



Legislative Assembly of Alberta

The 27th Legislature  
Third Session

Standing Committee  
on  
Community Services

Bill 203, Municipal Government  
(Local Access and Franchise Fees)  
Amendment Act, 2010

Monday, June 28, 2010  
1:02 p.m.

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**Legislative Assembly of Alberta  
The 27th Legislature  
Third Session**

**Standing Committee on Community Services**

Doerksen, Arno, Strathmore-Brooks (PC), Chair  
Hehr, Kent, Calgary-Buffalo (AL), Deputy Chair

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Anderson, Rob, Airdrie-Chestermere (WA)  
Benito, Carl, Edmonton-Mill Woods (PC)  
Bhullar, Manmeet Singh, Calgary-Montrose (PC)  
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Notley, Rachel, Edmonton-Strathcona (ND)  
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**Bill 203 Sponsor**

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**Department of Municipal Affairs Participant**

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Rachel Stein	Research Officer
Liz Sim	Managing Editor of <i>Alberta Hansard</i>

1:02 p.m.

Monday, June 28, 2010

[Mr. Doerksen in the chair]

**The Chair:** Good afternoon, ladies and gentlemen, and welcome to this meeting of the Standing Committee on Community Services. The time is a little past, and we do have quorum here, so I think we will begin the meeting.

I'd like to ask that members and those joining the committee at the table introduce themselves for the record. Also, welcome Mr. Blaine Alexander, the manager of municipal legislation with Alberta Municipal Affairs, to the table. Thank you for attending. I would also note that pursuant to Standing Order 56 Mr. Fred Lindsay is substituting for Mr. Bhullar this afternoon.

With that, Mr. Benito, I'll ask to go around the table, and we'll have introductions, please.

**Mr. Benito:** Good afternoon. Carl Benito, MLA for Edmonton-Mill Woods.

**Mr. Allred:** Ken Allred, St. Albert.

**Mr. Taylor:** Dave Taylor, Calgary-Currie.

**Mr. Lindsay:** Fred Lindsay, Stony Plain.

**Ms Stein:** Rachel Stein, research officer, Legislative Assembly Office.

**Dr. Massolin:** Good afternoon. Philip Massolin, committee research co-ordinator, Legislative Assembly Office.

**Ms LeBlanc:** Stephanie LeBlanc, legal research officer, Legislative Assembly Office.

**Ms Sales:** Tracey Sales, communications services, Legislative Assembly Office.

**Mr. Alexander:** Blaine Alexander, manager, municipal legislation, Alberta Municipal Affairs.

**Mrs. Sarich:** Good afternoon. Janice Sarich, MLA for Edmonton-Decore and parliamentary assistant to the Minister of Education.

**Ms Rempel:** Jody Rempel, committee clerk, Legislative Assembly Office.

**The Chair:** I'm Arno Doerksen, chair of the committee and MLA for Strathmore-Brooks.

There has been an agenda circulated. Would the members propose any changes or additions to the agenda? If not, a motion to approve the agenda as circulated would be in order. Mr. Lindsay. Thank you. All in favour? That's carried.

I understand Mr. Hehr has just joined us by phone. Is that right?

**Unidentified Speaker:** He's running a little bit late, but he'll be back momentarily.

**The Chair:** Okay. Well, if we can get a signal when he's back in, I'd appreciate that. We'll continue with the meeting in any case.

**Unidentified Speaker:** That's right. Okay.

**The Chair:** Thank you very much.

The minutes of the previous meeting have also been circulated. That's the May 12, 2010, meeting. Would members propose any additions or changes to the minutes as they've been circulated? Seeing no one responding to that, is there a motion to approve the minutes as circulated? Motion by Mr. Taylor. All in favour of that motion, please indicate. That's carried. Thank you.

Our purpose today for this meeting is to consider Bill 203, the Municipal Government (Local Access and Franchise Fees) Amendment Act, 2010. There are a number of research documents that have been prepared. A cross-jurisdictional comparison was distributed with the briefing documents for this meeting, and I'd like to invite Ms LeBlanc to give us an overview of this document if you would, please.

**Ms LeBlanc:** Thank you, Mr. Chair. In this document we compared Alberta to five Canadian provinces: British Columbia, Saskatchewan, Manitoba, Ontario, and Nova Scotia.

In Alberta natural gas and electrical distribution companies enter into franchise agreements with municipalities. These agreements may include the payment of a fee by the distribution company to the municipality to compensate the municipality for the liabilities and responsibilities it assumes when it grants access to municipal rights-of-way. This fee may be in lieu of municipal taxation, in which case it is also a tax agreement under section 360 of the Municipal Government Act.

In British Columbia natural gas distributors enter into franchise agreements with the municipalities. Terasen Gas is the major supplier of natural gas in B.C. and charges a 3.09 per cent franchise fee to customers within the municipalities it has agreements with. In addition, a 1 per cent utility tax is paid on infrastructure located within the municipality.

Saskatchewan's natural gas and electricity providers are both Crown corporations and exempt from taxation. SaskEnergy and SaskPower do not enter into franchise agreements, but SaskPower is required to add a surcharge on the bills of its electricity customers if the council of the municipality requests it. The surcharge is 5 per cent in the case of villages and towns and 10 per cent in the case of cities.

In Manitoba Manitoba Hydro is the distributor of electricity. It's also a Crown corporation and exempt from taxation on its infrastructure. Manitoba Hydro must make annual payments to the municipalities in lieu of taxation on its property. It does not enter into franchise agreements with respect to its supply of electricity. Natural gas distributors in Manitoba do enter into franchise agreements, but the payment of franchise fees does not appear to be a component of these agreements.

