



EPCOR Distribution & Transmission Inc.

**2025 Franchise Agreement and Franchise Fee with
the City of Edmonton**

March 6, 2025

Alberta Utilities Commission

Decision 29644-D01-2025

EPCOR Distribution & Transmission Inc.

2025 Franchise Agreement and Franchise Fee with the City of Edmonton

Proceeding 29644

March 6, 2025

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The Commission may, no later than 60 days from the date of this decision and without notice, correct typographical, spelling and calculation errors and other similar types of errors and post the corrected decision on its website.

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1 Decision summary

1. EPCOR Distribution & Transmission Inc. (EDTI) applied for approval of an electric distribution system franchise agreement with the City of Edmonton. EDTI owns and operates an electric distribution system within the municipal boundaries of the city of Edmonton and is also a transmission facility owner in the province of Alberta.

2. The Alberta Utilities Commission approves the franchise agreement subject to the inclusion of the following details in the agreement as directed in this decision:

- the formula used to calculate the franchise fee under the quantity-only methodology; and
- supporting details of the calculation.

3. The Commission also approves the franchise fees of \$0.01324 per kilowatt-hour (/kWh) for distribution-connected customers and \$0.00582/kWh for transmission-connected customers effective March 17, 2025. The corresponding rate schedule attached as [Appendix 3](#) is approved, as filed.

2 Background

2.1 What are franchise agreements and franchise fees?

4. A franchise agreement is a contract between a municipality and a utility owner that grants the owner the exclusive right to provide electric distribution or gas services within the municipality. Many franchise agreements provide for payment of a franchise fee, which is the amount the owner pays to the municipality in exchange for this right. For electricity, the franchise fee is labelled a Local Access Fee on customer bills.

5. Rule 029: *Municipal Franchise Agreements* applies to applications for Commission approval of a franchise agreement and associated franchise fee rate rider(s) under the *Electric Utilities Act* and the *Municipal Government Act*. Franchise fee agreements must comply with the *Utilities Affordability Statutes Amendment Act, 2024* (the Act), as discussed in Section 2.2, below.

6. Section 7 of Rule 029 sets out the requirements that utility owners must meet prior to changing a franchise fee rate rider that is charged under an approved franchise agreement.

2.2 Utilities Affordability Statutes Amendment Act, 2024

7. The Act received royal assent on May 16, 2024. The Act made several changes to statutes concerning electric franchise agreements, including:

- (a) Section 139 of the *Electric Utilities Act* now requires Commission approval of electric distribution franchise agreements between a municipality and a corporation controlled by the municipality or subsidiary of the municipality (collectively referred to as subsidiaries). Section 139(7) provides that, without Commission approval, existing franchise agreements between a municipality and its subsidiary are terminated 270 days after the coming into force of that subsection.
- (b) Section 45.01 of the *Municipal Government Act* now prohibits franchise agreements from providing for the payment of fees that are determined in whole or in part using a price per gigajoule (GJ) or per kWh that varies according to market prices.

8. These and other associated amendments came into force via proclamation on June 20, 2024. As a result, any franchise agreement impacted by the amendments will terminate on March 17, 2025, unless approved by the Commission before this date.¹

2.3 EDTI's application to bring Edmonton's franchise agreement into compliance with the Act

9. On November 13, 2024, the City of Edmonton council passed the third reading of Bylaw 20959,² granting EDTI the exclusive right to deliver electricity to the residents of the city under the new franchise agreement. The new franchise agreement takes effect on March 17, 2025, for an initial term of 10 years with an option for two subsequent five-year terms. The proposed franchise fee is 17.65 per cent of EDTI's actual distribution tariff revenue.³

10. On December 6, 2024, EDTI applied to the Commission requesting approval of:

- the proposed franchise agreement;
- the proposed franchise fee of 17.65 per cent and corresponding rate schedule; and
- an effective date of March 17, 2025, for the proposed franchise agreement and the proposed franchise fee for 2025.

