

**Town of Legal
Regular Council Meeting
September 16th, 2024
7:00 PM
Council Chambers**

AGENDA

- 1.0 Call to Order with acknowledgement of meeting on Treaty 6 Territory**

- 2.0 Additions and/or Deletions to the Agenda**

- 3.0 Adoption of Agenda**

- 4.0 Public Hearing**

- 5.0 Adoption of Previous Minutes**
 - 5.1 Errors or Omissions
 - 5.2 Adoption of Minutes – September 3rd, 2024, Regular Council Meeting

- 6.0 Delegations, Petitions or Presentations**

- 7.0 Unfinished Business**

- 8.0 Reports**
 - 8.1 Chief Administrative Officer
 - 8.2 Manager of Corporate Services
 - 8.3 Operations Supervisor
 - 8.4 Councillor Reports
 - Mayor Jones
 - Deputy Mayor Tremblay
 - Councillor Beaton
 - Councillor Hills
 - Councillor Malott

- 9.0 Correspondence**
 - 9.1 Sturgeon County Bylaw Statistics, August 2024
 - 9.2 2024 Fire Services Training Program Grant

- 10.0 New Business**

- 10.1 FortisAlberta Electric Distribution Franchise Fee
- 10.2 Canada Community-Building Fund Memorandum of Agreement
- 10.3 Impacts of New Provincial Legislation on Gas Distribution Franchise Agreement
- 10.4 ATCO Gas and Pipelines Ltd. Franchise Agreement
- 10.5 Northern Lights Library System (NLLS) 2025 Levy

11.0 Closed Session

12.0 Adjournment

Regular Council Meeting of the Town of Legal in the Province of Alberta held in Council Chambers, September 3rd, 2024, commencing at 7:00 P.M.

PRESENT: Mayor Jones, Deputy Mayor Tremblay, Councillor Beaton, Councillor Hills, Councillor Malott

ABSENT: Gizele St Jean – Manager of Corporate Services

STAFF: Robert Proulx – Chief Administrative Officer
Christine Young – Executive Assistant

CALL TO ORDER

Mayor Jones called the meeting to order at 7:00 P.M. and acknowledged the traditional territories of the Indigenous peoples of the Treaty 6 region and the Métis Settlements and Métis Nation of Alberta, Regions 2, 3 and 4. We respect the histories, languages, and cultures of First Nations, Metis, Inuit, and all First Peoples of Canada, whose presence continues to enrich our community.

ADDITIONS AND/OR DELETIONS TO THE AGENDA

Additions:

New Business: Request from Mayor Jones, Re: Alberta Municipalities Vice President Towns
Awarding of Third-Party Testing and Inspections for Legal Arena and Curling Rink Retrofit Project

ADOPTION OF AGENDA

12180

Resolution #12180

Moved by: Councillor Malott

RESOLVED that the Agenda for the September 3rd, 2024, regular meeting of Council be adopted as amended.

CARRIED 5-0

PUBLIC HEARING

None.

ADOPTION OF PREVIOUS MINUTES

12181

Resolution #12181

Moved by: Councillor Hills

RESOLVED that the Minutes for the August 19th, 2024, Regular Meeting of Council be adopted as presented.

CARRIED 5-0

DELEGATION

Dr. Alfred Durojaye (7:00 P.M.)

Mayor Jones thanked Dr. Durojaye for meeting with Council to provide an annual update on the Legal Medical Clinic and to inform him of concerns from the public that were brought to the attention of Council. Dr. Durojaye noted that the expectation of the community cannot be met through their office. They admitted to having very limited hours, and they are running their offices (Legal and St. Albert) by themselves, and currently do not have any other practitioners to work in Legal. Dr. Durojaye mentioned that they have a practitioner coming here from England in November. They are trying to offer afternoon hours here in Legal, as they need to operate a full day in their St. Albert office. Dr. Durojaye praised Council for their support and for sending people to the Legal Medical Clinic. Questions raised by Council included if there has been an increase in patient numbers over the past year; the opportunity for constant office hours/days; and, the possibility of the Town doing advertising for the Dr. office hours/days of operation. Dr. Durojaye replied that their aim is to have more concrete days and hours of operation, that will hopefully, in turn, bring more regular patients to the clinic; the ability to have a second practitioner in November will also help ease some of the limitations that are currently being experienced; and advertising the clinic will also help drive more people to the clinic. Deputy Mayor Tremblay thanked Dr. Durojaye for meeting with Council and reiterated if there were any comments or concerns to contact the Town of Legal.

UNFINISHED BUSINESS

None.

REPORTS

CHIEF ADMINISTRATIVE OFFICER

The Chief Administrative Officer gave a verbal update to Council on the new photocopier lease at the Town Office, the Arena and Curling Rink Retrofit Project schedule, the Active Communities Initiative (ACI) grant application submission by the Legal Curling Club, the current review of the waterline agreements, and vacation dates.

MANAGER OF CORPORATE SERVICES

Revenue & Expenditure report and the Bank Reconciliation report were submitted and form part of the Council agenda package.

OPERATIONS SUPERVISOR

Report was submitted and forms part of the Council agenda package.

COUNCILLOR REPORTS

Mayor Jones

Attended the RCMP Change of Command on August 21st, 2024.
Attended the Alberta Bilingual Municipalities Association meeting on August 22nd, 2024.
Attended the Sturgeon Regional Emergency Advisory Committee meeting on August 26th, 2024.
Attended the Alberta Municipalities / AMSC meeting from August 27th to 30th, 2024 in Cochrane, Alberta.

Deputy Mayor Tremblay

No report.

Councillor Beaton

No report.

Councillor Hills

Attended the Town of Legal Library Board meeting on August 29th, 2024.

Councillor Malott

No report.

12182

Resolution #12182

Moved by: Councillor Beaton

RESOLVED that the reports be accepted as presented.

CARRIED 5-0

CORRESPONDENCE

Invitation to Town of Gibbons Mayor's Luncheon

Received as information.

Green and Inclusive Community Buildings Program, New Intake Dates

Received as information.

New Polling Results on Policing in Alberta - National Police Federation

Received as information.

NRED (Northern and Regional Economic Development) Grant Program Update

Received as information.

12183

Resolution #12183

Moved by: Deputy Mayor Tremblay

RESOLVED that the correspondence be accepted as presented.

CARRIED 5-0

NEW BUSINESS

Sturgeon Valley Fertilizer Request for Policy Exemption

12184

Resolution #12184

Moved by: Councillor Hills

RESOLVED that the Town of Legal approve the exemption request from Sturgeon Valley Fertilizer regarding the distribution and/or consumption of alcohol at their upcoming 2024 SVF Staff Family BBQ scheduled for Friday, September 13, 2024, from 4:00 P.M. to 11:00 P.M. as per Policy 4.8 and conditions described below:

1. Alcohol must be confined to the footprint area of the Gazebo structure;
2. Appropriate liquor licensing permits are required and copies must be provided to the Town;
3. Consumption will be limited to the hours between 4:00 P.M. and 11:00 P.M; and
4. Park Quiet hours beginning at 11:00 P.M. must be observed and followed.

CARRIED 5-0

Town of Legal Library Board Appointment

12185

Resolution #12185

Moved by: Deputy Mayor Tremblay

RESOLVED that the Town of Legal not appoint Valarie Prefontaine as a volunteer member of the Town of Legal Library Board.

CARRIED 5-0

Facility Use Request, Legal & District Chamber of Commerce

12186

Resolution #12186

Moved by: Councillor Beaton

RESOLVED that the Town of Legal approve the Legal & District Chamber of Commerce's request to have access to the Centralta Community Centre's gym, lobby, kitchen, and Chauvet Room for the Annual Craft n' Tradefair scheduled for:

Friday, December 6, 2024 (3pm) to Saturday, December 7, 2024 (7pm); and
Friday, December 5, 2025 (3pm) to Saturday, December 6, 2025 (7pm); and
Friday, December 4, 2026 (3pm) to Saturday, December 5, 2026 (7pm); and
Friday, December 3, 2027 (3pm) to Saturday, December 4, 2027 (7pm); and
Friday, December 1, 2028 (3pm) to Saturday, December 2, 2028 (7pm).

CARRIED 5-0

Mayor Jones declared Pecuniary Interest and removed herself from Council Chambers at 8:06 P.M. Deputy Mayor Tremblay moved into the seat of the Chair.

Request from Mayor Jones, Re: Alberta Municipalities Vice President Towns

12187

Resolution #12187

Moved by: Councillor Malott

RESOLVED that the Town of Legal approve and support Mayor Jones' nomination for Alberta Municipalities Board of Directors, as Vice President, Towns.

CARRIED 4-0

Mayor Jones entered Council Chamber at 8:09 P.M. and moved back into the Chair position.

Awarding of 3rd Party Testing and Inspections, Legal Arena and Curling Rink Retrofit Project

12188

Resolution #12188

Moved by: Councillor Beaton

RESOLVED that the Town of Legal award the third-party testing and inspections for the Legal Arena and Curling Rink Retrofit Project to Thurber Engineering Ltd (for Geotech/Concrete/Piles), Alpine Roof Consulting Ltd (for Roofing), and Qualitest Canada (for Structural Steel and Rebar) as recommended by Delnor Construction Managers in the letter of recommendation dated September 3rd, 2024.

CARRIED 5-0

CLOSED SESSION

None.

ADJOURNMENT

12189

Resolution #12189

Moved by: Councillor Hills

RESOLVED that the meeting be adjourned at 8:16 P.M.

