

Changes to City of Edmonton Utility Franchise Agreements Since September 2014

The following changes have been made to City of Edmonton Utility Franchise Agreements since the completion of the September 2014 Franchise Fees Whitepaper.

Natural Gas Services Franchise Agreement - ATCO Gas and Pipelines Ltd.

The franchise fee percentage was increased from 32.8 per cent to 35 percent (the maximum allowed under the franchise agreement with ATCO Gas) effective January 1, 2019. City Council approved this increase on October 23, 2018.

Water Services Franchise Agreement - EPCOR Water Services Inc.

The Water Services Franchise Agreement between the City of Edmonton and EPCOR Water Services inc. was renewed for a period of 20 years effective January 1, 2020. The terms of the Franchise Agreement were substantially the same as the previous Water Franchise Agreement. There were minor housekeeping changes to the terms of the Agreement and the City of Edmonton and EPCOR worked on adding clarity with respect to permitting requirements, the City's ability to set or adjust work schedules and responsibility for relocation costs. **The franchise fee remained set at 8.0 percent.** The key terms of the Water Services Franchise Agreement were set out in Attachment 1 of Financial and Corporate Service Report CR_7556. City Council approved the renewal of the Franchise Agreement on November 26, 2019.

Drainage Services Franchise Agreement - EPCOR Water Services Inc.

City Council approved the transfer of the Drainage Utility assets and liabilities to EPCOR Water Services Inc. effective September 1, 2017. As part of that transfer, a Drainage Services Franchise Agreement between the City of Edmonton and EPCOR Water Services Inc. was established effective September 1, 2017. The Franchise Agreement, among other things, granted EPCOR Water Services Inc. the exclusive right to provide drainage services within Edmonton. In consideration of rights granted to EWSI under the Agreement, EPCOR agreed to pay to the City of Edmonton a Franchise Fee which would be collected from its customers. The franchise fee rate in the Drainage Service Franchise Agreement was set at **8.0 percent**, the same rate that was in effect under City Policy 304D - *Drainage Services Utility Fiscal Policy - Sanitary and Land (Stormwater) Utilities*, prior to the transfer of drainage assets to EWSI.