In Ontario and Nova Scotia natural gas distributors enter into franchise agreements, but electricity distributors do not. Franchise fees are not paid as a part of these agreements.

Thank you.

**The Chair:** Thank you, Ms LeBlanc. Are there any questions or comments from committee members with regard to this overview?

**Mr. Hehr:** Mr. Chair, I'm now present and accounted for.

**The Chair:** Thank you, Mr. Hehr. Welcome to the meeting.

We also have two members that have joined us in person this afternoon, Mr. Johnston from Calgary-Hays and Mr. Rodney, Calgary- . . .

**Mr. Rodney:** Loughheed, of course.

**The Chair:** Absolutely. Thank you very much. Welcome to all.

Any questions or comments for Ms LeBlanc with regard to the cross-jurisdictional review and comparison? If not, we'll move on.

There are two other research documents that were included with the briefing materials for this meeting, and I'll ask Dr. Massolin to provide us with a quick summary of those documents before I open the floor to questions from committee members. Please, Dr. Massolin.

**Dr. Massolin:** Thank you, Mr. Chair. The two other documents that are listed under 4(a)(ii) in the agenda, additional research briefings, are entitled Analysis of Municipal Franchise Fees and Local Access Fees and Franchise Agreements with Public Utilities.

Now, the first document, the analysis document, basically does two things. The first thing it does is to try to indicate how municipal franchise fees and local access fees are calculated, what methodologies are used. It explains the methodologies. Second of all, it attempts to apply the methodologies to different scenarios to see how rising energy costs would affect the fees, both the municipal and local access fees.

**1:10**

Second of all, this document, in response to another committee request, sets out the allocations between commercial customers and residential customers in terms of what fees they pay and what proportion of the total fees in the various jurisdictions and for the various public utilities.

That's a quick overview of what the document contains. I don't know if there are any specific questions about that briefing, Analysis of Municipal Franchise Fees and Local Access Fees.

**The Chair:** Well, thank you, Dr. Massolin. I'll open the floor if there are any questions from committee members with regard to that document.

Mr. Allred, please.

**Mr. Allred:** Yes. Just a few questions. On page 12 of the document under FortisAlberta service area you indicate that Fortis collected a total of \$10 million in local access fees. Then you went on to some other details. Do you know how much they actually paid to the municipality? They've collected \$10 million.

**Dr. Massolin:** Yes. Thank you. Mr. Chair, that was exactly what we were trying to ascertain for all of the public utilities. Unfortunately, some of them provided the information that we requested in terms of breaking it down by municipality. For others we just couldn't get that information because they didn't want to give it out. Here we just have an aggregate of the total amount of fees.

**The Chair:** Thank you.

**Mr. Allred:** But they've collected in this case \$10,800,000. That would include things like GST and profit/administrative costs, et cetera. What I'm trying to get at is the amount that the municipality actually – a tax offset is really what it is, isn't it? The municipality is getting revenue from the utility company. The utility company is in turn charging that amount plus GST for sure and, I presume, profit and administrative costs back to the consumer.

**Dr. Massolin:** Mr. Chair, first of all, \$10,800,000 in local access fees is the total amount. My understanding is that that's for the franchise fee agreements that are struck between FortisAlberta and the various municipalities that it serves. It's before GST, though, as

I understand. The way the mechanism is, as I understand it, is that the public utility collects that fee for the municipality, so the fee is charged to the customer, as you have indicated, yes. Sorry; does that answer it?

**Mr. Allred:** Are you suggesting that the exact amount that is collected is then rebated to the municipality?

**Dr. Massolin:** That is my understanding. I stand to be corrected on that, but that's my understanding.

**Mr. Allred:** Of course, the GST would be remitted to the federal government.

**Dr. Massolin:** That is correct.

**Mr. Allred:** So there isn't an exact balance, then, for sure.

**Dr. Massolin:** My understanding is that this is before GST. Yeah, it's added on separately.

**Mr. Allred:** Okay. Thank you.

**Dr. Massolin:** Sorry. I don't know if there's anybody else around the table who can add to that.

**The Chair:** I would look to Mr. Alexander, maybe, to provide clarification if you would.

**Mr. Alexander:** Thank you, Mr. Chairman. I wanted to clarify, too, that in this scenario the \$10,800,000 is likely what goes back to the municipality. The confirmation of that would be on the financial statements of each municipality, so there is a record of it that could be shown to verify this statement here.

**Mr. Allred:** I guess, Mr. Chairman, I'm just trying to determine how much is collected and how much is paid. If they're exactly the same, that's fine, but I suspect there's probably a difference there because there's obviously an administrative cost in collecting it.

**Mr. Alexander:** The administrative cost would also show on the utility bill, but I expect that the \$10,800,000 would fully go to the municipality.

**Mr. Allred:** Thank you.

**The Chair:** Okay. Thank you.

Are there any other questions or comments with regard to the material that's just been presented? Go ahead.

**Dr. Massolin:** Yes, Mr. Chair. There is the other document, too. Just to highlight it really briefly, the Franchise Agreements with Public Utilities document was prepared in response to the committee's request to indicate all those municipalities in Alberta that have franchise agreements with public utilities. It's divided up by the natural gas distributors as well as the electricity distributors. The two tables that are indicated in this chart have information on the municipalities, the access fee as a percentage, the distributor, and, of course, the basis for the agreement, whether or not it's a taxation agreement. I just wanted to bring that document to the committee's attention, and I'm prepared to answer questions if there are any on that document.