CARRIED 5-0

Mayor

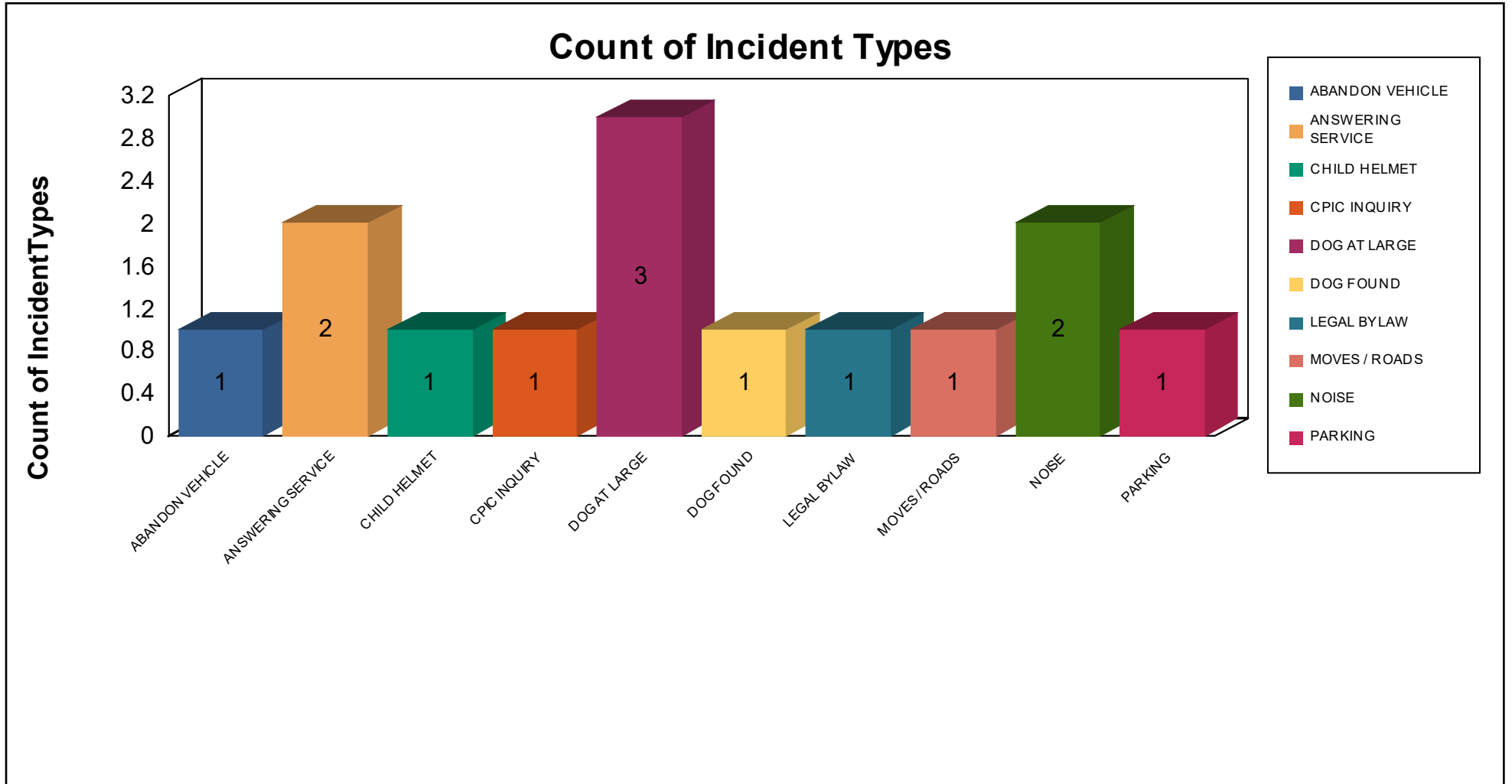
Chief Administrative Officer

UNADOPTED

Statistics from Occurred Date: 8/1/2024 12:00:00AM to 8/31/2024 11:59:00PM

Incident Report

STURGEON COUNTY ENFORCEMENT -



ABANDON VEHICLE: 1 3%

Incident Report

STURGEON COUNTY ENFORCEMENT -

ANSWERING SERVICE: 2 7%

CHILD HELMET: 1 3%

CPIC INQUIRY: 1 3%

DOG AT LARGE: 3 10%

DOG FOUND: 1 3%

LEGAL BYLAW: 1 3%

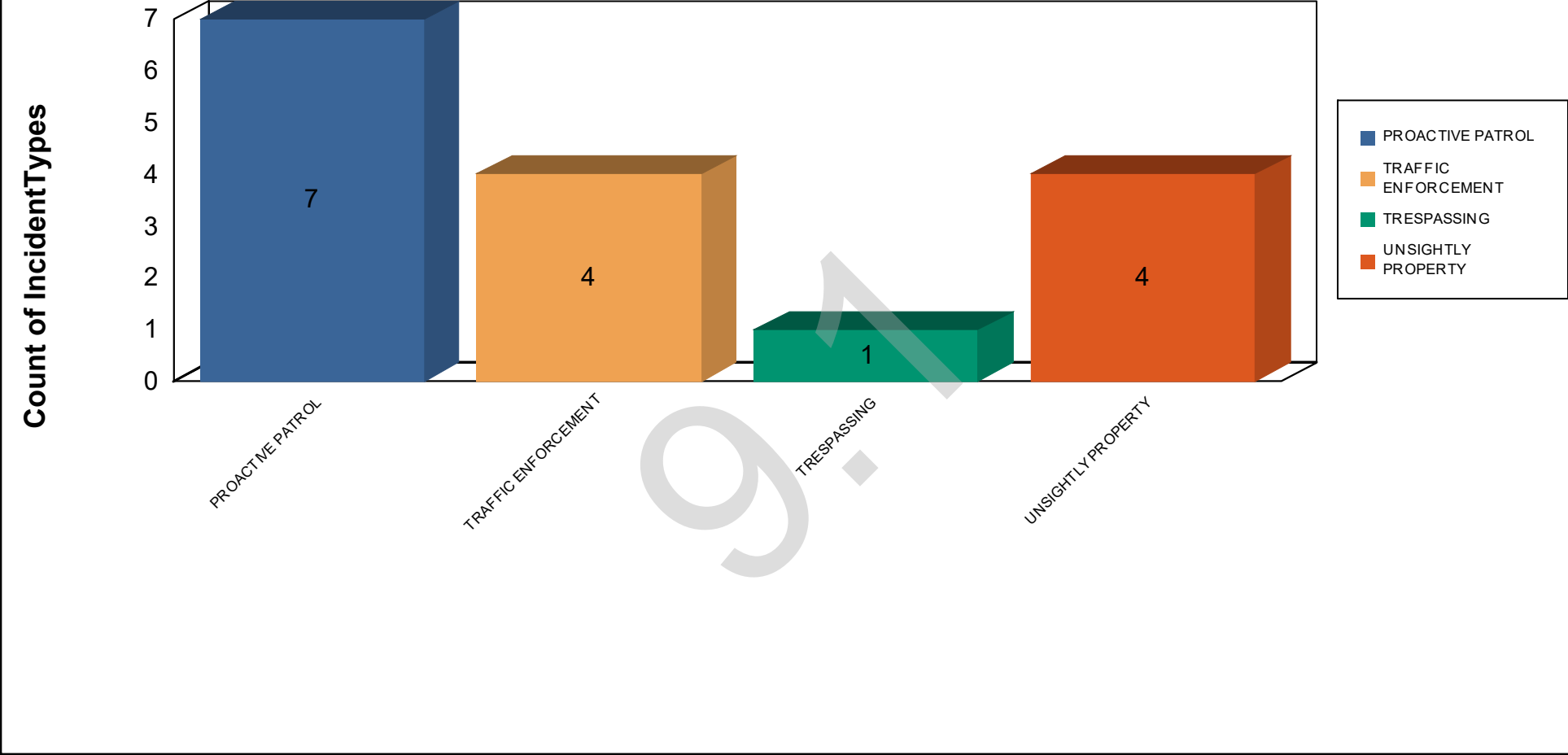
MOVES / ROADS: 1 3%

NOISE: 2 7%

PARKING: 1 3%



Count of Incident Types



PROACTIVE PATROL: 7 23%

TRAFFIC ENFORCEMENT: 4 13%

TRESPASSING: 1 3%

UNSIGHTLY PROPERTY: 4 13%

Grand Total: 100.00% Total # of Incident Types Reported: 30

9.1

9.2



ALBERTA

MUNICIPAL AFFAIRS

*Office of the Minister
MLA, Calgary-Hays*

August 9, 2024

AR115836

Subject: 2025 Fire Services Training Program Grant

Dear Chief Elected Officials:

It is my pleasure to announce that Municipal Affairs is providing \$500,000 in grant funding for the 2025 Fire Services Training Program. This government recognizes the important work of fire services, and that public safety is always a priority. While Municipal Affairs respects that fire services are a municipal responsibility, we also recognize that a strong provincial-municipal partnership is key to keeping Albertans safe.

This grant provides supplemental funding supports to assist Alberta communities in ensuring their local fire services are adequately trained to respond to identified community risks. Courses approved for delivery under this grant will align with the following key outcomes:

- public safety is preserved in Alberta;
- community risk is effectively managed by local authorities; and
- firefighters are able to receive training in alignment with best practices.

Grant information, along with grant guidelines and application form are available at www.alberta.ca/fire-services-training-grant. Please forward this information to your chief administrative officers and fire chiefs, so they may complete the application form. Collaboration involving multiple municipalities is permitted, but not required.

If you have any questions regarding the grant applications or the program guidelines, feel free to contact Municipal Affairs at 1-866-421-6929 or firecomm@gov.ab.ca.

This grant program will assist fire departments across the province be prepared with the knowledge and skills to protect their communities. I look forward to reviewing your 2025 Fire Services Training Program submissions.

Sincerely,

A handwritten signature in blue ink that reads "Ric McIver".

Ric McIver
Minister



Fire Services Training Program

2025 Grant Application Guidelines

9.2

Alberta 

9.2

Fire Services Training Program: 2025 Grant Application Guideline | Municipal Affairs

© 2024 Government of Alberta | August 23, 2024

Grant and Contract Administrator
Technical and Corporate Services Division
Municipal Affairs

Email: firecomm@gov.ab.ca

Phone (toll-free): 1-866-421-6929

Fire Services Training Program | **2025 Grant Application Guideline**

Submission deadline	4
Goal	4
Objective	4
Key outcomes	4
Eligibility	4
Program outcomes and criteria	5
Eligible budget requirements	5
Funding	6
Evaluation process	7
Reporting requirements	7
Important dates	8
Contact	8



Submission deadline

September 30, 2024

Goal

Alberta's community fire services are aligned with community needs.

Objective

Funding is available to assist Alberta communities in ensuring their local fire services can access training to respond safely and effectively to identified community risks.

Key outcomes

- Public safety is preserved in Alberta.
- Community risks are being effectively managed by local authorities.
- Firefighters can receive training aligned with best practices.

Eligibility

Applicants **MUST** represent one of the following:

- Alberta municipalities, including municipal corporations and regional services commissions;
- Metis Settlements in Alberta;
- First Nations communities in Alberta; or
- partnerships of the above or partnership with a municipality as the primary applicant.

Ineligible entities include:

- individuals;
- for-profit businesses/corporations; and
- entities with overdue Fire Services Training Program grant requirements from a previous year.

Program outcomes and criteria

Applications will be **evaluated** and **prioritized** using the following criteria:

	Outcome	Criteria
Strategic Focus of Training Application Section 2.0	Community risks are being effectively managed by local authorities.	Training aligns with the specific needs of the community and its identified fire risks or alignment to the community risk assessment.
Quality of Training Application Section 3.0	Firefighters can receive training aligned with best practices.	Training is based on industry best practices and/or curriculum. Instructors and evaluators are qualified and experienced.
Completeness of Application All Application Sections	Training request is clear and complete.	Training application information is legible and provides information necessary to fully assess eligibility.

Eligible budget requirements

Detailed course and budget information must be included with your application.

See Appendix A: Course Details and Estimated Cost of Training template in the application form for more information.

The following costs are **ineligible and should not be included** in your budget:

- Capital or equipment purchases, repairs, upgrading, or maintenance.
- Wages, stipends, or honoraria for students
 - * *Reasonable costs for student meals are eligible for grant funding. Please contact the Grant and Contract Administrator if you have any questions.*
- Training delivered outside of Alberta.
- Training completed prior to receiving approval from the Minister of Municipal Affairs.
- Incident Command System training.
- Rental of classrooms and equipment already owned by the applicant.

Funding

The grant is meant to supplement training costs. Organizations may only receive a portion of the requested grant amount and are expected to make up the difference in the training costs.

- In 2025, the Fire Services Training Program has \$500,000 in total grant funding to distribute to successful applicant organizations.
- Distribution of funds is dependent on the relative scoring of approved applications and the total number of applications received. Successful applicants will receive a lump-sum payment as part of a Conditional Grant Agreement (CGA) signed between the Minister of Municipal Affairs and the organization.
- Total grant amounts will depend on the applications received and the evaluation scores of each application. In previous years, the maximum grant awarded to any one application was approximately \$10,000. Note that essential training will be given priority in the evaluation process.
- Unused grant funds must be returned to Municipal Affairs.

What is the purpose of the funding?

- The funding is intended to supplement training costs, not necessarily cover the full cost of training. The organization applying for funds is responsible for covering any additional training costs.
- Applicants can request funding for multiple courses on a single application.

What does the CGA involve?

- The CGA is a formal agreement between the Minister of Municipal Affairs and the organization receiving funds. The terms of the CGA agreement ensure that the grant is used for approved purposes only, that the organization is eligible for the grant, and that all reporting and accountability requirements are clearly understood.
- The CGA allows the Minister to audit any grant.

What requirements must I comply with to receive funds?

- Applicants must complete and submit an application form by September 30, 2024. Successful applicants will sign a conditional grant agreement (CGA).
- When a First Nation is the successful applicant, they must submit a Band Council Resolution along with the signed CGA prior to receipt of funding.
- Training can only start after the Minister (or delegated representative) signs the CGA.

What does “entities with overdue Fire Services Training Program grant requirements from a previous year” mean?

- An entity received funds in a previous year but has not completed and submitted the required reporting documents; or
- An entity has not returned unused funds.

What if I am collaborating with another organization?

- If organizations choose to collaborate, the organizations must designate one organization to apply for the grant and function as the project manager/grant administrator.
- The project manager/grant administrator is responsible for all administrative requirements of the program, such as submitting the grant application, gathering signatures from the applying organization for a CGA with the Government of Alberta to manage grant funds, and completing the required reporting documents at

the end of the grant period.

Evaluation process

How will my application be evaluated?

- Applications will be evaluated and prioritized for funding based on the following program outcomes and criteria:
- alignment with strategic focus of training;
- quality of training; and
- overall completeness of application.

How will I know if my application is successful?

- Applicants will be notified before March 31, 2025, whether their application was successful or unsuccessful, and the total amount of funding to be provided.
- Decisions are communicated to organizations by the Minister and posted to the Government of Alberta website.

What if I disagree with the decision on my application?

- The Minister's decisions regarding grant funding are final.

Reporting requirements

What happens if the scope of the training changes or I need to change the approved course(s)?

- Email firecomm@gov.ab.ca and request an extension/ course change form.
- All amendment requests must be submitted by April 1, 2026, to provide time for review and processing before the grant expiry date.

What information do I need to provide to report on the usage of the grant funds?

- As part of the reporting requirements, you need to submit:
- evidence that the total grant received was used in accordance with the CGA;
 - a description of the training undertaken, including a list of all students who received training.
 - receipts and invoices for all costs paid for by the grant funds.
 - certification that the organization did not use any portion of the grant to conduct training before the original CGA was signed by the Minister of Municipal Affairs; and
 - confirmation that training is completed by May 31, 2026, or by the completion date as stated in an amended CGA.

Important dates

Application due date	September 30, 2024
Last date to request course changes/date extensions	April 1, 2026
Last date for course completion	May 31, 2026
Reporting documents due	July 31, 2026

Course dates must be between the date of Minister of Municipal Affairs' approval of the Conditional Grant Agreement (target April 1, 2025, to May 31, 2026)

Contact

For more information or inquiries about the grant application, please contact:

Grant and Contract Administrator
Technical and Corporate Services Division
Municipal Affairs

Email: firecomm@gov.ab.ca
Phone (toll-free): 1-866-421-6929



TOWN OF LEGAL

Report to Council

- Request for Decision
- Request for Direction
- For Council Information

Meeting:	Regular Council
Meeting Date:	September 16, 2024
Presented By:	Robert Proulx, Chief Administrative Officer
Title:	FortisAlberta Electric Distribution Franchise Fee
Agenda Item No:	10.1

BACKGROUND / PROPOSAL:

The purpose of this Request for Decision is to bring to Council the FortisAlberta Electric Distribution Franchise Fee allocations for 2025, 2026, 2027 and 2028 for discussion and recommendation.

