



MEMORANDUM

TO: Mayors and CAO's of Affected AVICC Municipal Members

FROM: Chair Joe Stanhope, Past President

DATE: March 20, 2015

RE: **Gas Operating Fee Revenue Estimates**

Recently your municipality received revised gas operating fee revenue estimates based on a new targeted date for implementation of fees based on July 01, 2015 rather than March 01, 2015, as had previously been hoped.

As a result of this revised information, we received a member enquiry about the impact on 2015 budgeted revenues. This is just a reminder that operating fees are received a year following collection as they are calculated based on actual consumption volumes. Accordingly, the new estimates impact fees to be collected beginning in 2015, but are to be **received in 2016**. Obviously, fully annualized fee revenues will, therefore, not be available until 2017.

This has always been the case, and is, we believe, understood by most members. This significant detail was, however, apparently not communicated internally to at least one finance department so we are providing clarification to all members.

Any questions may be directed to Jerry Berry at gdberry@shaw.ca.



MEMORANDUM

TO: Affected AVICC Municipal Members

FROM: Councillor Barbara Price, President
Chair Joe Stanhope, Past President

DATE: March 16, 2015

RE: **Update on Natural Gas Operating Agreements**

The Association of Vancouver Island and Coastal Communities (AVICC) has been involved in a five-year cooperative process with FortisBC to implement 'common rates' for residential and business gas customers resulting in significant price reductions for citizens and members; and to provide for a new operating agreement for municipal members which would provide for the payment of 'operating fees' related to the costs of gas distribution.

In the Fall of 2014, all 26 municipalities within AVICC eligible to enter into new agreements authorized and endorsed the AVICC recommended agreement in the format developed cooperatively with FortisBC. Accordingly, operating fee collections were to be implemented on March 01, 2015. For a variety of reasons, FortisBC has recently advised your Executive that the March 01 objective was not achievable, and the new target date to begin collecting operating fees is July 01, 2015 (May 01, 2015 for View Royal, Highlands and Saanich due to existing contractual provisions). This obviously impacts future revenue projections, and we attach the latest data on revised estimates as provided by FortisBC.

Submission of the 26 municipal operating agreements to the BC Utilities Commission (BCUC) has been delayed; however, at this time, the entire group of agreements are being submitted to the BCUC for approval under a single application submitted by FortisBC. Your Executive met on this issue on March 12, 2015 and provided the above direction. We continue to advocate on your behalf, and we hope this is the final hurdle in resolving this long-standing issue. AVICC is strongly supporting this application and will, once again, seek intervenor status with the BCUC to ensure this new revenue stream is not further delayed.

We will provide a comprehensive update on this issue at the upcoming AVICC Conference. This circular is merely to provide notification of the present status. All municipal CAOs have recently received further background information on this issue. Questions may be referred to AVICC through Joe Stanhope (jstanhope@shaw.ca), or to Jerry Berry of Jerry Berry Consultants Inc. (gdberry@shaw.ca or 250-713-6331).

Please note that this issue does not affect the implementation schedule for common rates, the first phase of which began on January 01, 2015.

2016 Vancouver Island Franchise Fee Estimate

Based on July 2014 to December 2014 Revenues

	Residential	Commercial	Industrial	Total	Operating Fee 6 Months
Campbell River	1,534,401	975,029	110,445	2,619,875	80,954
Central Saanich	647,829	475,496	50,512	1,173,837	36,272
Colwood	577,902	314,785	-	892,687	27,584
Comox	860,558	641,033	43,986	1,545,577	47,758
Courtenay	1,205,600	982,384	13,890	2,201,874	68,038
Cumberland	143,505	58,905	126,491	328,901	10,163
Duncan	113,374	248,287	13,512	375,173	11,593
Gibsons	294,475	205,386	-	499,861	15,446
Highlands	15,814	-	74,069	89,883	2,777
Ladysmith	472,874	136,416	198,194	807,484	24,951
Langford	881,368	895,871	17,177	1,794,416	55,447
Lantzville	133,022	22,642	-	155,664	4,810
Metchosin	34,009	89,601	-	123,610	3,820
Nanaimo	4,099,952	3,290,358	723,528	8,113,838	250,718
North Cowichan	885,022	539,658	474,252	1,898,932	58,677
North Saanich	298,141	300,543	38,436	637,120	19,687
Parksville	844,563	539,516	14,560	1,398,639	43,218
Port Alberni	671,176	529,827	141,751	1,342,754	41,491
Powell River	892,426	457,677	35,391	1,385,494	42,812
Qualicum Beach	616,496	175,806	29,871	822,173	25,405
Saanich	3,632,461	2,412,517	41,983	6,086,961	188,087
Sechelt	777,549	262,549	-	1,040,098	32,139
Sidney	449,542	389,242	-	838,784	25,918
Sooke	151,458	110,063	-	261,521	8,081
Victoria	2,091,590	6,637,044	1,059,088	9,787,722	302,441
View Royal	402,221	163,925	226,695	792,841	24,499
	22,727,328	20,854,560	3,433,831	47,015,719	1,452,786