**The Chair:** Okay. Thank you.

Are there any questions for Dr. Massolin with regard to the Franchise Agreements with Public Utilities document?

If not, thank you for your presentation, for your work on this matter. The committee appreciates this material and will, I'm sure, reference it as we proceed with further meetings through this issue.

**Dr. Massolin:** Thank you, Mr. Chair.

**The Chair:** Moving on on the agenda to the written submissions summary. At the last meeting the committee put out an open call for written submissions on Bill 203, and we have received over a dozen responses from a variety of stakeholders. Our research staff has prepared a summary of these submissions, and I'm going to ask Ms Stein: do you have any comments to make about this document before I open the floor to questions?

**Ms Stein:** Yes, I have a few highlights. The committee received a total of 15 submissions. As shown on page 9 of the submissions summary, the submissions were received from seven municipalities, two private citizens, and six other organizations. Of the submissions received, four expressed opposition to Bill 203, two expressed support, and nine did not clearly indicate a position.

The submissions raised a number of issues. For organizational purposes these issues were divided into a number of different categories. As listed on page 4 of the submission summary, the categories that were developed are, one, common methodology. Some submitters indicated that a common application of fees would be ineffectual while other submitters indicated that a common application would be more fair for the consumer.

Two, municipal revenue. Some submitters indicated that the proposed legislation would impact municipalities' ability to generate revenue.

Three, municipal autonomy. Views were expressed that the proposed legislation would limit municipalities' ability to set fees based on individual needs and circumstances.

Four, transparency of fees. Some submitters indicated that the current system is already transparent while other submitters indicated that information is not readily available to consumers.

Five, current agreements. Several submitters commented on current agreements that are already approved and in use.

Six, franchise fees or hidden tax. Several submitters also commented on whether franchise fees are a hidden tax.

Seven, miscellaneous comments. Various other comments were stated such as, among other things, a request for additional utility regulation in addition to Bill 203.

As shown on page 9 of the submission summary, six submitters indicated that they would like to make a public presentation to the committee.

Thank you.

**The Chair:** Thank you.

Are there any questions with regard to the summary of written submissions? The committee members have had access to them for some time.

**Mr. Johnston:** Was it 6 out of the 15 that wanted to make it public?

**Ms Stein:** Yes.

**Mr. Johnston:** Thank you.

**The Chair:** Any other questions or clarification needed here?

Okay. If not, the stakeholder letters and advertisements on Bill 203 include standard statements advising interested parties that submissions received by the committee, including the name of the author, will become public. Committee members currently have access to the submissions, and copies will be made available on our public website shortly.

**1:20**

Moving on, we have the next steps that the committee would like to consider. I guess a question that we have: would we like to invite groups to make oral presentations to our committee? Is that something this committee has an interest in? It was something that we talked about, I think, at our last meeting, so I expect that we have some interest in that, but where are we at on that? If we'd like to have oral submissions, we need to identify a list of stakeholders that we'd like to invite to present. I know that we have, as was indicated, six groups that have indicated an interest, and there may be some others that we'd like to invite to present as well, but I need direction from the committee.

**Mr. Allred:** Just a question on that. It's been indicated that there are six groups that want to present. Have we also had some indication from some other groups that they want to present since the agenda came out?

**The Chair:** I don't think we've had. I think the six in their written submissions have asked to present if we have that opportunity, but I don't think there have been additional inquiries with regard to presenting.

**Mrs. Sarich:** I was wondering, perhaps, if we could just recap the six. I tried my best to track those. I was wondering if somebody had that information.

**The Chair:** The Alberta Urban Municipalities Association, the Canadian Federation of Independent Business, the city of Calgary, the city of Edmonton, the city of Grande Prairie, and FortisAlberta Inc. are the six groups that have requested a hearing with us.

**Mrs. Sarich:** Okay. I'm wondering if we're ready at this point to look at a motion on those six. I mean, the stakeholder list could be a little bit broader than that. I'm just wondering if we're looking at including some other stakeholders that may be interested above and beyond the six that had made submissions, or do we just want to deal with the submissions at this point?

**Mr. Hehr:** Could I be added to the list, too, Mr. Chair?

**The Chair:** Sure.

I think that in response to that, as chair I'm certainly open to direction with regard to, first of all, whether we're going to have oral presentations. I think there's been an indication that there are groups that would like to present, and I'm open to direction with regard to having oral presentations if that's our pleasure as well as on which groups we'd like to have present. I think that we could have a discussion. Are the six groups complete, or are there others that we would like to add? Certainly, it's within our mandate to invite groups to present to us if we'd like.

**Mrs. Sarich:** Mr. Chair, if I may, I'd be prepared to move a motion, and then we can open it up around the six and the inclusion of others.

**The Chair:** Sure.

**Mrs. Sarich:** I would just move to hear all those that have indicated that they would appear before the committee, those being as listed. Would you like me for the record to read them again?

**The Chair:** I think we have the list here. I think the committee does.

**Mrs. Sarich:** All right. I'll just move that, and if everyone is concurring, then we can open it up because I do have some ideas about others that should be considered, Mr. Chair.

**The Chair:** To broaden the list. But the motion you're suggesting is that we do hear oral presentations from the six groups that have requested a hearing.