Previous FortisAlberta electrical franchise fee approvals were based on funding specific projects.

In the 2024 operating budget, the funding generated from the 20% FortisAlberta franchise fee were divided as follows:

- 3% (approximately \$19,400.00) allocated to Economic Development Initiatives;
- 5% (approximately \$32,340.00) allocated to Policing;
- 7% (approximately \$45,270.00) allocated to Water Reserves (to pay the debenture for the 2021 Waterline Replacement Project); and
- 5% (approximately \$32,336.00) to Arena Reserves.

The total cost of the Arena and Curling Rink Retrofit Project is estimated to be approximately \$14,000,000.00; the total grant dollars received to date are estimated to be in the range between \$8,200,000.00 and \$9,500,000.00; the Town reserves to be applied are estimated to be at \$1,000,000.00 and the LGFF allocation of \$500,000.00; bringing the combined funding to be estimated at \$10,000,000.00, leaving approximately \$4,000,000.00 of the project costs remaining. Allocating a percentage of the FortisAlberta Franchise Fees to the Arena & Curling Rink Retrofit Project will assist in making the project more affordable.

Loans to Local Authorities are sourced through the Government of Alberta Treasury Board. The current interest rate offered by Alberta Treasury Board for a \$3.5 million dollar loan:

a. amortized over 10 years is 4.45%.

The loan payments spread out over 10 years equals \$292,000.00 annually

b. amortized over 15 years is 4.74%.

The loan payments spread out over 15 years equals \$330,000.00 annually.

As the Town of Legal is at the current FortisAlberta Franchise Fee Cap of 20%, administration is recommending the allocation of the funds to be as follows:

2025

- 3% (approximately \$21,000.00) – Economic Development Initiative
- 5% (approximately \$35,000.00) – Policing
- 7% (approximately \$49,000.00) – Water Reserves
- 5% (approximately \$35,000.00) – Legal Arena & Curling Rink Retrofit Project

2026

- 3% (approximately \$21,000.00) – Economic Development Initiative
- 5% (approximately \$35,000.00) – Policing
- 12% (approximately \$84,000.00) – Legal Arena & Curling Rink Retrofit Project

2027

- 3% (approximately \$21,000.00) – Economic Development Initiative
- 5% (approximately \$35,000.00) – Policing
- 12% (approximately \$84,000.00) – Legal Arena & Curling Rink Retrofit Project

2028 (to be reviewed October 2027)

- 3% (approximately \$21,000.00) – Economic Development Initiative
- 5% (approximately \$35,000.00) – Policing
- 12% (approximately \$84,000.00) – Legal Arena & Curling Rink Retrofit Project

Included is the 2024 Franchise Calculator and Residential Bill Impact, along with the Municipal Franchise Fee Rider Schedule.

If Council is proposing an increase or decrease to the franchise fee percentage, the change in the franchise fee, including the impact on a customer's monthly bill is required to be advertised in the local newspaper having the widest circulation within your municipality for two consecutive weeks.

The 2024-2025 franchise decision must be submitted by November 1, 2024 to FortisAlberta.

Administration is recommending the FortisAlberta Franchise Fee remain at 20% for 2025, and that Council approve the FortisAlberta Franchise Fee allocation changes for 2025, 2026, 2027 and 2028, for the purpose of helping offset some of the arena construction costs that will be incurred by the Town of Legal for the Legal Arena & Curling Rink Retrofit Project.

DISCUSSION / OPTIONS / BENEFITS / DISADVANTAGES:

Actual revenues will depend on final approved electricity rates from the Alberta Utilities Commission, customer numbers, consumption, weather, and many other factors.

COSTS / SOURCE OF FUNDING (if applicable):

FINANCIAL IMPACTS:

Estimated Franchise Fee: 20%

2024 Current Franchise Fee	20.00%
Franchise Fee Cap	20%
2024 Estimated Revenue \$	133,930
2025 Estimated Franchise Fee Revenue if your Franchise Fee remains the same \$	147,988
Franchise Fee Calculator Changes:	
Yellow area is to calculate different franchise fee.	
2025 Proposed Franchise Percentage	20.00%
2025 Estimated Franchise Fee Revenue if your Percentage is changed \$	147,988
Difference in Franchise Fees Collected from 2024 to 2025 with Proposed D&T Rate Changes. \$	14,058

RESIDENTIAL BILL IMPACT

Current Franchise Fee: 20% - 2024

*Consumption: 640kWh
Billing Period: 30 days*

Existing (Current) Typical Residential Customer Monthly Costs			
Rate 11 (Effective Jan.1, 2024) Distribution Tariff Estimated Rate Filing) Based on Current 20% Franchise Fee			
Delivery Service Charge			
All kWh Delivered	\$ 0.080409	640 kWh	\$51.46
Basic Daily Charge	\$ 0.98675	30 Days	\$29.60
			<u>\$81.06</u>
Current Franchise Fee		20.00%	\$16.21
	GST	5.0%	\$4.86
			<u><u>\$102.14</u></u>
Current Annual Franchise Fee Costs: \$16.21 * 12 = \$194.55			

Proposed Franchise Fee: 20% - 2025

*Consumption: 640kWh
Billing Period: 30 days*

Proposed Residential Customer Monthly Costs				
<u>Rate 11 (Proposed January 2025 Estimated Distribution Tariff) Based on NEW 20% Franchise Fee</u>				
Delivery Service Charge				
All kWh Delivered*	\$	0.082861	640 kWh	\$53.03
Basic Daily Charge*	\$	1.01685	30 Days	\$30.51
				<u>\$83.54</u>
Estimated Proposed Franchise Fee		20.00%		\$16.71
GST		5.0%		\$5.01
				<u><u>\$105.26</u></u>
Proposed Annual Franchise Fee Cost: \$16.71 * 12 = \$200.48				
* Includes estimated Rate changes.				

RECOMMENDED ACTION (by originator):

It is recommended that the FortisAlberta Franchise Fee remain at 20% for 2025.

It is also recommended that Council approve the FortisAlberta Franchise Fee allocation changes for 2025, 2026, 2027 and 2028, for the purpose of helping offset some of the arena construction costs that will be incurred by the Town of Legal for the Legal Arena & Curling Rink Retrofit Project.

Initials show support – Reviewed by:

CAO: ORIGINAL SIGNED - RP

From: Kelsey Nixon <kelsey.nixon@fortisalberta.com> **On Behalf Of** Stakeholder Relations Team
Sent: Tuesday, August 27, 2024 9:46 AM
To: Robert Proulx <rproulx@legal.ca>
Cc: Dora LHeureux <dora.lheureux@fortisalberta.com>
Subject: FortisAlberta Franchise Fee Documents/Changes - Legal

Good morning,

On behalf of the Stakeholder Relations Team, I hope everyone has had a great summer! As we transition into September, we recognize that many of you are starting the budget deliberation process. As part of this process, it is also time to consider franchise fee revenues and potential changes to the franchise fee percentage. Attached is the annual franchise fee calculator to assist with these determinations.

The franchise fee calculator provides an estimate of potential franchise fee revenues for 2025. Actual revenues will depend on final approved electricity rates from the Alberta Utilities Commission, customer numbers, consumption, weather, and many other factors. In addition, you may also want to look at historical trends to estimate potential revenues.

Please review the attached “Electric Distribution Franchise Fee Percentages for 2025” for information on franchise fee changes. If you need any assistance, feel free to contact your Stakeholder Relations Manager for additional direction.



We lead by example, innovate with purpose, and champion sustainable change so we can power the future Albertans deserve, together.

From: Kelsey Nixon <kelsey.nixon@fortisalberta.com> **On Behalf Of** Stakeholder Relations Team

Sent: August 27, 2024 9:46 AM

To: Robert Proulx <rproulx@legal.ca>

Cc: Dora LHeureux <dora.lheureux@fortisalberta.com>

Subject: FortisAlberta Franchise Fee Documents/Changes - Legal

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Please review the attached “Electric Distribution Franchise Fee Percentages for 2025” for information on franchise fee changes. If you need any assistance, feel free to contact your Stakeholder Relations Manager for additional direction.



We lead by example, innovate with purpose, and champion sustainable change so we can power the future Albertans deserve, together.

Electric Distribution Franchise Fee Percentages for 2025

As part of the Electrical Distribution System Franchise Agreement with FortisAlberta, the franchise fee percentage may be **increased or decreased once per calendar year, with written notice**. If there are no changes to the franchise fee percentage, the current franchise fee percentage will continue for 2025.

IMPORTANT TIMELINES TO ENSURE CHANGES TO THE FRANCHISE FEE PERCENTAGE ARE IMPLEMENTED BY JANUARY 1, 2025.

1. **Review** the attached letter, Franchise Fee Calculator, and present the recommendations to Council.
2. If Council is proposing an **increase or decrease to the franchise fee percentage**, the change in the franchise fee, including the impact on a customer's monthly bill is **required to be advertised in the local newspaper having the widest circulation within your municipality for two consecutive weeks**. (Please use the sample advertisement that is attached).
3. If **increasing** the franchise fee percentage, it must stay within the **Franchise Fee Cap of 20%** set by the Alberta Utilities Commission.
4. **By November 1st, 2024**, please **email** clear copies of the following documentation to stakeholderrelations@fortisalberta.com.

INCLUDE:

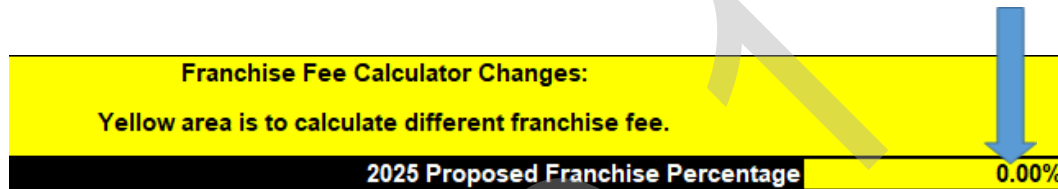
- ✓ Copies of **both** advertisements.
 - ✓ **Publication dates** for both advertisements.
 - ✓ Name & location of newspaper.
5. Late submissions, inaccurate or incomplete responses may delay the filing and necessary approval from the Alberta Utilities Commission. Late submissions will be filed with the Alberta Utilities Commission in February with an anticipated effective date of **April 1, 2025**.

- If Council decides to maintain the current franchise fee percentage, no advertising is required, simply notify us via email at stakeholderrelations@fortisalberta.com.

TIPS FOR USING THE FRANCHISE CALCULATOR

Attached is the FortisAlberta Franchise Calculator specific to your municipality. The calculator is intended to assist in **estimating** franchise fee revenues for 2025.

- On the first tab: **Financial Impacts**, the Franchise Fee percentage (**yellow cell**) can be **changed to model different scenarios**. By changing the percentage in this **cell**, the spreadsheet will automatically update to reflect the estimated revenue for 2025.



Franchise Fee Calculator Changes:
Yellow area is to calculate different franchise fee.

2025 Proposed Franchise Percentage	0.00%
------------------------------------	-------

- The second tab: **Residential Bill Impacts**, displays **the impact on an Average Residential Bill**. (This information is needed for the advertisement if the franchise fee percentage is being changed.)
- The third tab: **2022 – June 2024 YOY Data**, shows the franchise fee revenue collected by the municipality over the last two and a half years and linear taxes for the last three years. Site count and historical consumption information for the last three years are also included.

If you have any questions or concerns, please contact your Stakeholder Relations Manager.

Thank you,

MUNICIPAL FRANCHISE FEE RIDERS

Availability: Effective for all consumption, estimated or actual, on and after the first of the month following Commission approval, the following franchise fee riders apply to each rate class.

Price Adjustment:

A percentage surcharge per the table below will be added to the total distribution tariff, including both the transmission and distribution charges, and excluding any Riders, calculated for every Point of Service within each Municipality and will be billed to the applicable Retailer.

FortisAlberta will pay to each Municipality each month, in accordance with the franchise agreements between FortisAlberta and the Municipalities or an agreement with a non-municipality, the franchise fee revenue collected from the Retailers.