11. The application was filed according to Rule 029 and Bulletin 2024-18.⁴

12. EDTI advised that it was unable to file its 2025 franchise agreement and franchise fee application by December 4, 2024, as required in Bulletin 2024-12. In order to comply with the minimum public notice of 21 days for franchise agreement applications required by Bulletin 2024-18, the earliest date that EDTI was able to file its application was on December 6, 2024, 22 days after the third reading of Bylaw 20959. EDTI provided notice of the proposed franchise agreement and the franchise fee application on November 14, 2024, through the Edmonton Journal newspaper, EDTI's website and the social media platform, Facebook. The City of Edmonton also posted a copy of the public information on its website.⁵ Given that EDTI provided public notice the day following the third reading of Bylaw 20959, the Commission is

¹ Bulletin 2024-12, Process for franchise agreement and franchise fee approvals under new legislation, July 10, 2024.

² Bylaw 20959: EDTI Electric Distribution System Franchise Agreement

³ Exhibit 29644-X0005, application, PDF page 3, paragraph 1.

⁴ Bulletin 2024-18, Amendments to AUC Rule 029, September 1, 2024.

⁵ Exhibit 29644-X0005, application, Section 4.0, PDF pages 12-13, Section 4.0.

satisfied with EDTI's explanation and grants EDTI permission to file its application on December 6, 2024, two days after the specified deadline.

13. This is the first franchise agreement approved by the Commission between EDTI and the City of Edmonton. Previously, EDTI's status as a subsidiary of the municipality excluded franchise agreements from approval by the Commission, which is now required under the revised Section 139 of the *Electric Utilities Act*. EDTI advised that the proposed franchise agreement is primarily based on the standard electric franchise template agreements approved in decisions 2012-255⁶ and 2012-294,⁷ but with certain adjustments to reflect the existing practices between the City of Edmonton and EDTI and the specific relationship between the two parties. The City of Edmonton is the sole shareholder of EDTI.

14. The Commission has reviewed and is satisfied with the adjustments to the proposed franchise agreement. However, during the Commission's review of the proposed franchise agreement and the proposed franchise fee calculation methodology, some issues were identified and are discussed below.

3 Franchise agreement brought under Commission oversight

15. As noted in Section 2.2 above, Section 45.01 of the *Municipal Government Act* now prohibits franchise agreements from providing for the payment of fees that are determined in whole or in part using a price per GJ or per kWh that varies according to market prices. EDTI confirmed that the proposed franchise agreement and payment of fees is not determined in whole or in part using a price per kWh that varies according to market prices.⁸

3.1 Is the quantity-only methodology an acceptable alternative to the standard franchise determination methodology?

16. The standard franchise determination methodology involves calculating the franchise fee as a percentage of the total distribution charges on an electricity bill. This methodology is typically how franchise fees are calculated in Alberta. While the distribution tariff varies among customer rate classes, each class pays the same proportion of the approved franchise fee percentage under this methodology.

17. In the current application, EDTI identified three methodologies for calculating the franchise fee: (i) status quo;⁹ (ii) percentage rate; and (iii) multiple \$/kWh rates. EDTI proposed to implement the status quo methodology for the reasons that follow.

18. The percentage rate methodology is essentially the standard franchise determination methodology where the franchise fee is calculated by multiplying the franchise fee percentage and the total distribution tariff charges on an electricity bill. While it would be the most efficient way to calculate the franchise fee, EDTI cannot adopt this methodology due to its billing system

⁶ Decision 2012-255: Town of Hinton, New Franchise Agreement Template and Franchise Agreement with FortisAlberta Inc, Proceeding 1946, Application 1608547, September 28, 2012.

⁷ Decision 2012-294: Town of Fairview, Franchise Agreement with ATCO Electric Ltd. and Amendment to Rider A, Proceeding 2124, Application 1608821, October 31, 2012.