Mr. Hehr, I have you on a list of speakers, but we've got a motion on the floor.

**Mr. Hehr:** I'll speak to the motion.

**The Chair:** Okay. Please.

**Mr. Hehr:** No, no. Mrs. Sarich should move the motion, and then I can be on the speakers list.

**The Chair:** You'll come on after. Okay.

Are there any other comments with regard to the motion? The motion is that

we hear oral presentations from the six groups that have indicated their intention.

Any comments or questions? All in favour of that motion, please indicate. Opposed? Okay. That is carried.

With that, we'll move on to Mr. Hehr.

**Mr. Hehr:** Well, I'm very much in support of the motion. I'm very interested in hearing from any of the groups, the AUMA and the city of Calgary to name a couple, as they point out some very pertinent points there in the fact that the province continues to move into municipal areas, that are primarily doing a lot more than they used to. Municipalities are doing more than they ever have, and this provides a way where it looks like some income is coming into their revenue stream via this source, that will change the way they do business.

One of the things that we really have to look at here if we're going to move forward on this is appropriate funding of cities. If we're going to go down this path, then we've got to look at whether the province should continue to be in the property tax business, or are these things just flow-through dollars currently that go to the Alberta government and then they decide how many dollars are given back? For instance, for Calgary right now about half of the money collected in property taxes is not given back. Obviously, there's a continued move to encroach on municipal autonomy in these situations that we've got to be highly cognizant of. So I'm very interested in hearing from these groups.

Also, I don't know whether it's the purview of this committee to look at how, in fact, we're going to fund these cities if we're going to continue to do things like this. I think that's a fair question. It may not be relevant to this exact bill, but it's something that needs to be brought up.

I leave that to the group, and I'm looking forward to supporting the motion here, that all of these groups present, and to go forward on that basis.

Thank you very much.

**The Chair:** Thank you, Mr. Hehr.

Mrs. Sarich, you have a comment?

**Mrs. Sarich:** Yes. Thank you, Mr. Chair. As I mentioned a little bit earlier – and thank you for the support on the previous motion – I'm also wondering, because the stakeholder group across Alberta is a little bit broader than perhaps the submissions, if it would be of any value or consideration to also include an interest to hear from AAMD and C or a stakeholder like Capital Power or Enmax or EPCOR. I just was wondering about that and really am open to any other comments that committee members may have in regard to those particular stakeholders.

**The Chair:** Okay. The suggestion is that we invite some additional groups to present to the committee. I think that's a reasonable consideration but open the floor for comments from other committee members.

**Mr. Taylor:** I would just think that if we're going to create a list like that, we'd probably want to put ATCO Gas on there and maybe a couple of other providers as well.

**The Chair:** Groups that have been suggested so far are AAMD and C, ATCO Gas. What were the other ones? Capital Power, did you say?

**Mrs. Sarich:** Capital Power, yes, and Enmax and EPCOR.

**The Chair:** Enmax and EPCOR. Are there others?

**Mr. Allred:** Just a question. I note that these groups didn't even make submissions initially, so I presume they don't have any interest in making submissions. They didn't make a written submission and didn't request to make an oral submission. I'm just wondering why we're looking at adding them. AAMD and C did make a submission; I agree to that. Enmax and EPCOR and Capital Power are really all part of the municipalities corporately in any event, so maybe they're happy with that.

**The Chair:** Right, as corporations owned by a municipality.

**Mr. Allred:** Yeah. I just ask the question.

**The Chair:** I think that's a reasonable consideration, too, and would leave that discussion to the committee. I mean, a valid point made there.

Mr. Taylor, you had a comment, I think.

**Mr. Taylor:** Yeah. I guess I'm wondering two things, really. One, if we extend an invitation to groups like Enmax or ATCO or whomever to make an oral presentation to the committee, are we inviting them to do so voluntarily? Do they have the choice to say yes or no, or are we compelling them?

*1:30*

**The Chair:** I would assume it would be by invitation at this point. Yes, it would be by invitation.

**Mr. Taylor:** I would be fine with inviting them. I think it's a little premature to compel them at this point.

**The Chair:** Absolutely. Yes.

**Mr. Taylor:** The other thing, then. While we're on the subject of talking about inviting people or organizations who declined to give us a written submission to give us an oral submission, it might be worth considering inviting a consumer group to make a presentation as well. I'm going back now to the early days of electricity deregulation, when there were at least one or two consumer groups that were quite outspoken about it. We have not heard from them on this particular issue, and they might have an opinion that might be valid to include and consider. I think we should maybe, then, extend an invitation their way as well.

**The Chair:** Okay. That's a good consideration. Do you have the names? Who are you thinking of specifically?

**Mr. Taylor:** I don't have the names off the top of my head but would be pleased to put my head together with the chair and perhaps Dr. Massolin and see what we can come up with.

**The Chair:** Sure. And not a long list.

**Mr. Taylor:** I wouldn't think so.

**The Chair:** One or two. Okay.

Direction from the committee. We have a motion to invite the groups that have requested a hearing. Where do we want to go from here? I'm certainly open to expanding that list somewhat if we'd like to. A number of organizations have been named. Some of those, as was pointed out, are part of municipalities, will be making a presentation as corporations owned by municipalities, right?

Mr. Rodney, please.

**Mr. Rodney:** Thank you, Mr. Chair. Just for the sake of clarification, I wonder if we can have the motion read back as actually recorded because if it says simply "the six," that would be one motion that I would be happy to vote on.