Muni Code	Municipality	Rider	Effective	Muni Code	Municipality	Rider	Effective
03-0002	Acme	3%	2013/07/01	02-0040	Bowden	15%	2017/01/01
01-0003	Airdrie	20%	2021/04/01	03-0041	Boyle	20%	2021/01/01
03-0005	Alix	8.50%	2019/01/01	03-0042	Breton	20%	2015/01/01
03-0004	Alberta Beach	8%	2021/01/01	01-0043	Brooks	14%	2021/01/01
03-0007	Amisk	0%	2014/01/01	02-0044	Bruderheim	4%	2024/04/01
02-0011	Athabasca	20%	2024/01/01	02-0047	Calmar	20%	2013/07/01
04-0009	Argentia Beach	0%	2017/01/01	01-0048	Camrose	17%	2024/01/01
03-0010	Arrowwood	12%	2015/07/01	02-0050	Canmore	16%	2024/01/01
02-0387	Banff	7%	2024/02/01	03-0054	Carmangay	15%	2021/01/01
07-0164	Banff Park	4%	2019/10/01	03-0055	Caroline	12%	2021/01/01
03-0363	Barnwell	7.5%	2024/01/01	02-0056	Carstairs	10%	2015/01/01
03-0013	Barons	5%	2015/04/01	03-0061	Champion	15%	2015/04/01
02-0014	Barrhead	14%	2023/04/01	03-0062	Chauvin	11%	2016/01/01
02-0016	Bashaw	2%	2021/01/01	01-0356	Chestermere	11.50%	2014/01/01
02-0017	Bassano	14.40%	2019/01/01	03-0064	Chipman	0%	2016/01/01
03-0018	Bawlf	8%	2024/01/01	02-0065	Claresholm	6%	2024/01/01
01-0019	Beaumont	17.25%	2020/01/01	03-0066	Clive	11%	2023/01/01
03-0022	Beiseker	3.50%	2019/01/01	03-0068	Clyde	18%	2024/01/01
02-0024	Bentley	10%	2019/01/01	02-0069	Coaldale	18%	2024/04/01
04-0026	Betula Beach	0%	2017/01/01	02-0360	Coalhurst	7.5%	2023/01/01
03-0029	Bittern Lake	7%	2016/01/01	02-0070	Cochrane	17%	2020/01/01
02-0031	Blackfalds	20%	2013/10/01	03-0076	Coutts	3%	2017/01/01
02-0034	Bon Accord	19%	2022/01/01	03-0077	Cowley	5%	2016/01/01
02-0039	Bow Island	17%	2024/01/01	03-0078	Cremona	10%	2016/01/01
				02-0079	Crossfield	17%	2023/01/01

Muni Code	Municipality	Rider	Effective	Muni Code	Municipality	Rider	Effective
09-0361	Crowsnest Pass	16%	2016/01/01	02-0188	Killam	10%	2024/01/01
04-0080	Crystal Springs	0%	2016/01/01	01-0194	Lacombe	17.63%	2024/01/01
03-0081	Czar	5%	2013/10/01	04-0196	Lakeview	2%	2016/01/01
02-0082	Daysland	10%	2024/01/01	02-0197	Lamont	7.50%	2020/01/01
02-0086	Devon	17%	2024/01/01	04-0378	Larkspur	3%	2020/04/01
02-7662	Diamond Valley	10%	2023/01/01	01-0200	Leduc	16%	2014/01/01
02-0088	Didsbury	17%	2016/01/01	02-0202	Legal	20%	2024/01/01
02-0091	Drayton Valley	10%	2016/01/01	03-0207	Lomond	15%	2017/01/01
03-0093	Duchess	15%	2018/01/01	03-0208	Longview	17%	2017/01/01
02-0095	Eckville	10%	2015/01/01	03-0209	Lougheed	5%	2016/01/01
03-0096	Edberg	13%	2021/01/01	02-0211	Magrath	15%	2023/01/01
03-0097	Edgerton	15%	2022/01/01	04-0210	Ma-Me-O Beach	0%	2016/01/01
02-0100	Edson	4.70%	2024/01/01	02-0215	Mayerthorpe	14%	2024/01/01
03-0109	Ferintosh	11%	2016/01/01	04-0359	Mewatha Beach	2%	2016/10/01
03-0112	Foremost	7%	2016/01/01	02-0218	Milk River	12%	2017/01/01
02-0115	Fort Macleod	15%	2018/10/01	02-0219	Millet	18%	2024/01/01
01-0117	Fort Saskatchewan	0%	2013/10/01	03-0220	Milo	20%	2017/01/01
02-0124	Gibbons	10%	2013/01/01	02-0224	Morinville	20%	2013/07/01
03-0128	Glenwood	5%	2022/04/01	04-0230	Nakamun Park	0%	2013/10/01
04-0129	Golden Days	0%	2017/01/01	02-0232	Nanton	9%	2019/01/01
02-0135	Granum	0%	2024/02/01	02-0236	Nobleford	5%	2023/01/01
04-0134	Grandview	0%	2016/01/01	03-0233	New Norway	6%	2009/01/01
04-0138	Gull Lake	0%	2016/01/01	04-0237	Norglenwold	5%	2015/01/01
04-0358	Half Moon Bay	0%	2021/01/01	04-0385	Norris Beach	0%	2016/01/01
02-0143	Hardisty	9.50%	2021/01/01	02-0238	Okotoks	20%	2021/01/01
03-0144	Hay Lakes	9%	2021/01/01	02-0239	Olds	17%	2024/01/01
02-0148	High River	20%	2015/07/01	02-0240	Onoway	10.5%	2024/01/01
03-0149	Hill Spring	5%	2014/01/01	04-0374	Parkland Beach	0%	2015/01/01
02-0151	Hinton	11.73%	2022/01/01	02-0248	Penhold	19%	2014/01/01
03-0152	Holden	4%	2016/01/01	02-0249	Picture Butte	11%	2022/01/01
03-0153	Hughenden	5%	2016/01/01	02-0250	Pincher Creek	20%	2024/01/01
03-0154	Hussar	12.50%	2017/01/01	04-0253	Point Alison	0%	2017/01/23
02-0180	Innisfail	17%	2023/03/01	04-0256	Poplar Bay	0%	2016/01/01
03-0182	Irma	20%	2015/01/01	02-0257	Provost	20%	2015/01/01
02-0183	Irricana	8%	2023/05/01	02-0261	Raymond	16%	2022/01/01
04-0185	Island Lake	0%	2016/01/01	02-0265	Redwater	10%	2023/04/01
04-0186	Itaska Beach	0%	2017/10/01	02-0266	Rimbey	20%	2022/01/01
04-0379	Jarvis Bay	0%	2015/10/08	02-0268	Rocky Mtn House	15.3%	2023/01/01
04-0187	Kapasiwin	0%	2018/04/01	03-0270	Rockyford	7%	2024/01/01

Muni Code	Municipality	Rider	Effective	Muni Code	Municipality	Rider	Effective
03-0272	Rosemary	15.50%	2023/01/01	02-0311	Taber	18%	2020/07/01
04-0273	Ross Haven	0%	2016/01/01	02-0315	Thorsby	20%	2014/01/01
03-0276	Ryley	3%	2016/01/01	02-0318	Tofield	5%	2015/01/01
04-0279	Seba Beach	4%	2014/01/01	04-0324	Val Quentin	0%	2016/01/01
02-0280	Sedgewick	11%	2024/01/01	02-0326	Vauxhall	8%	2022/01/01
04-0283	Silver Sands	3%	2018/01/01	02-0331	Viking	8%	2013/01/01
04-0369	South Baptiste	0%	2005/05/01	02-0333	Vulcan	20%	2013/10/01
04-0288	South View	3%	2019/01/01	03-0364	Wabamun	10%	2017/01/01
01-0291	Spruce Grove	20%	2016/01/01	02-0335	Wainwright	12%	2024/01/01
01-0292	St. Albert	15%	2023/01/01	07-0159	Waterton Park	8%	2018/10/01
03-0295	Standard	4%	2024/04/01	03-0338	Warburg	10%	2015/01/01
02-0297	Stavely	6%	2021/01/01	03-0339	Warner	7%	2024/01/01
03-0300	Stirling	12%	2019/01/01	04-0344	West Cove	0%	2018/01/01
02-0301	Stony Plain	20%	2013/01/01	02-0345	Westlock	16.25%	2024/01/01
09-0302	Strathcona County	0%	TBD	01-0347	Wetaskiwin	18%	2024/01/01
02-0303	Strathmore	20%	2020/07/01	04-0371	Whispering Hills	5%	2016/10/01
03-0304	Strome	9%	2022/01/01	02-0350	Whitecourt	4.47%	2024/01/01
02-0307	Sundre	12%	2024/01/01	04-0354	Yellowstone	8%	2024/01/01
04-0386	Sunrise Beach	0%	2018/01/01				
04-0308	Sunset Point	10%	2017/01/01				
02-0310	Sylvan Lake	18%	2023/01/01				

Municipal Code	Municipality	Rate Category	2024 Transmission January to June Actuals	2024 Distribution January to June Actuals	2024 Franchise Fee Revenue January to June Actuals	12 Months Transmission (ESTIMATED)	12 Months Distribution (ESTIMATED)	12 Months Franchise Fee (ESTIMATED)	Proposed Transmission Change	Proposed Distribution Change	Transmission Including Proposed Change (ESTIMATED)	Distribution (FortisAlberta) Including Proposed Change (ESTIMATED)	2024 D&T Including Proposed Changes (ESTIMATED)	D&T & Franchise Fee @ CURRENT Franchise Fee with Proposed Changes (ESTIMATED)	Franchise Fee Revenue at the NEW Franchise Fee Percentage (ESTIMATED)
02-0202	Legal	11 - Residential Service	\$ 86,703	\$ 143,878	\$ 42,774	\$ 173,406	\$ 287,755	\$ 85,548	3.05%	3.05%	\$ 178,695	296,531.84	\$ 475,227	\$ 570,272	\$ 95,045
02-0202	Legal	21 - FTS FARM BREAKER (CLOSED)	\$ 347	\$ 901	\$ 231	\$ 694	\$ 1,801	\$ 462	3.05%	3.05%	\$ 715	1,856.38	\$ 2,572	\$ 3,086	\$ 514
02-0202	Legal	31 - Street Lights	\$ 570	\$ 24,796	\$ 5,207	\$ 1,141	\$ 49,592	\$ 10,414	3.05%	3.05%	\$ 1,176	51,104.47	\$ 52,280	\$ 62,736	\$ 10,456
02-0202	Legal	38 - Yard Lighting Service	\$ 9	\$ 212	\$ 42	\$ 18	\$ 424	\$ 85	3.05%	3.05%	\$ 18	436.44	\$ 455	\$ 546	\$ 91
02-0202	Legal	41 - Small General Service	\$ 25,251	\$ 41,590	\$ 12,325	\$ 50,502	\$ 83,179	\$ 24,650	3.05%	3.05%	\$ 52,043	85,716.06	\$ 137,759	\$ 165,310	\$ 27,552
02-0202	Legal	45 - Oil and Gas (Energy) Service	\$ 163	\$ 578	\$ 142	\$ 327	\$ 1,156	\$ 285	3.05%	3.05%	\$ 337	1,190.87	\$ 1,528	\$ 1,833	\$ 306
02-0202	Legal	61 - General Service	\$ 23,121	\$ 10,901	\$ 6,243	\$ 46,242	\$ 21,803	\$ 12,486	3.05%	3.05%	\$ 47,653	22,467.83	\$ 70,121	\$ 84,145	\$ 14,024
			\$ 136,165	\$ 222,855	\$ 66,965	\$ 272,330	\$ 445,710	\$ 133,930			\$ 280,636	459,303.89	\$ 739,940	\$ 887,928	\$ 147,988

2024 Current Franchise Fee	20.00%
Franchise Fee Cap	20%
2024 Estimated Revenue	\$ 133,930
2025 Estimated Franchise Fee Revenue if your Franchise Fee remains the same	\$ 147,988
Franchise Fee Calculator Changes:	
Yellow area is to calculate different franchise fee.	
2025 Proposed Franchise Percentage	20.00%
2025 Estimated Franchise Fee Revenue if your Percentage is changed	\$ 147,988
Difference in Franchise Fees Collected from 2024 to 2025 with Proposed D&T Rate Changes.	\$ 14,058

10.1



Franchise Fee Estimating Tool is For Information Purposes Only
 This tool is designed for the municipalities to estimate the monthly charges based on a sample fee.

