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June 17, 2025

City Council
City of Medicine Hat
580 First Street SE
Medicine Hat, AB T1A 8E6

Dear Mayor and Members of Council,

Re: Proposed Municipally Controlled Corporation

On behalf of the Southeast Alberta Chamber of Commerce, we are writing to provide insights and perspectives on the proposed Municipally Controlled Corporation.

We recognize that Medicine Hat's energy business has been central to its identity since the early 1900s, providing employment, affordable and reliable services, and a steady source of municipal revenue. Its success epitomizes the City's strength, independence and ingenuity, and is a significant source of community pride.

However, the conditions under which the energy business flourished are changing with local natural gas production declining, Alberta's electricity market undergoing significant reforms and the transition to a low-carbon economy and changing regulations, all of which impact the City's ability to economically generate electricity with its natural gas units.

With changing market conditions and increasing rates, it was prudent for the City to look at its business model, a move that the Chamber commended in our [letter of October 2023](#), asking for further conversations and consultation regarding the future of the utility and to gain greater clarity on future direction. The City engaged KPMG and they chose to evaluate three models after considering the energy business's current state and outlook including the status quo; a Municipally Controlled Corporation (MCC); and Divestiture. The resulting recommendation was to pursue a Municipally Controlled Corporation.

After information was presented and the decision to host a public hearing was made, the Chamber of Commerce encouraged members review the [one-hour long segment](#) from the presentation on May 20 to City Council, and encouraged our members to view further information and the governance model proposal by visiting medicinehat.ca/mcc. We hosted a members'-only event on June 9, so our members could ask questions to the project team, hear from other Chamber members and hear responses to those questions. We highlighted the opportunities for public participation on June 6th and June 11th, along with the Q&A tool on Shape Your City: <https://shapeyourcity.medicinehat.ca/mcc>. We also encouraged our members to share their feedback on whether they are for or against the proposed model through submissions to City Council by Tuesday, June 17 at 12:00 pm by emailing their submission to clerk@medicinehat.ca or by presenting at the public hearing on Tuesday, June 24 at 4:00 pm in City Council Chambers.

In addition, we surveyed our membership to gain insight and feedback and determine if our membership wished for the Chamber to take a formal position on the proposed municipally controlled corporation. We had 36 of our 709 members respond from the Medicine Hat service area, signifying a 5% response rate.

Of those responses, 56% were in favour of a Municipally Controlled Corporation with 25% undecided and 19% opposed. We had 72% of respondents wanting the chamber to take a formal position on the issue, representing 26 of our members (less than 4% of members in the Medicine Hat service area). Without stronger representation of our members' perspectives on this issue, it is difficult for us to take a formal position on the matter. While the Chamber represents a broad and diverse membership, one element is common, our business community wants and needs stability, predictability, affordability and a competitive advantage for economic growth.

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Some of the key themes identified through the feedback received include:

1. Benefits of an MCC Model

- **Expertise, Efficiency & Stability:** Of those that support the model, it is believed that a skills-based board would bring the necessary expertise and stability to manage the complex and evolving energy sector. Turnover and training of council members on utility generation and distribution pose challenges in progress without the appropriate knowledge and qualifications to make complex decisions.
- **Autonomy & Accountability:** Supporters also argue that an MCC would allow for more agile decision-making, better long-term planning, and improved transparency through independent oversight. It would also remove constraints by external political or commercial pressures. It allows for more deliberate planning and investment, key to long-term sustainability and resilience. From a ratepayer perspective, an MCC offers increased transparency, cost accountability, and community oversight. With a clear mandate to operate in the public interest, it can help protect affordability, while maintaining high service standards.
- **Future Readiness:** Several comments highlight the need for Medicine Hat to adapt to rapid changes in the energy landscape, including climate change and federal regulations. This transition is viewed by supporters as a forward-thinking step that positions Medicine Hat to continue being a leader in municipal energy management and economic development. An MCC is seen to provide a best of both worlds approach, offering the advantages of both private and government control.

2. Concerns & Reservations

- **Council Experience, Governance & Timing:** Some are concerned about the current council's ability to manage such a significant transition, especially amid recent controversies and with an election approaching.
- **Public Trust & Process:** There's a recurring theme of mistrust and a desire for more public consultation or a delay until after elections.
- **Financial Viability & Monopoly Risk:** A few comments raise concerns about the initial transition costs, ongoing costs and complexity of the transition, in addition to long-term financial sustainability of the MCC.

3. Neutral or Undecided Views

- Individuals who were undecided expressed a lack of sufficient information to form an opinion or acknowledge both pros and cons without a clear stance.

It's important to recognize that the MCC is still in its formative stages, and many critical details regarding its governance, financial structure, and long-term impact remain to be clarified. In the absence of this clarity for our members and what an MCC would mean for our business community, the Chamber will ensure we take a position as a convener of information and discussion to ensure the best outcomes for our members in the path chosen.

We commend City staff on their willingness to meet with the business community on critical issues such as this. We have also encouraged open dialogue from our business community to connect with the City and engage in these discussions. We appreciate the City's ongoing efforts to balance fiscal responsibility with economic competitiveness and look forward to continued collaboration to drive business success as we remain engaged in this process moving forward.

Sincerely,



Steven Pudwell
2024-2025 President, Board of Directors



Lisa Dressler
Executive Director

Cc: Ann Mitchell, City Manager,
Cc: Rochelle Pancoast, Managing Director Energy, Land and Environment
Cc: Tarolyn Aaserud, City Clerk