**The Chair:** We already have. That's the motion that's been passed.

**Mr. Rodney:** But is that what it is? I heard in Mrs. Sarich's statement that she would entertain others.

**Mrs. Sarich:** Yeah. If I may, Mr. Chair. Thank you for the opportunity for clarification. We did pass the motion on the six that made the requests, and then I did ask the chair on a second part. I was just wondering if there would be any consideration for including a little bit broader base of stakeholders that may be interested through an invitation and, again, voluntarily to come to give an oral presentation to the committee.

**Mr. Rodney:** Sorry. I guess I didn't jump to the point quickly enough, Mr. Chair, and got caught. That's fine. I guess my point is: can we be as specific as we can if we're voting? I don't want to vote on the number of people we ask. I want to vote on who the groups are. I wonder if those who are so inclined would say: I want this group and this group. I would suggest that we vote on each one individually. I've heard a number of suggestions, but I haven't heard someone say: I move that we invite this particular guest.

**The Chair:** I'm certainly open to a motion that includes direction with regard to inviting other groups to attend our next meeting, that will include oral presentations.

**Mr. Allred:** Well, Mr. Chairman, I don't think we need to deal with

them one at a time, necessarily, but I will move that we also invite AAMD and C, Capital Power, Enmax, EPCOR, and ATCO. Now, by including those five, I think that's a homogeneous group of utility companies plus AAMD and C, which was on the list as one that presented. They didn't ask to appear before the committee, but AUMA was asked. I think that we can add those. I would certainly be open if someone wants to move a further motion for other groups.

**The Chair:** You so move?

**Mr. Allred:** Yeah.

**The Chair:** Okay. There's a motion on the floor. Any comments with regard to that motion?

**Dr. Massolin:** Just to offer a little bit of information to the committee, if it's the committee's desire to go with a fairly comprehensive list of electricity and natural gas providers, you might also want to consider AltaGas and ATCO Electric. Those are two smaller providers, but they might round out the group that was already mentioned. I'm not sure.

**Mr. Allred:** I suppose we need Direct Energy as well, then, don't we? The list could get longer and longer.

**The Chair:** Yeah, it could get pretty long.

**Mr. Rodney:** Just on that last point. None of us are afraid of coming to meetings, whether the list gets longer or not, myself included. However, I think I heard seven or eight or maybe nine names just listed, added to the six. Was it not zero of that last group that asked for oral presentations? These would be people that didn't ask to present in person. Here's my point. For the sake of efficiency for everyone, they've written in. If they have something different to present, I'd like to hear about it. If not, I'll have read it, and I wouldn't see the need to see them in person if they have nothing particularly new to present in person. Just my perspective.

**The Chair:** A valid consideration.

Again, the floor is open for discussion on the motion, which includes five additional groups to invite to present to us. Any further discussion?

**Mrs. Sarich:** Mr. Chair, I don't have any difficulty through an invitation, which would be a voluntary response, to be inclusive. I understand the perspective also that the opportunity has been provided by the committee for submissions, and those interested in providing an oral presentation, you know, were given that opportunity. I don't think we should stall a process if we can't come to agreement, but I just wanted to express that I have absolutely no objection if the list was a bit broader. If Capital Power, Enmax, EPCOR, AAMD and C, or any other group declines an opportunity above and beyond what we've already provided to make an oral presentation, so be it. It's a very important issue, and I'm just wondering if there would be any further value or not in opening it up a little bit beyond what we've already put in place in the formal way.

**The Chair:** Any other comments?

**Mr. Allred:** Well, Mr. Chairman, the more I think of it, the more I'm swayed by what Mr. Rodney said. We've advertised for submissions. We got a dozen or so written submissions, and only six of them have asked to make oral submissions in addition. I don't

personally see an awful lot of point in extending this any further by inviting a whole bunch that didn't even feel it was necessary to make a written submission. I don't think we should extend the process any further, personally.

**The Chair:** Are you withdrawing the motion?

**Mr. Allred:** Well, I'm speaking against the motion. I don't know that I can withdraw it without unanimous consent. Is that the rule?

**The Chair:** We will vote on it shortly, but Mr. Lindsay has a comment as well.

**Mr. Lindsay:** Thank you. Just a point of interest. You had a dozen or so people who put in written submissions. They wouldn't have been aware that there may be a possibility for oral submissions. Six have requested that they would like to make oral submissions. But I'm wondering. If you leave off the other ones who didn't make that specific request, they may also feel left out of the process because they may not have realized that that was going to be an option. Just for consideration, Mr. Chairman.

**The Chair:** Okay. I think we've gone around this one, hit it from every angle so far. We have a motion on the floor that suggests we invite five additional groups: AAMD and C, ATCO Gas, Capital Power, Enmax, and EPCOR. Then there were some other groups named, but these are on the current motion. We can always have another one if we need it. I'm going to suggest that we vote on this motion unless the mover wants to expand the list.

Mrs. Sarich.

1:40

**Mrs. Sarich:** Yes. Just, I guess, a comment for clarification. There was also an indication by Mr. Taylor of I think it was the consumer groups, that some consideration be given there on his point and that there perhaps might be some flexibility with the chair for that organization, if we were leaning in that direction, you know, to be a little bit more inclusive. I agree with Mr. Lindsay that perhaps there might not have been appropriate knowledge at the time of the submission about oral presentations, and it might be construed as a missed opportunity for some of the groups. I would hate to have this process be closed at this juncture, especially if one of these other groups, like Capital Power or others, may have an interest in making an oral presentation.