Consumption 640 kWh
 Billing Period 30 Days

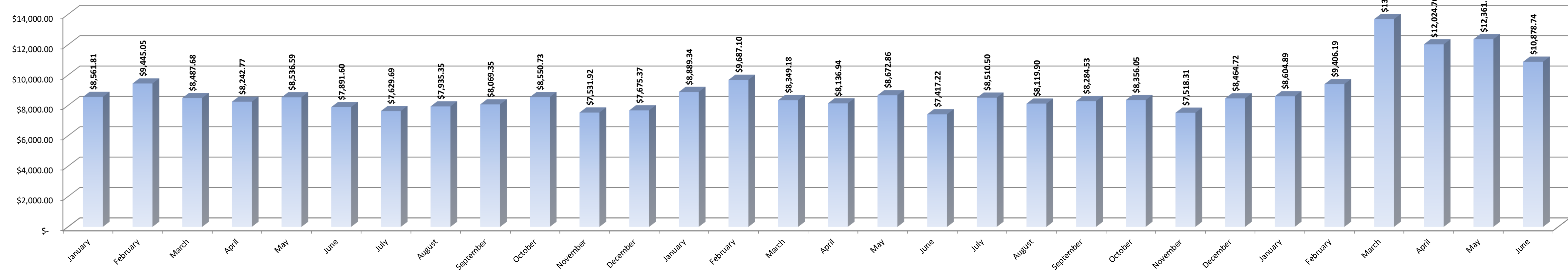
Existing (Current) Typical Residential Customer Monthly Costs			
Rate 11 (Effective Jan.1, 2024) Distribution Tariff Estimated Rate Filing) Based on Current 20% Franchise Fee			
Delivery Service Charge			
All kWh Delivered	\$ 0.080409	640 kWh	\$51.46
Basic Daily Charge	\$ 0.98675	30 Days	\$29.60
			\$81.06
Current Franchise Fee		20.00%	\$16.21
	GST	5.0%	\$4.86
			\$102.14
Current Annual Franchise Fee Costs: \$16.21 * 12 = \$194.55			

Proposed Residential Customer Monthly Costs			
Rate 11 (Proposed January 2025 Estimated Distribution Tariff) Based on NEW 20% Franchise Fee			
Delivery Service Charge			
All kWh Delivered*	\$ 0.082861	640 kWh	\$53.03
Basic Daily Charge*	\$ 1.01685	30 Days	\$30.51
			\$83.54
Estimated Proposed Franchise Fee		20.00%	\$16.71
	GST	5.0%	\$5.01
			\$105.26
Proposed Annual Franchise Fee Cost: \$16.71 * 12 = \$200.48			
* Includes estimated Rate changes.			

	Month	Revenue Collected
2022	January	\$ 8,561.81
	February	\$ 9,445.05
	March	\$ 8,487.68
	April	\$ 8,242.77
	May	\$ 8,536.59
	June	\$ 7,891.60
	July	\$ 7,629.69
	August	\$ 7,935.35
	September	\$ 8,069.35
	October	\$ 8,550.73
	November	\$ 7,531.92
	December	\$ 7,675.37
2023	January	\$ 8,889.34
	February	\$ 9,687.10
	March	\$ 8,349.18
	April	\$ 8,136.94
	May	\$ 8,672.86
	June	\$ 7,417.22
	July	\$ 8,510.50
	August	\$ 8,119.90
	September	\$ 8,284.53
	October	\$ 8,356.05
	November	\$ 7,518.31
	December	\$ 8,464.72
2024	January	\$ 8,604.89
	February	\$ 9,406.19
	March	\$ 13,688.53
	April	\$ 12,024.76
	May	\$ 12,361.78
	June	\$ 10,878.74

2022 Total	\$ 98,557.91
2023 Total	\$ 100,406.65
2024 Jan - June Total	\$ 66,964.89

Franchise Fee Revenue January 2022 - June 2024



Site Count

Rate Category	2021	2022	2023
11 - Residential Service	501	502	502
21 - FTS FARM BREAKER (CLOSED)	1	1	1
31 - Street Lights	1	1	1
38 - Yard Lighting Service	2	2	2
41 - Small General Service	57	59	58
45 - Oil and Gas (Energy) Service	1	1	1
61 - General Service	5	5	5
Grand Total	568	571	570

Historical Consumption

Rate Category	2021	2022	2023
11 - Residential Service	3,570,667	3,613,502	3,556,715
21 - FTS FARM BREAKER (CLOSED)	9,679	8,972	9,359
31 - Street Lights	24,914	24,914	24,914
38 - Yard Lighting Service	1,029	1,029	467
41 - Small General Service	829,653	1,171,859	1,144,809
45 - Oil and Gas (Energy) Service	260	302	316
61 - General Service	895,428	807,284	766,524
Grand Total	5,331,630	5,627,862	5,503,104

Linear Tax

Rate Category	2021	2022	2023
11 - Residential Service	\$6,672	\$6,732	\$7,468
31 - Street Lights	\$782	\$786	\$896
41 - Small General Service	\$1,784	\$2,177	\$2,296
45 - Oil and Gas (Energy) Service	\$24	\$25	\$29
61 - General Service	\$1,248	\$1,089	\$1,171
Grand Total	\$10,510	\$10,809	\$11,860

10.1

	Distribution
11 - Residential Service	3.05%
21 - FTS FARM BREAKER (CLOSED)	3.05%
22 - FTS FARM BREAKER METER	3.05%
26 - Irrigation Service	3.05%
31 - Street Lights	3.05%
33 - Street Lights	3.05%
38 - Yard Lighting Service	3.05%
41 - Small General Service	3.05%
41D - Small Gen. Service Flat Rate Only	3.05%
44 - Oil and Gas (Capacity) Service	3.05%
44D - Oil & Gas Capacity Flat Rate Only	3.05%
45 - Oil and Gas (Energy) Service	3.05%
61 - General Service	3.05%
63 - Large General Service	3.05%
65 - Transmission Connected Service	3.05%
	Transmission
11 - Residential Service	3.05%
21 - FTS FARM BREAKER (CLOSED)	3.05%
22 - FTS FARM BREAKER METER	3.05%
26 - Irrigation Service	3.05%
31 - Street Lights	3.05%
33 - Street Lights	3.05%
38 - Yard Lighting Service	3.05%
41 - Small General Service	3.05%
41D - Small Gen. Service Flat Rate Only	3.05%
44 - Oil and Gas (Capacity) Service	3.05%
44D - Oil & Gas Capacity Flat Rate Only	3.05%
45 - Oil and Gas (Energy) Service	3.05%
61 - General Service	3.05%
63 - Large General Service	3.05%
65 - Transmission Connected Service	3.05%

BYLAW NO. 01-2013

TOWN OF LEGAL, IN THE PROVINCE OF ALBERTA

related to the

**ELECTRIC DISTRIBUTION SYSTEM
FRANCHISE AGREEMENT**

10.1

7

Municipal Bylaw
BYLAW NO. 01-2013
OF THE TOWN OF LEGAL, IN THE
PROVINCE OF ALBERTA (the "Municipality")

A Bylaw of the Municipality to authorize the Mayor and the Chief Administrative Officer to enter into an agreement granting FortisAlberta Inc. (the "Company"), the right to provide distribution access services within the Municipality.

WHEREAS pursuant to the provisions of the Municipal Government Act, R.S.A. 2000 c. M-26, as amended (the "Act"), the Municipality desires to grant and the Company desires to obtain, an exclusive franchise to provide distribution access services within the Municipality for a period of ten (10) years subject to the right of renewal as set forth in the said agreement and in the said Act;


WHEREAS the Council of the Municipality and the Company have agreed to enter into an Electric Distribution System Franchise Agreement (the "Agreement"), in the form annexed hereto;


WHEREAS it is deemed that the Agreement would be to the general benefit of the consumers within the Municipality.

NOW THEREFORE the Council of the Municipality enacts as follows:

- 1) THAT the Electric Distribution System Franchise Agreement, a copy of which is annexed hereto as Schedule "A", be and the same is hereby ratified, confirmed and approved, and the Mayor and Chief Administrative Officer are hereby authorized to enter into the Electric Distribution System Franchise Agreement for and on behalf of the Municipality, and the Chief Administrative Officer is hereby authorized to affix thereto the corporate seal of the Municipality.
- 2) THAT the Electric Distribution System Franchise Agreement annexed hereto as Schedule "A" is hereby incorporated in, and made part of, this Bylaw.
- 3) THAT the Council consents to the exercise by the Company within the Municipality of any of the powers given to the Company by the Water, Gas and Electric Companies Act, R.S.A. 2000 c. W-4, as amended.
- 4) THAT this Bylaw shall come into force upon the Electric Distribution System Franchise Agreement being approved by the Alberta Utilities Commission and upon being given third reading and finally passed.

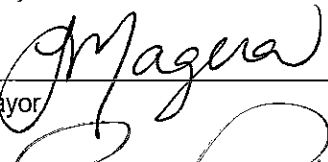
Read a First time in Council assembled this 4 day of February, 2013.

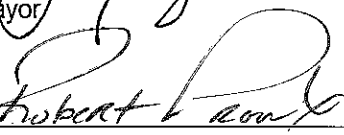


Mayor


Chief Administrative Officer

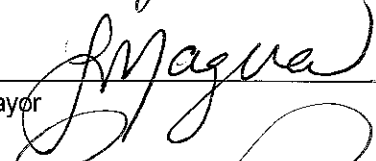
Read a Second time in Council assembled this 21 day of May, 2013.

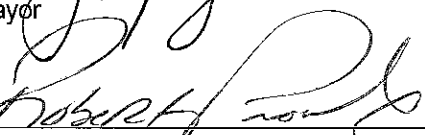


Mayor


Chief Administrative Officer

Read a Third time in Council assembled and Passed this 21 day of May, 2013.



Mayor (seal)


Chief Administrative Officer

This is Schedule "A" referred to in the attached Bylaw No. 01-2013
of the Town of Legal

10.1

ELECTRIC DISTRIBUTION SYSTEM FRANCHISE AGREEMENT

BETWEEN

TOWN OF LEGAL

- AND -

FORTISALBERTA INC.

Table of Contents

1) DEFINITIONS AND INTERPRETATION.....	4
2) TERM.....	6
3) EXPIRY AND RENEWAL OF AGREEMENT.....	6
4) GRANT OF FRANCHISE.....	7
5) FRANCHISE FEE.....	8
6) CORE SERVICES.....	10
7) PROVISION OF EXTRA SERVICES.....	10
8) MUNICIPAL TAXES.....	10
9) RIGHT TO TERMINATE ON DEFAULT.....	10
10) SALE OF DISTRIBUTION SYSTEM.....	11
11) STREET LIGHTING.....	11
12) INCREASE IN MUNICIPAL BOUNDARIES.....	15
13) RIGHT OF FIRST REFUSAL TO PURCHASE.....	16
14) CONSTRUCTION AND MAINTENANCE OF DISTRIBUTION SYSTEM.....	17
15) RESPONSIBILITIES FOR COST OF RELOCATIONS.....	20
16) DISTRIBUTION SYSTEM EXPANSION AND UPGRADE.....	21
17) JOINT USE OF DISTRIBUTION SYSTEM.....	21
18) MUNICIPALITY AS RETAILER.....	24
19) RECIPROCAL INDEMNIFICATION AND LIABILITY.....	24
20) ASSIGNMENT.....	25
21) NOTICES.....	26
22) DISPUTE SETTLEMENT.....	27
23) INTERRUPTIONS OR DISCONTINUANCE OF ELECTRIC SERVICE.....	28
24) APPLICATION OF WATER, GAS AND ELECTRIC COMPANIES ACT.....	28
25) FORCE MAJEURE.....	28
26) TERMS AND CONDITIONS.....	29
27) NOT EXCLUSIVE AGAINST HER MAJESTY.....	29
28) SEVERABILITY.....	29
29) AMENDMENTS.....	29
30) DISSOLUTION.....	29
31) WAIVER.....	30
32) CONFIDENTIALITY.....	30
SCHEDULE "A".....	31
SCHEDULE "B".....	34
SCHEDULE "C".....	35

ELECTRIC DISTRIBUTION SYSTEM FRANCHISE AGREEMENT

THIS AGREEMENT made effective the 1st day of July, 2013.

