	1.6750	January 1, 2012
Bonnyville	0.8783	January 1, 2012
Drumheller	0.1907	January 1, 2012
Grande Cache	N/A	January 1, 2012
Hanna	1.0269	January 1, 2012
High Level	0.6936	January 1, 2012
Leduc	0.4668	January 1, 2012
Pincher Creek	0.0975	January 1, 2012
St. Paul	2.0884	January 1, 2012
Southeast	1.3832	January 1, 2012
Stettler	0.9125	January 1, 2012
Three Hills	1.4716	January 1, 2012
Two Hills	2.3012	January 1, 2012

RATE RIDER "B"	DISTRICT & MUNICIPAL PROPERTY TAX RIDERS
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Municipality-Specific Property Tax Riders
(incremental to applicable District Property Tax Rider)

<u>Municipality</u>	<u>Type</u>	<u>District</u>	<u>Rate (%)</u>	<u>Effective Date</u> ¹
Barrhead	Town	BMW ²	2.4944	January 1, 2012
Beaumont	Town	Leduc	1.3969	January 1, 2012
Bonnyville Beach	Summer Village	Bonnyville	0.7855	January 1, 2012
Bonnyville	Town	Bonnyville	1.0160	January 1, 2012
Botha	Village	Stettler	1.7223	January 1, 2012
Calmar	Town	Leduc	3.3798	January 1, 2012
Crystal Springs	Summer Village	Leduc	0.5711	January 1, 2012
Delia	Village	Hanna	5.0110	January 1, 2012
Donalda	Village	Stettler	2.6929	January 1, 2012
Drumheller	Town	Drumheller	2.6158	January 1, 2012
Elk Point	Town	St. Paul	3.7848	January 1, 2012
Glendon	Village	St. Paul	2.6713	January 1, 2012
Grande Cache	Town	Grande Cache	4.0192	January 1, 2012
Grandview	Summer Village	Leduc	0.8502	January 1, 2012
Hanna	Town	Hanna	1.9462	January 1, 2012
High Level	Town	High Level	1.5065	January 1, 2012
Island Lake	Summer Village	Athabasca	1.4488	January 1, 2012
Leduc	City	Leduc	1.9807	January 1, 2012
Ma-Me-O Beach	Summer Village	Leduc	0.5272	January 1, 2012
Mewatha Beach	Summer Village	Athabasca	0.0000	January 1, 2012
Morinville	Town	BMW	1.1737	January 1, 2012
Morrin	Village	Drumheller	2.3420	January 1, 2012
Munson	Village	Drumheller	2.7898	January 1, 2012
Pelican Narrows	Summer Village	Bonnyville	1.1732	January 1, 2012
Pincher Creek	Town	Pincher Creek	2.2688	January 1, 2012
Poplar Bay	Summer Village	Leduc	1.5794	January 1, 2012
Rochon Sands	Summer Village	Stettler	0.4917	January 1, 2012
St. Paul	Town	St. Paul	2.5375	January 1, 2012
Stettler	Town	Stettler	1.9560	January 1, 2012
Sunset Beach	Summer Village	Athabasca	0.9839	January 1, 2012
Three Hills	Town	Three Hills	2.1002	January 1, 2012
Two Hills	Town	Two Hills	4.8391	January 1, 2012
Waskatenau	Village	BMW	2.4314	January 1, 2012
Westlock	Town	BMW	3.0014	January 1, 2012
White Sands	Summer Village	Stettler	3.3497	January 1, 2012
Willingdon	Village	Two Hills	4.7222	January 1, 2012
Zama Lake	Town	High Level	28.4002	January 1, 2012

¹ Any bill rendered on or after this date is subject to the corresponding rate.

² BMW denotes Barrhead, Morinville and Westlock.