I'm wondering, you know, how we could have some flexibility here. As we move into the next step of our process, which is oral presentations, and if there's an indication by a stakeholder group that they would like to present to the committee at that juncture, would we have the flexibility to do that after today? I'm just wondering about that.

**The Chair:** At the direction of the committee, I guess. Just to point out some additional information, in the advertisement that went out to the public, there was an invitation for groups interested in making oral presentations to the committee to so indicate to us, so anyone who saw the advertisement that we put out has had opportunity to see that. That's just for information.

**Mr. Taylor:** Mr. Chair, I'm looking at the line "The committee may hold public hearings at a later date." I guess that is what you're talking about. It seems a little hazy.

**The Chair:** My mistake. It wasn't in the advertising. There was a letter that went out that indicated that the committee may hold public

hearings and that all parties wishing to be considered for oral presentations should indicate so in their written submissions. The letter went out to quite an extensive list of stakeholders or groups involved in the process.

**Mr. Taylor:** Okay. Well, given that, I'm more comfortable now than I was that we've made, you know, a reasonable effort to contact a wide range of people who might have an interest in this topic and given them ample notice that they could ask to present, either orally or in writing, to this committee.

As I see it, we have on the floor right now a motion to specifically invite, I think, five or six groups, and the mover of the motion is not exactly doing the best selling job on it that I've ever heard. We have a couple of ways that we could go. We could reject that motion, defeat that motion, and not invite anybody in addition to those included in Mrs. Sarich's motion, or we could perhaps defeat that motion and then put another motion onto the table that the chair and the deputy chair would work together to come up with a list, but that almost seems like redoing the work that you've done already, Mr. Chair. If you hadn't done that, I think I would very much be arguing in favour of defeating the motion on the table right now and following it up with a subsequent motion to do that. But it sounds as though that work has been done.

**The Chair:** Yeah. Thank you for that.

There's a little bit more information here. I'm going to ask Ms Rempel just to read the list of groups that got the letter that I referred to earlier. That letter did indicate, as I said, that the committee may be hearing oral presentations and invited any of these groups to indicate to us if they'd like to make an oral presentation.

If you'd just read that list, please, Ms Rempel.

**Ms Rempel:** Well, this would be from a portion of the stakeholder list. That would be section 3: rate providers, competitive retailers, and/or distribution companies. I think that would be most relevant here. We've got AltaGas, city of Lethbridge utilities, EPCOR, Direct Energy, Enmax, Just Energy, Spot Power, ATCO, Fortis, city of Medicine Hat electric, city of Medicine Hat gas, electric light and power from Red Deer, Capital Power, Shell Canada, TransCanada, Valeo Power, Alberta Federation of Rural Electrification Associations. For that particular section all those groups would have received a specific letter inviting their participation that included the statement that the chair read previously.

**The Chair:** I think that list includes almost everyone on this list. I think that's good information for us before we vote on this matter.

Any other comments, or are we ready to consider the motion? Or the mover can withdraw the motion if he'd like to based on information that's been presented.

**Mr. Allred:** What are the rules for withdrawal? We need unanimous consent. Is that right?

**The Chair:** We need unanimous consent to withdraw.

**Mr. Allred:** Okay. I'll move that I withdraw my motion.

**The Chair:** Okay. The mover has moved to withdraw the motion that's currently on the floor. All in favour, please indicate. Okay.

Mr. Hehr, what's your preference? Are you in favour of withdrawing the motion?

**Mr. Hehr:** No.



**The Chair:** No. Okay. Then the motion is before the committee. If there are no further comments, I'll ask for a vote on the motion. The motion that we have on the floor is to invite AAMD and C, ATCO Gas, Capital Power, Enmax, and EPCOR to make oral presentations to this committee. All in favour of the motion, please indicate. Opposed?

**Mr. Hehr:** Actually, I'm in favour, Mr. Chair. I blew it.

**The Chair:** Okay. The motion just got defeated.

**Mr. Hehr:** There you go. Nonetheless, there you go.

**The Chair:** So we've settled the issue. Thank you. Moving on in our agenda, is there any other business that the committee wishes to consider this afternoon?

**Mr. Allred:** Mr. Chairman, there's another item on the agenda: additional research. Are we going to deal with that?

**The Chair:** That's right. I missed that. Thank you, Mr. Allred. Is there any other additional research that the committee is interested in having done in preparation for our next meeting or in consideration of this bill? Any other matters? Mr. Hehr, please.

**Mr. Hehr:** Yeah. I don't know if it's possible, but for the groups that are presenting, for the local municipalities, like Enmax and that, can we find out the number of tax dollars that will actually affect municipalities and how much they would then have to raise property taxes by to replace that money? I think that's a reasonable thing for us to consider. If we have these groups coming in, particularly Enmax, how much does the city of Calgary then have to raise? It seems like we're impacting their bottom line and where they're going to get that.

**The Chair:** Okay. Any comments to that? In the overview that has been done, some of that information has been provided on a spot basis – right? – not exhaustive.

**Dr. Massolin:** Yes. That's correct.

**The Chair:** It gives us an indication of the impact. Are you asking that we consider doing an extensive research piece to understand the total number across all municipalities?

**Mr. Hehr:** I would actually like that done. I think that if we're going to move on this, move into encroaching on municipalities' ability to raise money, we should know how much that's impacting them and then what that's going to take for them to – assuming they need this money, assuming that, you know, they're doing good things with it, which I assume is correct, what they're going to do without this source of revenue. I think it behooves us to understand how much this affects their bottom line.