BETWEEN:

TOWN OF LEGAL,
a Municipal Corporation located in the Province of Alberta
(the "Municipality")

OF THE FIRST PART

- and -

FortisAlberta Inc.,
a body corporate and public utility with its
head office in the Calgary, in the Province of Alberta
(the "Company")

OF THE SECOND PART

WHEREAS:

The Municipality desires to grant and the Company desires to obtain an exclusive franchise to provide Electric Distribution Service within the Municipal Service Area on the terms and conditions herein contained;

NOW THEREFORE:

In consideration of the mutual covenants and promises herein contained, the Parties hereby agree as follows:

1) DEFINITIONS AND INTERPRETATION

Unless otherwise expressly provided in this Agreement, the words, phrases and expressions in this Agreement shall have the meanings attributed to them as follows:

- a) **"Commission"** means the Alberta Utilities Commission, as established under the Alberta Utilities Commission Act (Alberta);
- b) **"Company"** means the Party of the second part to this Agreement and includes its successors and assigns;
- c) **"Construct"** means constructing, reconstructing, upgrading, extending, relocating or removing any part of the existing Distribution System or proposed Distribution System;
- d) **"Consumer"** means any individual, group of individuals, firm or body corporate, including the Municipality, with premises or facilities located within the Municipal Service Area from time to time that are provided with Electric Distribution Service by the Company pursuant to the Company's Distribution Tariff;
- e) **"Core Services"** means all those services set forth in Schedule "A";
- f) **"Detailed Street Light Patrol"** means a detailed street light patrol of Company-owned street lights conducted by the Company on a schedule reasonably determined by the Company from time to time, currently a seven to nine year cycle as at the date of this Agreement;
- g) **"Distribution System"** means any facilities owned by the Company which are used to provide Electric Distribution Service within the Municipal Service Area, and, without limiting the generality of the foregoing, shall include street lighting, where applicable, and poles, fixtures, luminaires, guys, hardware, insulators, wires, conductors, cables, ducts, meters, transformers, fences, vaults and connection pedestals, excluding any transmission facilities as defined in the EUA;
- h) **"Distribution Tariff"** means the Distribution Tariff prepared by the Company and approved by the Commission on an interim or final basis, as the case may be;
- i) **"Electric Distribution Service"** means electric distribution service as defined in the EUA;
- j) **"Electronic Format"** means any document or other means of communication that is created, recorded, transmitted or stored in digital form or in any other intangible form by electronic, magnetic or optical means or by any other computer-related means that have similar capabilities for creation, recording, transmission or storage;
- k) **"EUA"** means the *Electric Utilities Act* (Alberta);

- l) **"Extra Services"** means those services set forth in Schedule "B" that are requested by the Municipality for itself or on behalf of a Consumer and provided by the Company in accordance with Article 7;
- m) **"First Subsequent Term"** means the Term of this Agreement as set out in Article 3;
- n) **"HEEA"** means the *Hydro and Electric Energy Act* (Alberta);
- o) **"Initial Term"** means the Term of this Agreement as set out in Article 2;
- p) **"Maintain"** means to maintain, keep in good repair or overhaul any part of the Distribution System;
- q) **"Major Work"** means any work to Construct or Maintain the Distribution System that costs more than One Hundred Thousand (\$100,000.00) Dollars;
- r) **"MGA"** means the *Municipal Government Act* (Alberta);
- s) **"Municipal Property"** means all property, including lands and buildings, owned, controlled or managed by the Municipality within the Municipal Service Area;
- t) **"Municipal Service Area"** means the geographical area within the legal boundaries of the Municipality as altered from time to time;
- u) **"Municipality"** means the Party of the first part to this Agreement;
- v) **"Operate"** means to operate, interrupt or restore any part of the Distribution System in a safe and reliable manner;
- w) **"Party"** means any party to this Agreement and **"Parties"** means all of the parties to this Agreement;
- x) **"Plans and Specifications"** means the plans, drawings and specifications reasonably necessary to properly assess and review proposed Work prior to issuing any approval that may be required under this Agreement;
- y) **"Second Subsequent Term"** means the Term of this Agreement as set out in Article 3;
- z) **"Term"** means, as the context requires, the Initial Term, First Subsequent Term or the Second Subsequent Term, and **"Terms"** means all of them;
- aa) **"Terms and Conditions"** means the terms and conditions contained within the Distribution Tariff in effect from time to time for the Company as approved by the Commission; and
- bb) **"Work"** means any work to Construct or Maintain the Distribution System.

The words "hereof", "herein", "hereunder" and other words of similar import refer to this Agreement as a whole, including any attachments hereto, as the same may from time to time be amended or supplemented and not to any subdivision contained in this Agreement. Unless the context otherwise requires, words importing the singular include the plural and vice versa and words importing gender include all genders. References to provisions of statutes, rules or regulations shall be deemed to include references to such provisions as amended, modified or re-enacted from time to time. The word "including" when used herein is not intended to be exclusive and in all cases means "including without limitation". References herein to a section, paragraph, clause, Article or provision shall refer to the appropriate Article in this Agreement. The descriptive headings of this Agreement are inserted for convenience of reference only and do not constitute a part of and shall not be utilized in interpreting this Agreement.

2) TERM

This Agreement shall be for an initial term (the "Initial Term") of ten (10) years, commencing on the later of:

- a) 1ST day of July, 2013 or
- b) the first day after both of the following have occurred:
 - i) Commission approval of this Agreement; and
 - ii) the Municipality having passed third reading of the applicable adopting bylaw 01-2013

3) EXPIRY AND RENEWAL OF AGREEMENT

Following the expiration of the Initial Term, this Agreement shall be renewed for a further period of five (5) years (the "First Subsequent Term"), provided the Company gives written notice to the Municipality not less than twelve (12) months prior to the expiration of the Initial Term of its intention to renew this Agreement and the Municipality agrees in writing to the renewal not less than six (6) months prior to the expiration of the Initial Term.

- a) During the first (1st) year following the expiration of the Initial Term all the rights and obligations of the parties under this Agreement shall continue to be in effect. Following the expiration of the First Subsequent Term, the Parties agree that this Agreement may be extended for an additional five (5) year term (the "Second Subsequent Term") commencing at the end of the First Subsequent Term, provided that one of the Parties shall provide notice to the other Party of its wish to extend this Agreement for the Second Subsequent Term and the other Party confirms, no later than one (1) year prior to the end of the First Subsequent Term, that it also wishes to extend the Term of this Agreement for the Second Subsequent Term.

- b) If the Municipality has not provided notice to the Company to exercise its right under Article 10 to require the Company to sell the Distribution System within the Municipal Service Area to the Municipality, either Party may submit any items in dispute pertaining to the entering into of a new agreement to binding arbitration before the Commission who shall determine the terms of the new agreement;
- c) Unless either Party has provided notice to the other Party of its intent to terminate or to extend this Agreement, following any expiration of any Term, the respective rights and obligations of the Parties under this Agreement shall continue to be in effect for a period of one (1) year following the expiration of the applicable Term in order to provide the Parties with a reasonable opportunity to negotiate a subsequent agreement;
- d) Commencing one (1) year following the expiration or termination of any Term of this Agreement, unless either Party has invoked the right to arbitration referred to in subparagraph b), this Agreement shall continue to be in effect but shall be amended to provide for the following:
 - i) the franchise fee percentage used to calculate the franchise fee payable by the Company under Article 5 shall be reduced to fifty percent (50%) of the average annual franchise fee percentage used to calculate the franchise fee paid by the Company to the Municipality for the previous five (5) calendar years; and
 - ii) the costs of any relocation requested by the Municipality pursuant to Article 15 shall be paid by the Municipality.

4) GRANT OF FRANCHISE

- a) Subject to subparagraph b) below, and to the terms and conditions hereof, the Municipality hereby grants to the Company the exclusive right within the Municipal Service Area:
 - i) to provide Electric Distribution Service;
 - ii) to Construct, Operate, and Maintain the electric distribution system, as defined in the EUA, within the Municipal Service Area; and
 - iii) to use designated portions of roads, rights-of-way, and other lands owned, controlled or managed by the Municipality necessary to provide Electric Distribution Service or to Construct, Operate and Maintain the Distribution System, including the necessary removal, trimming of trees, shrubs or bushes or any parts thereof.

This grant shall not preclude the Municipality from providing wire services to municipally owned facilities where standalone generation is provided on site or immediately adjacent sites excepting road allowances. Such services are to be

provided by the Municipality directly and not by any other third party wire services provider.

Subject to Article 12 of this Agreement, in the event that a third party (including a Rural Electrification Association (REA)) owns, operates or controls any electrical distribution facilities or lighting within the Municipal Service Area at any time during the Term of this Agreement, the Municipality agrees that it will support the Company's efforts, as is reasonable, to purchase such electrical distribution facilities or, to the extent that it has the authority to do so, the Municipality shall otherwise require such third party to sell such facilities to the Company. Where the Municipality supports the Company's efforts to purchase such electrical distribution facilities or, to the extent that it has the authority to do so, otherwise requires a third party to sell its facilities to the Company, the Company shall be responsible for all reasonable fees, costs and disbursements of external legal counsel incurred by the Municipality in expending such good faith efforts.

b) The Company agrees to:

- i) bear the full responsibility of an owner of an electric distribution system within the Municipal Service Area and to ensure all services provided pursuant to this Agreement are provided in accordance with the Distribution Tariff, insofar as applicable;
- ii) Construct, Operate and Maintain the Distribution System within the Municipal Service Area;
- iii) use designated portions of roads, rights-of-way, and other lands including other lands owned, controlled or managed by the Municipality necessary to Construct, Operate and Maintain the Distribution System, including the necessary removal, trimming of trees, shrubs or bushes or any parts thereof; and
- iv) use the Municipality's roads, rights-of-way and other Municipal Property granted hereunder solely for the purpose of providing Electric Distribution Service and any other service contemplated by this Agreement.

5) FRANCHISE FEE

a) Calculation of Franchise Fee

In consideration of the provisions of Article 4 and the mutual covenants herein, the Company agrees to pay to the Municipality a franchise fee. For each calendar year, the franchise fee will be calculated as a percentage of the Company's actual revenue in that year from the Distribution Tariff rates charged for Electric Distribution Service within the Municipal Service Area, excluding any amounts refunded or collected pursuant to riders.

For the first (1st) calendar year of the Term of this Agreement, the franchise fee percentage shall be 0 percent (0%).

By no later than September first (1st) of each year, the Company shall:

- i) advise the Municipality in writing of the revenues that were derived from the Distribution Tariff within the Municipal Service Area for the prior calendar year (excluding any amounts refunded or collected pursuant to riders); and
- ii) with the Municipality's assistance, provide in writing an estimate of revenues to be derived from the Distribution Tariff (excluding any amounts refunded or collected pursuant to riders) within the Municipal Service Area for the next calendar year.

b) Adjustment to Franchise Fee

At the option of the Municipality, the franchise fee percentage may be changed annually by providing written notice to the Company.

If the Municipality wishes to amend the franchise fee percentage so that the amended franchise fee percentage is effective January first (1st) of the following calendar year, then the Municipality shall, no later than November first (1st) of the immediately preceding year, advise the Company in writing of the franchise fee percentage to be charged for the following calendar year.

If the Municipality provides such notice after November first (1st) of the immediately preceding year for a January first (1st) implementation, or at any other time with respect to a franchise fee change that will be implemented after January first (1st) of the following year, the Company will implement the new franchise fee percentage as soon as reasonably possible.

c) Franchise Fee Cap

The municipal franchise fee cap is 20 percent (20%) and shall not at any time exceed twenty percent (20%), unless there has been prior Commission approval and provided that the Municipality has complied with Article 5d) below.

d) Adjustment to Franchise Fee Cap

At the option of the Municipality, the franchise fee cap may be changed annually by providing written notice to the Company, subject to Commission approval. If the Municipality wishes to amend the franchise fee cap so that the amended franchise fee cap is effective January first (1st) of the following calendar year, then the Municipality shall, no later than November first (1st) of the immediately preceding year, advise the Company in writing of the franchise fee cap to be in effect for the following calendar year.

If the Municipality provides such notice after November first (1st) of the immediately preceding year for a January first (1st) implementation, or at any other time with respect to a franchise fee cap change that will be implemented for January first (1st) of the following year, the Company will recognize the new franchise fee cap as soon as reasonably possible, subject to Commission approval.

e) Payment of Franchise Fee

The Company shall pay the franchise fee amount, billed to each Consumer, to the Municipality on a monthly basis, within forty-five (45) days after billing each retailer.

f) Reporting Considerations

Upon request, the Company shall provide to the Municipality along with payment of the franchise fee amount, the financial information used by the Company to verify the franchise fee amount as calculated under this Article.

6) CORE SERVICES

The Company agrees to provide those Core Services to the Municipality as set forth in Schedule "A" and further agrees to the process contained in Schedule "A". The Company and the Municipality may amend Schedule "A" from time to time upon mutual agreement.

7) PROVISION OF EXTRA SERVICES

Subject to an agreement being reached on cost and other terms, the Company agrees to provide to the Municipality those Extra Services, if any, as set forth in Schedule "B", as requested by the Municipality from time to time.

The Company is entitled to receive from the Municipality a reasonable amount for the provision of those Extra Services in accordance with Schedule "B". The Company and the Municipality may amend Schedule "B" from time to time upon mutual agreement.

8) MUNICIPAL TAXES

Amounts payable to the Municipality pursuant to the terms and conditions hereof shall be in addition to the municipal taxes and other levies or charges made by the Municipality against the Company, its land and buildings, linear property, machinery and equipment, and the Distribution System.

9) RIGHT TO TERMINATE ON DEFAULT

In the event either Party breaches any material provision of this Agreement, the other Party may, at its option, provide written notice to the Party in breach to remedy such breach.

If the said breach is not remedied within two (2) weeks after receipt of the written notice or such further time as may be reasonably required by the Party in breach using best efforts on a commercially reasonable basis to remedy the breach, the Party not in breach may give six (6) months notice in writing to the other Party of its intent to terminate this Agreement, and unless such breach is remedied to the satisfaction of the Party not in breach, acting reasonably, this Agreement shall terminate six (6) months from the date such written notice is given, subject to prior Commission approval.

10) SALE OF DISTRIBUTION SYSTEM

Upon the expiration of the Term of this Agreement, or the termination of this Agreement pursuant to the terms and conditions hereof or by operation of law or order of a governmental authority or court of law having jurisdiction, the Municipality may, subject to the approval of the Commission under Section 47 of the MGA, exercise its right to require the Company to sell to it the Distribution System within the Municipal Service Area pursuant to the provisions of the MGA or HEEA, as applicable. If the Parties are unable to agree on price or terms and conditions of the purchase, the unresolved matters shall be referred to the Commission for determination.