⁸ Exhibit 29644-X0005, application, PDF page 4, paragraph 4.

⁹ EDTI's current practice uses a single \$/kWh rate for distribution-connected customers and a single \$/kWh rate for transmission-connected customers.

limitations. EDTI explained that its billing system is not capable of applying the franchise fee percentage as a rate, and that the billing system cannot be modified in time for the effective date of March 17, 2025.¹⁰ EDTI anticipated that it will have the capability to bill customers under this methodology when it replaces its billing system in 2033-2035.¹¹

19. In the application, EDTI originally proposed to transition to the multiple \$/kWh rates methodology, under which each class is assigned a different franchise fee (in \$/kWh) in 2026.¹² However, EDTI noted that, “in light of the considerations in Proceeding 29352, namely that it is reasonable for some rate classes to pay a franchise fee that is higher than other classes,” it now proposes to maintain the status quo methodology.¹³ This approach would have continued until the billing system is replaced in 2033-2035.

20. Under EDTI’s proposed status quo methodology, customers are charged a franchise fee based solely on the quantity of energy that they consume through a fixed franchise fee expressed as dollars per kWh. There will be a single \$/kWh rate for distribution-connected customers and a single \$/kWh rate for transmission-connected customers. Customers are billed the franchise fee based on a fixed fee multiplied by energy consumption (kWh), which does not vary with the electricity market prices. Given that customers are billed a franchise fee solely on their energy consumption, the proposed methodology is effectively a quantity-only methodology.

21. For clarity, in Decision 29352-D01-2024,¹⁴ the Commission considered that it can be reasonable for rate classes to pay a franchise fee that is **the same dollar amount per unit of consumption** as an alternative to an equivalent percentage of distribution tariff. Decision 29352-D01-2024 is not interpreted as general approval that some rate classes may pay a higher franchise fee than others. The critical factor is assessing the methodology to ensure the approach achieves an outcome comparable to the standard franchise determination methodology.

22. Similar to Decision 29352-D01-2024, the Commission finds that, in principle, the quantity-only methodology is a reasonable alternative to the standard franchise determination methodology. However, before EDTI’s proposed franchise agreement can be approved, the Commission must consider the following:

- How will the specific franchise fee(s) under the quantity-only methodology be calculated and communicated to the public and the Commission?
- How will the quantity-only methodology comply with the 20 per cent franchise fee maximum?
- How reasonable is a true-up provision for under- and over-collected franchise fees under the quantity-only methodology?

¹⁰ Exhibit 29644-X0005, application, PDF page 8, paragraph 8.

¹¹ Exhibit 29644-X0005, application, PDF page 9, paragraph 11.

¹² Exhibit 29644-X0005, application, PDF page 9, paragraph 11.

¹³ Exhibit 29644-X0013, response EDTI-AUC-2025JAN09-004(a), PDF pages 14-15.

¹⁴ Decision 29352-D01-2024: ENMAX Power Corporation, The City of Calgary Franchise Agreement Amendment and 2025 Franchise Fee, Proceeding 29352, December 17, 2024.

3.1.1 How will the specific franchise fee(s) under the quantity-only methodology be calculated and communicated to the public and the Commission?

23. Under the proposed quantity-only methodology, the franchise fee is calculated by dividing the franchise fee revenue (i.e., 17.65 per cent of distribution tariff revenue) by the forecast energy consumption.

24. EDTI explained that the City of Edmonton determined the franchise fee of 17.65 per cent by comparing the percentage that would have been charged under the existing franchise agreement (15.3 per cent)¹⁵ with percentages charged by other municipalities. The new percentage was set such that the percentage would align with the average franchise fee percentage in the Edmonton metropolitan area.¹⁶ The 17.65 per cent franchise fee will be in place until the City of Edmonton chooses to change it.