**The Chair:** Okay.

**Mr. Lindsay:** That's a good point that the Member for Calgary-Buffalo raises, but as I understand it, some of the people who responded with submissions didn't provide that information. I don't think we have any way of requesting that they do that, to put it into effect, but I would think that anyone who's going to come and make a verbal submission will include that in their submission. We could recommend that they would consider doing so, but I don't think we can force them into it.

**The Chair:** Okay.

**Mr. Taylor:** On the other hand, Mr. Chair, if you don't ask, you don't get. I think we should request of Dr. Massolin that he makes his best effort to pull that together. In some municipalities' cases, maybe not all, depending on what model the committee recommends that Bill 203 follow, this could have a significant impact on their bottom line. Municipalities, especially the big cities, are tasked with providing the widest possible array of services to a large trading area that well exceeds their own city limit boundaries, and they are somewhat constrained in terms of what they can do in terms of raising revenue to meet those costs.

**1:50**

It's not only the large cities, of course, that feel that effect. There have been over recent years a number of instances where cities and surrounding counties have found themselves locked in a fight over who gets the revenue versus who gets the bill for the services that the people from the other municipalities get, that sort of thing. I think this is a real issue that Mr. Hehr brings up, and I think we should very much endeavour to independently ascertain what kind of bottom-line impact changes to franchise fees and local access fees would have for municipalities.

**The Chair:** Okay. Thank you, Mr. Taylor. I will welcome Ms Notley, MLA for Edmonton-Strathcona. Welcome to the meeting.

Mr. Allred, you had asked for the floor, I think.

**Mr. Allred:** Yes, Mr. Chairman. I think it's a good idea, but I don't think that we should subject our administration to canvassing all of the municipalities. Now, I noticed that three of the major municipalities in Alberta have asked to make submissions. I would suggest that as a compromise we invite them to make submissions and invite them to bring that information with them, rather than doing a massive survey of all of the municipalities to find out the total impact. I think we'll get a pretty good idea, particularly from Edmonton and Calgary, as to the financial impact of the franchise fees.

**The Chair:** Thank you.

Dr. Massolin, did you have a comment with regard to the consideration of this research piece that we were talking about?

**Dr. Massolin:** Yes, I do. Thank you, Mr. Chair. In terms of finding the information, I think that we can do that. The research section in the Legislative Assembly Office can certainly find that information out depending on what the committee wishes. But, yes, I would recommend maybe a more restrictive list, perhaps a select group of municipalities, that that would facilitate the work. I think the financial statements would include this information. In fact, I'm pretty sure they would.

**The Chair:** Okay. So it's information that is accessible but would just need to be compiled. The comment is that it might be efficient to deal with it as an overview rather than as specific or as all encompassing.

Mr. Alexander, you had a comment as well for clarification.

**Mr. Alexander:** Yes. Thank you. I just wanted to comment at this point that I believe that Alberta Municipal Affairs would also be able to supply some documentation to government research personnel to help out on this.

**The Chair:** Right. So it would be a more focused information source.

Mr. Hehr, please. Thank you.

**Mr. Hehr:** I'd ask Dr. Massolin if he could recommend to this committee maybe 12 municipalities that he would say he needs to do research on – or would it be 10? – and if he could almost name them. I realize it's on the fly, but if he could name them, we could then go forward on that. Would 10 or 12 be enough, Dr. Massolin?

**The Chair:** Please.

**Dr. Massolin:** Yes. Thank you, Mr. Chair. I would think that the committee would like to hear from the two major municipalities in addition to sort of the middle-sized municipalities, however many there are. I think they were talking around 10 or 12. So, you know, if the committee is okay with that, we could certainly put those numbers together.

**The Chair:** I see general affirmation of that proposal, that the research branch put together a list of the impacts for the two major municipalities and then a cross-section of the other mid-sized municipalities and that it would be between 10 and 15 municipalities. It's not a big group. Would that address or meet your interests, Mr. Hehr?

**Mr. Hehr:** That sounds fabulous. I would trust Dr. Massolin to go forward on that basis.

**The Chair:** I see people nodding around the room. I think we can proceed on that basis even without a motion unless someone wishes to make one. I think we'll ask the research branch to proceed on that basis, and we will have opportunity to review that information at a later meeting and can deal with it if it's complete or if we'd like it to expand further at that point. Thank you.

Is there any other information that the committee feels at this point should be looked at, should be supplied to the committee or done for the committee prior to our next meeting?

If not, we'll proceed. Any other business that the committee would like to consider this afternoon?

Short of that, I think the next item on our agenda is to determine a date for the next meeting.

**Mr. Allred:** Mr. Chairman, I move that the next meeting be held on July 19, commencing at 1 p.m.

**The Chair:** July 19 at 1 p.m.?

**Mr. Hehr:** Is Stampede done?

**Mr. Rodney:** Yes, sir. It will be done the day before.

**Mr. Hehr:** Thank you.

**The Chair:** Okay. We have a motion to have our next meeting on – that would be a Monday, I assume – Monday, July 19 at 1 p.m. Any further discussion?

**Ms Notley:** Well, I was just going to say that I'm not able to make that day and the second half of July at all.

**Mr. Rodney:** Although we can phone in. I don't know if that helps.

**Ms Notley:** Not really.

**The Chair:** Mrs. Sarich, please.

**Mrs. Sarich:** Thank you, Mr. Chair. Just for clarification, that would be our first afternoon of oral presentations. Do we have a sense of how many hours of presentations would be appropriately heard that day?