The Parties acknowledge that the Distribution System may be comprised of component parts that are not transferable by the Company to the Municipality including technologies that have been licensed by third Parties to the Company, and therefore the Company may not be able to transfer such component parts to the Municipality on any such sale. However, the Company shall acting reasonably assist the Municipality in obtaining the necessary approval or consent to such transfer.

11) STREET LIGHTING

a) Investment Option Rate

The Company agrees to provide and maintain an investment option rate for street lighting within the Municipal Service Area to the level of service and standards specified in the appropriate rate for investment option street lighting. This Commission approved rate includes an allowance for the replacement of street lighting.

The Company will provide Company standard and non-standard street lighting under the investment option rate for street lighting. The Company will maintain an inventory of its standard street lighting as listed in its street lighting catalogue. The Company will use reasonable commercial efforts, based on prudent electrical utility practices, to carry stock of such inventory for a reasonable period of time.

- i) In the event that:
 - A. the Company, in its sole discretion, reasonably exercised, decides to change its classifications of what constitutes standard street lighting in its inventory and such change has relevance to the classes of street lights

used by the Municipality, then the Company shall provide one (1) year's prior written notice to the Municipality of its intention to effect such a change and will use its commercially reasonable good faith efforts to determine appropriate alternative sources of such equipment, and arrangements for the associated maintenance, for the Municipality; and

- B. a change in the classifications of what constitutes standard street lighting in the Company's inventory arises as a result of the actions of any third party and such change has relevance to the classes of street lights used by the Municipality, then forthwith upon becoming aware that such a change is forthcoming, the Company shall provide notice to the Municipality of the forthcoming change and will use its commercially reasonable good faith efforts to determine reasonable alternatives for such equipment, and arrangements for the associated maintenance, for the Municipality.

ii) If:

- A. the Municipality requests street lighting that is not part of the standard offering of the Company at the time;
- B. the Municipality requests street lighting that was previously part of the standard street lighting inventory but, at the time of the applicable request, has ceased to be part of the standard street lighting offering of the Company; or
- C. the Municipality converts nonstandard street lighting that is not part of the standard offering of the Company at the time to investment option rate street lighting under Article 11c) below;

then the Municipality will be required to enter into a non-standard lighting agreement with the Company, which form of agreement is referenced on the Company's website or in the Company's street lighting catalogue. For such non-standard lighting, the Company will not be responsible for paying a credit under Article 1b) of Schedule "C" to the Municipality to the extent that a delay in replacing the burnt out light is outside of the reasonable control of the Company, including any delay resulting from the failure by the Municipality to carry replacement parts for non-standard lighting.

The Company shall not be required to install any non-standard street lighting that does not meet the Company's minimum specifications for street lighting, and such street lighting must be metered and owned, installed and operated by the Municipality.

The time periods and deadlines contained in Schedule "C" shall be extended for investment-rate, non-standard street lighting for the period of time, if any, the

Company is waiting for receipt of non-standard equipment, supplies and materials from the Municipality.

b) No-Investment Option Rate

The Company and Municipality agree that all new street lighting provided, and any Municipality-requested relocation of any no-investment option rate street lighting, after the date of this Agreement will be provided or relocated, as the case may be, on the basis of the investment option rate. For no-investment option rate street lighting, the Company agrees to maintain street lighting within the Municipal Service Area to the level of service and standards specified in the appropriate rate for no-investment option rate street lighting. This Commission-approved rate does not include an allowance for the replacement of no-investment option rate street lighting.

c) Conversion of No-Investment Rate to Investment Option Rate

The Municipality has the option to convert all street lighting on the Company no-investment option street light rate to the Company investment option rate upon providing sixty (60) days written notice to the Company. Where such option is exercised, the Municipality has the right to obtain the Company investment for such street lighting up to the maximum Commission-approved Company investment levels for such street lighting. For the purpose of clarity, any calculation of "Commission-approved Company investment level" for street lighting in this Agreement shall be determined at the time of conversion of the applicable street lighting. The investment for street lighting shall be calculated according to the following formula:

$$A \times (1 - N/30)$$

Where:

A = the maximum allowable Commission-approved Company investment level per street light; and

N = the age of the street light in years.

The Company will invest in all, but, unless otherwise decided by the Company in its sole discretion, not less than all, no-investment option street lighting within the Municipal Service Area that is converted to the investment option rate.

The Company, in consultation with the Municipality, may use the average age of street lights and the average contributions made by the Municipality in calculating refunds.

d) Street Light Rates

The distribution rates charged by the Company to the Municipality for street lighting shall include only those costs and expenses that pertain to street lighting facilities all at rates approved by the Commission. Other terms and conditions for non-standard street lighting are outlined in the non-standard street lighting agreement between the Company and the Municipality.

e) Municipality Owned Street Lighting

Notwithstanding any other provision of this Article, it is understood and agreed that the Municipality shall have the right to own street lighting and to pay the applicable rate, recognizing the Municipality's ownership.

In such cases where the Municipality owns its street lighting, the Municipality agrees that:

- i) it will bear sole and full responsibility for any liability resulting therefrom and for properly operating, servicing, maintaining, insuring and replacing such street lighting in accordance with good and safe electrical operating practices;
- ii) such street lighting is not to form part of the Distribution System and shall be capable of being isolated from the Distribution System; and
- iii) such street lighting will be separately metered, provided that this provision will not necessarily require individual street lights to be separately metered.

f) Street Light Inventory

The Company and the Municipality agree to meet annually to discuss and exchange information relating to street light facilities owned by each Party. The Company shall have the right, but not the obligation, to mark street lighting facilities owned by the Municipality. The form and place of marking used by the Company to mark street light facilities owned by the Municipality shall first be approved in writing by the Municipality, who shall act reasonably in granting or denying such approval.

Within twelve (12) months of any request by the Municipality, the Company shall provide to the Municipality an inventory of all street lighting facilities within the Municipal Service Area detailing those that:

- i) form part of the Distribution System owned by the Company, and upon request, indicate whether they are jointly used by the Company and a third party, or otherwise; and
- ii) are a dedicated street light facility, and upon request, indicate whether they are jointly used by the Company and a third party, or otherwise.

The inventory shall indicate which street lights are at the investment option rate or the no-investment option rate. Any changes to inventory will be updated on an annual basis. The Company will also conduct a Detailed Street Light Patrol and will update the inventory of street lighting facilities within the Municipality after completion of the patrol.

g) Detailed Street Light Patrol

Detailed Street Light Patrols shall include an inspection of each Company-owned street light as well as audit services to verify the quantity, wattage, rate, and ownership of such street lights. Any changes identified during the inspection or audit, in comparison to the then most recently completed previous audit, will be noted and the street light records will be updated after completion of the patrol. It should be noted that a Municipality with multiple street light circuits may not all be audited within the same calendar year, however, all street light circuits will be inspected and audited within the street light patrol cycle. Metered street lights owned by the Municipality will not be part of the Detailed Street Light Patrol and the Municipality is responsible for inspecting its own street lights. Upon request, the Company shall provide to the Municipality a list of the standard street light offerings of the Company at the time of the request.

As of the date of this Agreement, Detailed Street Light Patrols will be conducted by the Company on a seven to nine year cycle. In the event that the Company wishes to change the scheduling of this cycle, no such change in schedule will be effective without:

- i) the Company having provided the Municipality with prior notice of its intention to effect any such change; and
- ii) the Municipality having a reasonable amount of time to challenge such change before the Commission, if the Municipality wishes to do so.

12) INCREASE IN MUNICIPAL BOUNDARIES

Where the Municipal Service Area is increased through annexation or otherwise by:

- a) 640 acres or more; or
- b) less than 640 acres, but where such annexation or other increase constitutes at least 25% of the then current area;

the Municipality shall have the right to:

- i) purchase the portion of the Distribution System within the increased area provided that the Municipality gives notice in writing to the Company of its intention to purchase within ninety (90) days of the effective date of the increase in area. If the Parties are unable to agree on price or terms and

conditions of the purchase, the unresolved matters shall be referred to the Commission for determination;

- ii) add the increased area to the Municipal Service Area already served by the Company so that the rights and obligations contained in this Agreement will apply in respect of the whole Municipal Service Area, including the increased area, except that, and subject to Commission approval, the Municipality may require the Company to charge the Consumers within the increased area a different franchise fee percentage; or
- iii) add the increased area to the Municipal Service Area already served by the Company so that the rights and obligations contained in this Agreement will apply in respect of the whole Municipal Service Area, including the increased area.

For all other increases to the Municipal Service Area through annexation or otherwise, the rights and obligations contained in this Agreement will apply in respect of the whole Municipal Service Area, including the increased area. In the event that the Municipality increases its area and the result is that a third party (including an REA) owns, operates or controls any existing electrical distribution facilities or lighting within the newly increased area, the Municipality agrees that it will support the Company's efforts to purchase the electrical distribution facilities or, to the extent that it has the authority to do so, otherwise require such third party to sell such facilities to the Company, unless the Municipality otherwise exercises its rights under this Article, however, nothing in this Article will require the Municipality to take any action which will directly prevent the annexation from being approved.

Where the Municipality increases its area through annexation or otherwise, the Company shall be responsible for all reasonable external legal costs, fees and disbursements incurred by a Municipality in its efforts to have any electrical distribution facilities sold to the Company by any third party owner.

13) RIGHT OF FIRST REFUSAL TO PURCHASE

- a) If during the Term of this Agreement, the Company receives a bona fide arm's length offer to operate, take control of or purchase the Distribution System which the Company is willing to accept, then the Company shall promptly give written notice to the Municipality of the terms and conditions of such offer and the Municipality shall during the next ninety (90) days, have the right of first refusal to operate, take control of or purchase the Distribution System, as the case may be, for the same price and upon the terms and conditions contained in the said offer.
- b) This right of first refusal only applies where the offer pertains to the Distribution System and the right of first refusal does not apply to offers that include any other distribution systems or distribution facilities of the Company located outside of the Municipal Service Area. If such offer includes other distribution systems of the

Company, the aforesaid right of first refusal shall be of no force and effect and shall not apply.

14) CONSTRUCTION AND MAINTENANCE OF DISTRIBUTION SYSTEM

a) Municipal Approval

Before undertaking any Major Work or in any case in which the Municipality specifically requests any Major Work, the Company will submit to and obtain the approval from the Municipality, or its authorized officers, of the Plans and Specifications for the proposed Major Work and its location. Approval by the Municipality shall not signify approval of the structural design or the ability of the Work to perform the function for which it was intended. The Company agrees that the Municipality may use such Plans and Specifications for any other proper municipal purpose provided that it shall not use such Plans and Specifications for any purpose or in any manner that may reasonably have an adverse effect on the Company without first obtaining the prior written consent of the Company, such consent not to be unreasonably withheld.

In the event that the Municipality uses such Plans and Specifications for any purposes whatsoever other than for the granting of an approval under this Article, the Municipality acknowledges and agrees that the Company shall not be liable for any liability, actions, demands, claims, damages, losses and expenses (including all legal fees, costs and disbursements) whatsoever as a result of the Municipality's use of or reliance upon such Plans and Specifications.

For greater clarity, the Municipality acknowledges that the Company does not represent, warrant or guarantee the accuracy of the Plans and Specifications provided to the Municipality under this Article for any purpose other than enabling the Municipality to conduct its approval process in accordance with this Article. Prior to commencing any Work, the Company shall obtain such other permits as are required by the Municipality.

The Company shall obtain approval from the Municipality for any traffic lane or sidewalk closures required to be made at least forty-eight (48) hours prior to the commencement of the proposed Work.

For the purposes of obtaining the approval of the Municipality for Major Work under this Agreement, the Company will provide the Municipality with the Plans and Specifications for the proposed Major Work in Electronic Format (or upon request, the Company will provide the Municipality with a hard copy of the materials). The Plans and Specifications will include a description of the project and drawings of a type and format generally used by the Company for obtaining approvals from Municipalities, and will illustrate the proposed changes to the Distribution System. Notwithstanding anything to the contrary that may be contained in any approvals granted under this Agreement, as liability and indemnification are dealt with under the EUA (and the regulations promulgated thereunder) and in Article 19 of this

Agreement, the Company and the Municipality agree that any approval granted under this Agreement that incorporates an indemnity provision different than the indemnification provisions set out in the EUA (and the regulations promulgated thereunder) and in Article 19 of this Agreement, shall, to the extent necessary to eliminate such difference, be deemed to be rejected and shall form no part of the agreement between the Company and the Municipality regarding the subject matter of this Agreement unless such approval:

- i) explicitly amends the liability and indemnification provisions of this Agreement, wherein this Agreement is specifically referenced as being superseded; and
- ii) is accepted in writing by both Parties. In addition, for the purpose of clarity, any approval granted under this Agreement shall be subject to the indemnification provisions set out in the EUA (and the regulations promulgated thereunder) and in Article 19 of this Agreement.

b) Restoration of Municipal Property

The Company agrees that when it or any agent employed by it undertakes any Work on any Municipal Property, the Company shall complete the said Work promptly and in a good and workmanlike manner and, where applicable, in accordance with the approved Plans and Specifications. Further, the Company shall forthwith restore the Municipal Property to the same state and condition, as nearly as reasonably possible, in which it existed prior to the commencement of such Work, subject to reasonable wear and tear and to the satisfaction of the Municipality acting reasonably. The Company shall, where reasonable and prudent, locate its poles, wires, conduits and cables down, through and along lanes in preference to streets.