25. The proposed franchise fee revenue is allocated between distribution-connected and transmission-connected customers based on each group's percentage of distribution tariff revenue. The resulting franchise fee revenue for each group is then divided by their respective forecast energy consumption, resulting in a single \$/kWh rate for distribution-connected customers and a separate single \$/kWh rate for transmission-connected customers.¹⁷ The proposed 2025 franchise fees for distribution-connected customers and transmission-connected customers are \$0.01324/kWh and \$0.00582/kWh, respectively.

26. EDTI provided a breakdown of the 2025 franchise fee calculation, summarized below.

Table 1. 2025 franchise fee calculation

	Distribution-connected	Transmission-connected
Total forecast distribution tariff revenue (\$)	544,425,546	12,731,051
Franchise fee (%)	17.65	17.65
2025 franchise fee revenue (\$)	96,086,196	2,251,943
2024 refund amount (\$) ¹⁸	(1,533,752)	(35,946)
2025 net franchise fee revenue (\$)	94,552,444	2,215,997
2025 forecast energy consumption (kWh)	7,142,158,870	380,643,384
2025 franchise fee (\$/kWh)	0.01324	0.00582

*Minor differences due to rounding.

Source: Exhibit 29644-X0008, Appendix C - Franchise Fee Rate Calculation Model, 2.0 Status Quo Rates tab.

27. The Commission is satisfied with the calculation of the franchise fee under the quantity-only methodology. However, the Commission notes that the calculations are not set out in Section 5(a) of the proposed franchise agreement, which only states the franchise fee percentage.

28. EDTI stated that the proposed franchise agreement was not the appropriate document to describe the details of the franchise fee. Given that the franchise agreement has a term of

¹⁵ Exhibit 29644-X0005, application, PDF pages 5-6, paragraph 11.

¹⁶ Exhibit 29644-X0005, application, PDF pages 5-6, paragraph 11.

¹⁷ Exhibit 29644-X0005, application, PDF page 8, paragraph 7.

¹⁸ The 2024 refund amount is the difference between the original franchise fee and the franchise fee that was expected to be collected in 2024 (i.e., multiplying the approved 2024 franchise fee (\$/kWh) by an updated forecast of energy usage). This true-up provision was approved for EDTI's existing franchise fee collection methodology and consequently, is integrated with the calculation of the franchise fee for the subsequent year, i.e., 2025. As set out in Section 3.1.3, the Commission does not approve the true-up provision for the proposed franchise fee recovery methodology.

20 years, and any changes are subject to the approval of city council through municipal bylaw and the approval of the Commission, EDTI preferred to exclude this information from the proposed franchise agreement as rate design and true-up calculations may change. EDTI further noted that the standard electric franchise agreement templates from decisions 2012-255 and 2012-294 do not contain rate design provisions. Should EDTI change the franchise fee rate design, EDTI confirmed its understanding that Commission approval would be required.¹⁹

29. The Commission considers that the standard electric franchise template agreement was set out for the standard franchise determination methodology, under which franchise fees are calculated as a percentage of the total distribution charges on an electricity bill without provisions for true-ups. However, under the quantity-only methodology, the Commission finds that the proposed franchise agreement, which is based on that template, does not provide adequate details on how the franchise fee is calculated. With the franchise fee, expressed as dollar per kWh, potentially changing annually under the quantity-only methodology, the Commission finds that the obligation to transparency outweighs the regulatory burden associated with amending the agreement. Moreover, EDTI indicated that it does not anticipate replacing its billing system to resolve the limitation and adopt the standard methodology until 2033-2035. Based on the foregoing, the Commission finds that details of the franchise fee calculation are relevant to readers of the franchise agreement. Accordingly, the Commission directs EDTI to revise Section 5(a) and any other section(s) of the franchise agreement, as required, to detail:

- the formula used to calculate the franchise fee under the quantity-only methodology; and
- supporting details of the calculation.²⁰

3.1.2 How will the quantity-only methodology comply with the 20 per cent franchise fee maximum?

30. In Decision 2001-106,²¹ the Commission approved a maximum franchise fee of 20 per cent on total distribution charges. In the proposed franchise agreement:

The municipal franchise fee cap is twenty percent (20%) and shall not at any time exceed twenty percent (20%), unless there has been prior Commission approval ...²²

31. The language is consistent with the standard franchise agreements approved in decisions 2012-255 and 2012-294.

32. The Commission typically reviews franchise fee applications where the aggregate franchise fee is provided without a breakdown of the rate classes. Given that franchise fees are a set percentage that is the same for all rate classes, the aggregate franchise fee percentage is compared to the maximum without the need to break down rate classes.

33. In contrast, EDTI proposed a single \$/kWh rate for distribution-connected customers and a single \$/kWh rate for transmission-connected customers. Because the distribution tariff

¹⁹ Exhibit 29644-X0013, response EDTI-AUC-2025JAN09-001(d), PDF page 4.

²⁰ This is sometimes done by attaching a schedule to the franchise agreement detailing the calculation and rates rather than amending the body of the agreement with each change.

²¹ Decision 2001-106: Town of Hinton, Application to Renew its Electric Franchise Agreement with Utilicorp Networks Canada (Alberta) Ltd., Application 1237381, File 6650-H13, December 11, 2001.

²² Exhibit 29644-X0006, Appendix A - Proposed Franchise Agreement, Section 5(c), PDF page 10.

revenue is pooled for distribution-connected customers, the equivalent percentage of distribution tariff paid by some distribution rate classes may exceed the maximum franchise fee of 20 per cent on consumption. The change raised questions for the Commission regarding the fairness of some rate classes paying an equivalent percentage of the distribution tariff revenue above the 20 per cent maximum.

34. In response to the Commission's information request, EDTI provided an analysis showing the franchise fee as an equivalent percentage of distribution tariff revenue for each rate class.

Table 2. EDTI's proposed equivalent per cent of distribution tariff revenue

Rate class	2025 Total revenue (\$)	2025 Franchise fee before 2024 refund (\$)	Equivalent franchise fee percentage
Residential	239,930,520	32,825,750	13.68
Small Commercial	54,331,444	8,877,195	16.34
Medium Commercial	70,698,437	13,365,031	18.90
TOU [time of use]	110,071,222	21,059,083	19.13
Direct Connects	12,731,051	2,251,943	17.69
TOUP [TOU primary]	31,890,811	8,046,170	25.23
CS20	2,753,741	1,116,596	40.55
CS21	1,780,975	480,270	26.97
CS22	372,412	30,096	8.08
CS23	515,823	133,758	25.93
CS24	903,916	233,473	25.83
CS25	592,446	230,775	38.95
CS26	632,420	192,853	30.49
CS27	650,830	250,627	38.51
CS28	849,563	198,246	23.34
CS29	1,259,080	689,521	54.76
CS30	1,087,382	427,089	39.28
CS31	948,119	430,537	45.41
CS32	657,516	268,909	40.90
CS33	484,998	107,380	22.14
CS34	8,742,908	2,995,875	34.27
CS35	3,715,744	1,446,574	38.93
CS37	512,211	166,050	32.42
CS38	712,297	351,651	49.37
CS40	1,010,604	324,586	32.12
CS42	937,489	301,383	32.15
CS43	863,851	264,741	30.65
CS44	883,395	264,741	29.97
CS46	911,719	140,460	15.41
CS48	533,107	64,057	12.02
CS49	714,277	112,815	15.79
Street Lights	2,877,574	553,615	19.24
Traffic Lights	210,759	55,917	26.53
Lane Lights	110,571	22,529	20.38
Security Lights	1,277,381	57,846	4.53
Total	557,156,596	98,338,139	17.65

*Minor differences in rounding.

Source: Exhibit 29644-X0016, EDTI-AUC-2025JAN09-004 Attachment 1, Part (b) tab.