**The Chair:** At this point I believe we have considered that we'll invite the six groups that have indicated an interest in presenting to us. We've also determined that the other groups that were under consideration have already had an invitation to indicate their interest. So the six groups that we have are the groups that, with prior knowledge, have asked to present. The other groups that we considered have not responded to a previous invitation.

**Mrs. Sarich:** We would hear all six, then?

**The Chair:** I think we could hear all six in an afternoon quite comfortably.

**Mrs. Sarich:** Okay. Thank you so much.

**Mr. Taylor:** Well, because I'm in a similar situation as Ms Notley, I will not be able to attend the meeting or take part by phone on the 19th. If we're having all the presentations then, it would seem to me that if we're allotting 20 minutes for the presentations – 10 minutes for the presentation, 10 minutes for Q and A – we could be done the presentation part in two hours and then have the opportunity to decide what we wanted to do as a result of those presentations after that.

Perhaps rather than picking the 19th of July as the specific date for the next meeting, it might be advisable to survey the members as to when they're available over the course of the summer. There's probably going to be somebody away no matter what date you pick, and if it turns out that the date that the fewest people are away is July 19, I'm comfortable with that. Perhaps we should check.

**The Chair:** Okay. I'm open to that, and then it's at the call of the chair and the deputy chair, I suppose, based on a poll of the committee.

**An Hon. Member:** Who's the deputy chair?

**The Chair:** Mr. Hehr is the deputy chair.

I'm flexible either way. I'm at the will of the committee, really.

**Ms Notley:** Personally speaking, the first half of July or the whole of August I'm available, so I'd appreciate an opportunity to canvass some other dates.

**The Chair:** Okay.

**Mr. Taylor:** I would just suggest that as far as the first half of July is concerned, given that Stampede falls in that area and the city of Calgary wants to make a presentation, that might not be the most advisable time to have the meeting.

I'm certainly available all August.

**The Chair:** I think your comment is playing itself out. The fact is that all of us have competing agendas. It could be a challenge to find a date that's most suitable for all of us. But, again, what's the wish of the mover?

**Mr. Allred:** Why don't we just canvass the membership and see who all is available or who is not available on the 19th to start with?

**The Chair:** We know that we have two unavailable on the 19th.

**Mr. Allred:** Anybody else not available?  
Can you get an alternate? Brian?

**Ms Notley:** I believe he's not available then either. Possibly the next week of July he might be. It's a lot to go on in one day in the deepest, darkest days of summer, I've got to say.

2:00

**The Chair:** They're the brightest days of summer.

**Ms Notley:** Indeed.

Am I to understand that everyone's determined that August – no one is even canvassing August. Is it because everybody on the other side already knows August doesn't work? We've got one date versus the whole month here.

**The Chair:** We have a motion on the floor. I'm certainly willing to poll several dates between now and the first week in September, I guess.

**Mr. Rodney:** Mr. Chair, I'm happy to be polled just like everyone else in terms of what is available. It sounds like the 19th works for everybody except a couple, but I'm happy to sign my name to whatever availability is put out there. I'm comfortable with: at the call of the chair. If it happens to be the 19th, it's the 19th.

**Mr. Allred:** I'm quite prepared to withdraw my motion. I guess the only concern I would have: I wouldn't like us to delay this and delay it, because I think we want to clean this up before the fall session.

**The Chair:** Okay.  
Mrs. Sarich.

**Mrs. Sarich:** Thank you, Mr. Chair. I don't know if it's helpful. If the majority of the committee members are available in July, I think there was a concern raised that there would be ability to proctor some sort of decision on that very day after hearing all the presentations. Maybe there should be a consideration for another meeting

after the presentations for further deliberations of the committee members. Maybe that might be helpful.

**The Chair:** That would certainly be a possibility, I think. Again, I guess, as chair I'm interested in the committee participating fully in the process. We have a motion for the 19th of July, but I'm certainly happy to poll the committee, and then we can deal with the circumstances as we find the date. We'll have to have an additional meeting after that anyway or probably two, certainly possibly two.

**Ms Notley:** If I could also point out. I'm sure there's been some schedule co-ordinating going on; nonetheless, the Health Committee is meeting all day on the 19th as it is, which, of course, I'm also missing. I don't know if you guys have sort of set that as the time to set all your meetings or what, but I don't know if there's any overlap between those two committees except for me.

**The Chair:** No. I mean, just for clarification, I think the 19th was – I'd ask the mover – just a date that probably surfaced. I don't think it's fixed in stone at all, so I'm happy to poll a few dates.

**Mr. Allred:** I'm quite prepared to withdraw my motion if you'd like.

**The Chair:** Okay. The mover has indicated he would withdraw his motion. All in favour of that, please indicate. Opposed? Was that unanimous to withdraw the motion? Okay. It was.

**Mr. Allred:** I would then move that  
the date be set at the call of the chair in co-operation with the vice-chair.

**The Chair:** Okay. Any further discussion?

All in favour of the motion that the next meeting be at the call of the chair and vice-chair, please indicate. That's carried unanimously. We'll proceed on that basis.

There being no other business, I will adjourn the meeting and thank all of you for your participation this afternoon. Thank you to the research staff and to Ms Rempel and everyone supporting this committee.

I wish you a good summer until our next meeting.

[The committee adjourned at 2:04 p.m.]





