

August 16, 2023

City of Lloydminster
Attn: Dion Pollard
4420 50 Avenue
Lloydminster AB
T9V 0W2

Re: Distribution Revenue Forecast for 2024 Franchise Fee

Dear Dion Pollard,

Your Franchise Agreement allows for an annual change to the franchise fee percentage. However, specific procedures must be followed before the fee can be changed and take effect. This letter is intended to provide you with an overview of the franchise fee change procedure as follows:

1. Your Municipality must decide if a change is required and what the new fee percentage should be. ATCO Electric will provide revenue estimates to help you with this (if the new fee is greater than the pre-approved cap in your franchise, a different process is required).
2. In accordance with the Alberta Utilities Commission (AUC) Decision approving your Franchise Agreement, you must publish a public notice of the proposed change in the local newspaper with the greatest circulation. This notice must include the effect of the proposed change for the average residential customer. ATCO Electric can estimate the new charges and the impact on an average customer bill. We recommend that fee change notices be published before **October 10, 2023**.
3. Residents must have at least 14 days from the publication of the notice to make their concerns known to the Municipality and the Municipality is to respond to these concerns.
4. The Municipality will advise ATCO Electric by letter the new desired fee percentage. This letter must include a copy of the public notice with publication details (date and name of newspaper), and any comments the Municipality wants to include on the public response.
5. ATCO Electric will apply to the AUC to change the rate. Copies of the Municipality's letter and public notice will be included with the application. ATCO Electric must receive the municipality's request (complete with a copy of the notice) by **November 15, 2023**, in order to obtain AUC approval and commence billing of the new fee effective January 1, 2024.
6. The AUC must approve the change to ATCO Electric's rates. Provided the Commission is satisfied that proper notice was given they do not receive any objections or concerns from the public, the approval is anticipated to be issued quickly.
7. Once the rate change is approved, ATCO Electric will commence charging and remittance of the new fee.

The following information will help you decide the appropriate fee percentage for your community.

Current Fee Percentage	Current Fee Cap	Distribution Revenue Previous calendar year	Estimated 2023 Distribution Revenue	Estimated 2024 Distribution Revenue
11% of distribution revenue	20%	\$33,709,630	\$32,256,892 Estimated on first 6 months of data	\$33,224,598

To estimate the franchise fee amount, multiply the Estimated Distribution Revenue by the fee percentage. When calculating your revenue requirements please remember that this fee is paid in addition to the linear taxes on the distribution system.

Estimated revenues are calculated based on the best available information and are subject to change due to AUC final approved tariffs, Alberta Electric System Operator (AESO) flow-thru charges or changes in load growth.

We are available to discuss this with you in more detail if required. If you have any questions or comments, please call me at 780-205-0842.

Yours truly,



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