35. EDTI stated that it interpreted the 20 per cent maximum to be applicable to the total franchise fee revenue as a percentage of the total distribution tariff revenue.²³ In regard to fairness, EDTI further noted that it is fair for some rate classes to be charged a franchise fee higher than 20 per cent of the distribution tariff in 2025 as:

- i. EDTI proposes to collect an aggregate franchise fee of 17.65 percent. This total amount is below the stipulated maximum of 20 percent and aligns with the requirements of Bulletin 2024-12.
- ii. The rate classes that would be paying a franchise fee amount in excess of 20 percent are generally higher consumption customers, it is reasonable for these customers to pay a higher proportion of the franchise fee in light of their higher energy consumption. This approach is consistent with the approach taken under the City of Edmonton and EDTI's previous franchise agreement.
- iii. Bringing all rate classes under the 20 percent maximum would require shifting costs to lower consumption rate classes, like residential.
- iv. The Commission determined that it, "sees no evidence that would support a conclusion that either methodology [aggregate fee vs. fee applied to rate classes] is inherently superior or fairer than the other. [footnotes deleted]"²⁴

36. As shown in the table above, the total aggregate franchise fee of 17.65 per cent is below the 20 per cent maximum, despite certain rate classes exceeding it. The Commission considers that the aggregate franchise fee proposed is reasonable. This is consistent with the approach used in Decision 29352-D01-2024, which adopted a similar aggregate analysis. Therefore, the Commission approves the proposed franchise fee of \$0.01324/kWh and \$0.00582/kWh for distribution-connected customers and transmission-connected customers, respectively.

3.1.3 How reasonable is a true-up provision for under- and over-collected franchise fees under the quantity-only methodology?

37. Consistent with its current methodology, EDTI proposed a true-up provision to collect a franchise fee that approaches exactly 17.65 per cent of actual distribution tariff revenue. For the reasons set out below, the Commission denies the proposed true-up.

38. EDTI stated that its billing system is not capable of calculating the franchise fee as a percentage of the actual distribution tariff revenue on customer bills, as is done in the standard methodology. Instead, EDTI designed a \$/kWh franchise fee to be applied against the amount of energy consumed by customers. As EDTI outlined, the annual franchise fee revenue and \$/kWh franchise fee need to be determined prior to the start of the year based on forecasts of distribution tariff revenue and energy consumption. Given the likelihood that actual distribution tariff revenue and actual energy consumption will differ from the forecast values, the actual franchise fee collected from customers will be different from what was forecast at the start of the year. Therefore, EDTI proposed a true-up provision to deal with this variance.²⁵

39. EDTI clarified that the true-up provision involves recalculating the franchise fee revenue using actual distribution tariff revenue for the year multiplied by 17.65 per cent and then collecting or refunding the variance between that amount and the franchise fees collected from

²³ Exhibit 29644-X0013, response EDTI-AUC-2025JAN09-004(a), PDF pages 14-15.

²⁴ Exhibit 29644-X0013, response EDTI-AUC-2025JAN09-004(c), PDF pages 15-16.

²⁵ Exhibit 29644-X0005, application, PDF page 7, paragraph 4.

customers during the year. This variance then forms a portion of the subsequent year's franchise fee calculation.²⁶

40. EDTI provided the five-year history of its forecast distribution tariff revenue and the actual distribution tariff revenue, which is summarized below.

Table 3. EDTI's franchise fee five-year history

	2019	2020	2021	2022	2023
Forecast distribution tariff revenue	461,862,823	500,019,670	510,520,893	520,866,131	556,036,702
Actual distribution tariff revenue	466,958,757	487,287,161	522,367,258	530,735,042	556,465,765
Variance (%)	1.10	(2.55)	2.32	1.89	0.08

*Minor differences in rounding.

Source: Exhibit 29644-X0015, EDTI-AUC-2025JAN09-003 Attachment 1, Part (a) tab.

41. The Commission notes that the variance between EDTI's forecast and actual distribution tariff revenue was between 0.08 and 2.55 per cent in the last five years. The Commission considers it reasonable that EDTI will continue to see similar levels of variance moving forward as no compelling evidence had been presented on the record to indicate otherwise. The Commission finds that EDTI can forecast distribution tariff revenue to an acceptable level of accuracy, which does not support the need for a true-up type mechanism.

42. Additionally, because rates in Alberta are established on a forward-looking basis and are not subject to a true-up (except for certain items placed in deferral accounts), a distribution utility in Alberta such as EDTI has no assurances that it will collect the precise amount of approved revenue under either cost of service or performance-based regulation. This means that the franchise fee framework provides no guarantee that a set franchise fee percentage will result in a given collection amount.

43. For franchise agreements in other municipalities, the franchise fee is applied on customer bills as a percentage of the distribution tariff. In this case, this simplified approach is impossible due to limitations of EDTI's billing system. The technical limitation is driving some aspects of the calculation methodology but is insufficient rationale to justify the true-up as part of the franchise fee. While the EDTI's quantity-only methodology approximates the standard methodology, adding a true-up mechanism would create a more significant divergence from the standard methodology.

44. Therefore, based on the acceptable level of forecast accuracy between forecast and actual distribution tariff revenue and the lack of a guarantee of delivery of an exact amount of an approved franchise fee, the Commission denies the proposed true-up provision under the proposed franchise agreement.

²⁶ Exhibit 29644-X0013, response EDTI-AUC-2025JAN09-002(e), PDF pages 7-11.

4 What is the Commission approving in this decision?

45. EDTI requested that the Commission approve the franchise agreement with the City of Edmonton, the franchise fee of 17.65 per cent and the corresponding rate schedule, effective March 17, 2025.

46. Without Commission approval, existing franchise agreements end on March 17, 2025. In the absence of this termination date, the Commission would have deferred approval of the franchise agreement until after a compliance filing of a revised agreement. However, the termination date is a reality, and the Commission is concerned that it may not be able to issue a decision on the compliance filing before March 17, 2025. Therefore, the Commission will make its decision on the franchise agreement in this decision with conditions.

47. The Commission has expressed concerns with the lack of details about the quantity-only methodology in the franchise agreement. The Commission has directed EDTI to revise the franchise agreement to include details of the calculation of the franchise fee under the quantity-only methodology in paragraph 29 of this decision. The revised franchise agreement should be filed as post-disposition documentation in this proceeding by **4 p.m. on June 30, 2025**. The Commission considers that the directions it has included in this decision regarding the quantity-only methodology will address these concerns. This revision should not affect the operation of the remaining sections of the franchise agreement and will not delay the implementation of those sections.

48. Section 7 of Rule 029 sets out the requirements for changing a franchise fee charged under an approved franchise agreement. EDTI indicated that to the extent there are changes to the \$/kWh franchise fee required to recover the approved level of the franchise fee, only Section 7.2(c) of Rule 029 would apply.²⁷ The Commission considers this approach inconsistent with Rule 029, Section 7, and provides clarity under the approved quantity-only methodology as follows:

- Changes to the franchise fee percentage requires Commission acknowledgment, following full compliance with Section 7 of Rule 029.
- Changes to the franchise fee calculation methodology requires Commission approval.
- Changes in the franchise fee (\$/kWh) based on a previously approved franchise fee percentage and calculation methodology require Commission acknowledgment, following full compliance with Section 7 of Rule 029.

49. When EDTI transitions to the standard franchise determination methodology upon resolving its billing system limitations, the Commission expects EDTI to file an application with the Commission for approval.

50. The Commission accepts the right granted to EDTI by the City of Edmonton to provide electric distribution service, to construct, operate and maintain the electric distribution system and to use lands owned, controlled or managed by the municipality to provide this service, is

²⁷ Exhibit 29644-X0005, application, PDF page 12, paragraph 15.

necessary and proper for the public convenience and properly serves the public based on the following:

- City of Edmonton's council determined to grant EDTI the right to provide electric distribution service in the city of Edmonton.
- City of Edmonton and EDTI consented to the franchise agreement.
- The franchise agreement complies with the requirements set out in the applicable legislation, including that the term does not exceed 20 years, and the agreement was advertised.

51. Accordingly, pursuant to Section 45 of the *Municipality Government Act* and Section 139 of the *Electric Utilities Act*, the Commission approves the franchise agreement, subject to EDTI complying with the directions of this decision.

5 Order

52. It is hereby ordered that:

- (1) The electric distribution system franchise agreement between EPCOR Distribution & Transmission Inc. and the City of Edmonton is approved, subject to compliance with the directions in paragraph 29 of this decision.
- (2) The 2025 franchise fees for distribution-connected customers and transmission-connected customers are \$0.01324/kWh and \$0.00582/kWh, respectively, are approved. The corresponding rate schedule attached as Appendix 3 is approved, as filed.

Dated on March 6, 2025.

Alberta Utilities Commission

(original signed by)

Matthew Oliver, CD
Commission Member

Appendix 1 – Proceeding participants

Name of organization (abbreviation) Company name of counsel or representative
EPCOR Distribution & Transmission Inc. (EDTI)

Alberta Utilities Commission
Commission panel M. Oliver, CD, Commission Member
Commission staff R. Tran E. Davis A. Hollis D. Mitchell

Appendix 2 – Summary of Commission directions

This section is provided for the convenience of readers. In the event of any difference between the directions in this section and those in the main body of the decision, the wording in the main body of the decision shall prevail.

1. The Commission considers that the standard electric franchise template agreement was set out for the standard franchise determination methodology, under which franchise fees are calculated as a percentage of the total distribution charges on an electricity bill without provisions for true-ups. However, under the quantity-only methodology, the Commission finds that the proposed franchise agreement, which is based on that template, does not provide adequate details on how the franchise fee is calculated. With the franchise fee, expressed as dollar per kWh, potentially changing annually under the quantity-only methodology, the Commission finds that the obligation to transparency outweighs the regulatory burden associated with amending the agreement. Moreover, EDTI indicated that it does not anticipate replacing its billing system to resolve the limitation and adopt the standard methodology until 2033-2035. Based on the foregoing, the Commission finds that details of the franchise fee calculation are relevant to readers of the franchise agreement. Accordingly, the Commission directs EDTI to revise Section 5(a) and any other section(s) of the franchise agreement, as required, to detail:
 - the formula used to calculate the franchise fee under the quantity-only methodology; and
 - supporting details of the calculation.

.....paragraph 29

Appendix 3 – Franchise fee rates

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Appendix 3 -
Franchise fee rates
(consists of 1 page)



FRANCHISE FEE RATES

Franchise Fee Rates

Effective: March 17, 2025

- Applies to all electric service throughout the territory served by the Company when a charge is approved by the AUC.

Rate Class	\$/kWh
Residential	0.01324
Small Commercial	0.01324
Medium Commercial	0.01324
TOU	0.01324
Direct Connects	0.00582
TOUP	0.01324
CS20	0.01324
CS21	0.01324
CS22	0.01324
CS23	0.01324
CS24	0.01324
CS25	0.01324
CS26	0.01324
CS27	0.01324
CS28	0.01324
CS29	0.01324
CS30	0.01324
CS31	0.01324
CS32	0.01324
CS33	0.01324
CS34	0.01324
CS35	0.01324
CS37	0.01324
CS38	0.01324
CS39	0.00000
CS40	0.01324
CS42	0.01324
CS43	0.01324
CS44	0.01324
CS46	0.01324
CS48	0.01324
CS49	0.01324
Street Lights	0.01324
Traffic Lights	0.01324
Lane Lights	0.01324
Security Lights	0.01324

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