The Company further covenants that it will not unduly interfere with the works of others or the works of the Municipality. Where reasonable and in the best interests of both the Municipality and the Consumer, the Company will cooperate with the Municipality and coordinate the installation of the Distribution System along the designated rights-of-way pursuant to the direction of the Municipality. During the performance of the Work, the Company shall use commercially reasonable efforts to not interfere with existing Municipal Property. If the Company causes damage to any existing Municipal Property during the performance of any Work, it shall cause such damage to be repaired at its own cost to the same state and condition, as nearly as reasonably possible, in which it existed prior to the commencement of such Work, subject to reasonable wear and tear.

Upon default by the Company or its agent to repair damage caused to Municipal Property as set out above, the Municipality may provide written notice to the Company to remedy the default. If the default is not remedied within two (2) weeks after receipt of the written notice or such further time as may be reasonably required and requested by the Company using best efforts on a commercially reasonable basis to remedy the default, the Municipality may undertake such repair work and the Company shall be liable for the reasonable costs thereof.

c) Urgent Repairs and Notification to Municipality

If any repairs or maintenance required to be made to the Distribution System are of an urgent nature because of safety concerns or because reliability is materially compromised or potentially materially compromised, the Company shall be entitled to conduct such repairs or maintenance as are commercially reasonable, without prior notice to the Municipality, on the understanding and agreement that the Company will provide written or verbal notice to the Municipality as soon as practicable, and in any event no later than seventy-two (72) hours after the repairs are commenced.

For the purposes of providing notice under this Agreement to the Municipality of the Work, the Company will provide the Municipality with the Plans and Specifications for the proposed Work to be completed in Electronic Format (or upon request, the Company will provide the Municipality with a hard copy of the materials). The Plans and Specifications will include a description of the project and drawings of a type and format generally used by the Company for obtaining approvals from Municipalities, and will illustrate the proposed changes to the Distribution System.

d) Company to Obtain Approvals from Other Utilities

The Company shall be solely responsible for locating, or causing to be located, all existing utilities or utility lines on or adjacent to the work site. The Company shall notify all other utility asset operators and ensure that utilities and utility lines are staked prior to commencement of construction. Unless the Municipality has staked such utility assets and lines, staking shall not be deemed to be a representation or warranty by the Municipality that the utility assets or lines are located as staked. The Municipality shall not be responsible for any damage caused by the Company to any utility assets or any third party as a result of the Company's Work, unless the Municipality has improperly staked the utility assets or lines. Approval must be obtained by the Company from the owner of any third party utility prior to relocation of any facility owned by such third party utility.

e) Revised Plans and Specifications

Following completion of the Major Work, the Company shall provide the Municipality with the revised Plans and Specifications, updated after construction, in Electronic Format (or upon request, the Company will provide the Municipality with a hard copy of the materials) within three (3) months of the request. The Company shall provide the Municipality with copies of any other revised Plans and Specifications as reasonably requested by the Municipality. For the purposes of this paragraph, the Company may satisfy its obligations to provide revised Plans and Specifications in Electronic Format by:

- i) advising the Municipality that the revised Plans and Specifications are posted to a web-based forum that contains such information; and

- ii) allowing the Municipality access to such web-based forum.

f) Approvals

Where any approvals are required to be obtained from either Party under this Article, such approvals shall not be unreasonably withheld. Where an approval is requested from a Party under this Article, an approval, or a disapproval along with a reasonable explanation of the disapproval, or, at a minimum, the reasons for the delay shall be communicated to the other Party within ten (10) business days of receipt of the request for an approval.

15) RESPONSIBILITIES FOR COST OF RELOCATIONS

- a) Subject to Article 15b), upon receipt of one (1) year's notice from the Municipality, the Company shall, at its own expense, relocate to, on, above or below Municipal Property such part of the Distribution System that is located on Municipal Property as may be required by the Municipality due to planned Municipal construction.
- b) The cost of any relocations referred to in Article 15a) shall be recovered on a specific municipal based rider or any other method approved by the Commission, or if such a rider or other method is not approved by the Commission, the Municipality shall be responsible for such costs. In order to encourage the orderly development of Municipal facilities and the Distribution System, the Municipality and the Company agree that they will meet regularly to:
 - i) review the long-term facility plans of the Municipality and the Company;
 - ii) determine the time requirements for final design specifications for each relocation; and
 - iii) determine the increased notice period that may be required beyond one (1) year for major relocations.

In cases of emergency, the Company shall take measures that are commercially reasonable and necessary for the public safety with respect to relocating any part of the Distribution System that may be required in the circumstances.

If the Company fails to complete the relocation of the Distribution System in accordance with the preceding paragraph, or fails to repair or do anything else required by the Company pursuant to this clause in a timely and expeditious manner to the satisfaction of the Municipality, acting reasonably, the Municipality, in addition to and not in limitation of any other rights, remedies or damages available to it at law or in equity, shall be entitled to, but is not obligated to, seek an order of specific performance to require the Company to complete the work.

In the event the relocation, or any part thereof, requires the approval of the Municipality or a third party, the Municipality will assist the Company in obtaining municipal approvals and the Municipality will use reasonable efforts to assist the Company in any negotiation with such third party to obtain the necessary approval(s).

In the event the relocation results from the demand or order of an authority having jurisdiction, other than the Municipality, the Municipality shall not be responsible for any of the costs of such relocation.

16) DISTRIBUTION SYSTEM EXPANSION AND UPGRADE

At no cost to the Municipality, with the exception of customer contributions, the Company shall, at its sole cost and expense, on a timely basis and pursuant to its Terms and Conditions, use its best efforts on a commercially reasonable basis to meet the Distribution System expansion requests of the Municipality or a Consumer, and provide the requisite facilities for connections for new Consumers to the Distribution System.

For the purposes of this Agreement, and subject to Schedules "B" and "C", it is understood and agreed that the Municipality cannot insist on relocating or upgrading any overhead lines to an underground service, if there is a less expensive or more practical solution. If there is not a less expensive or more practical solution, the Municipality and the Company will meet to negotiate suitable arrangements.

17) JOINT USE OF DISTRIBUTION SYSTEM

a) Municipal Use

The Municipality may, upon notice to the Company and upon confirmation from the Company that the intended use of the Distribution System by the Municipality complies with good and safe electrical operating practices, applicable legislation, and does not unreasonably interfere with the Company's use thereof, make use of the Distribution System of the Company for any reasonable municipal purpose (that is not commercial in nature or that could reasonably adversely affect the Company's exclusive franchise, as granted by the Municipality under this Agreement), at no charge by the Company to the Municipality, provided at all times that such use complies with the intended use.

The Municipality is responsible for its own costs, for the costs of removing any signage or repairing any of the facilities of the Company, and any necessary and reasonable costs incurred by the Company, including the costs of any alterations that may be required in using the poles and conduits of the Company.

The Municipality may, upon notice to the Company and upon confirmation from the Company that the intended use of the rights of way by the Municipality complies with good and safe electrical operating practices, applicable legislation, and does not unreasonably interfere with the Company's use thereof, make use of the rights of

way of the Municipality, at no charge by the Company to the Municipality, provided at all times that such use of the rights of way complies with the intended use.

The Company agrees to act reasonably and in a timely manner in making its determination above. Where a request is made by a Municipality to the Company under this Article 17a), the confirmation, the inability to provide a confirmation along with a reasonable explanation of the reasons why a confirmation cannot be provided, or the reasons for the delay shall, at a minimum, be communicated to the Municipality within five (5) business days of receipt of the request.

b) Third Party Use and Notice

The Company agrees that should any third party, including other utilities, desire to jointly use the Company's poles, conduits or trenches or related parts of the Distribution System, the Company shall not grant the third party joint use except in accordance with this Article, unless otherwise directed by any governmental authority or court of law having jurisdiction.

The Company agrees that the following procedure shall be used in granting permission to third parties desiring joint use of the Distribution System:

- i) first, the third party shall be directed to approach the Company to initially request conditional approval from the Company to use that part of the Distribution System it seeks to use;
- ii) second, upon receiving written conditional approval from the Company, the third party shall be directed to approach the Municipality to obtain its written approval to jointly use that part of the Distribution System on any Municipal Property or right-of-way; and
- iii) third, upon receiving written conditional approval from the Municipality, the third party shall be directed to obtain final written approval from the Company to jointly use that part of the Distribution System.

Providing the Company has not precluded the Municipality's ability to obtain compensation or has entered restrictive agreements with any third parties using any Municipal Property, the Municipality agrees that the procedure outlined above shall apply only to agreements made after January 1, 2011.

c) Cooperation

The Company and the Municipality agree they will use reasonable efforts to cooperate with each other in any negotiations with third parties desiring joint use of any part of the Distribution System located on Municipal Property.

d) Payment

The compensation paid or to be paid by such third party to the Municipality for the use of the Municipal Property including its rights-of-way, shall be determined between the Municipality and the third party.

The compensation paid or to be paid by such third party to the Company for the joint use of its poles, conduits or related parts of the Distribution System shall be determined between the Company and the third party, subject to the jurisdiction of any governmental authority over the matter and the Municipality's right to intervene in any related regulatory proceeding.

e) Provision of Agreements

Upon request by the Municipality, the Company shall provide to the Municipality a copy of all agreements between the Company and any third parties involved in the joint use of any part of the Distribution System. The Company shall be entitled to redact:

- i) any confidential or proprietary information of the Company or the third party; and
- ii) such information that it reasonably determines to be of a commercially or competitively sensitive nature, from any such copy provided.

An inventory listing of these agreements shall be updated by the Company and provided to the Municipality upon request and at no cost to the Municipality. The Municipality agrees that the requirement to provide the Municipality with a copy of all agreements between the Company and any third parties involved in the joint use of any part of the Distribution System outlined above shall apply only to agreements made after January 1, 2001.

The Company acknowledges that it does not have the authority to allow nor to grant to any third party the right to use any right-of-way that the Municipality authorized the Company to-use.

f) Compensation for Costs

Subject to Article 17c), in the event that either Party to this Agreement is required by law to appear before any applicable regulatory authority, including the Canadian Radio-television and Telecommunications Commission ("CRTC"), the Commission, or a court of law, as a direct result of the actions of the other Party (the "Denying Party") relating to the denial of use to a third party of any part of the Distribution System, then the Denying Party shall pay all reasonable and necessary legal costs incurred by the other Party that are directly related to any such regulatory or judicial proceeding.

18) MUNICIPALITY AS RETAILER

The provisions of this Agreement shall not in any way restrict the right of the Municipality to become a retailer within the meaning of the EUA.

19) RECIPROCAL INDEMNIFICATION AND LIABILITY

- a) It is intended that this provision create reciprocal rights and obligations between the Company and the Municipality.
- b) The Company, as an owner of the Distribution System, is provided liability protections under the EUA, and nothing in this Agreement is intended to abrogate, alter or diminish the liability protections granted to the Company under the EUA. The Company further acknowledges and agrees that the liability protection provisions, if any, under the EUA shall apply, with the necessary changes, to the Municipality with reciprocal rights thereunder.
- c) The Company will indemnify and save the Municipality, its servants, agents, employees, licensees, contractors and invitees, harmless from and against any and all liability, actions, demands, claims, damages, losses and expenses (including all legal costs and disbursements) which may be brought against or suffered, sustained, paid or incurred by the Municipality, its servants, agents, employees, contractors, licensees and invitees, arising from, or otherwise caused by:
 - i) any breach by the Company of any of the provisions of this Agreement; or
 - ii) the negligence or wilful misconduct of the Company, or any of its servants, agents, employees, licensees, contractors or invitees in carrying on its business within the Municipal Service Area.
- d) The Municipality shall indemnify and save the Company, its servants, agents, employees, licensees, contractors and invitees, harmless from and against any and all liability, actions, demands, claims, damages, losses and expenses (including all legal costs and disbursements) which may be brought against or suffered, sustained, paid or incurred by the Company, its servants, agents, employees, licenses, contractors and invitees, arising from, or otherwise caused by:
 - i) any breach by the Municipality of any of the provisions of this Agreement; or
 - ii) the negligence or wilful misconduct of the Municipality, or any of its servants, agents, employees, licensees, contractors or invitees, that has a direct adverse effect on the Electric Distribution Service of the Company.
- e) In accordance with the liability protections under the EUA, notwithstanding anything to the contrary herein contained, in no event shall the Municipality or the Company be liable under this Agreement, in any way, for any reason, for any loss or damage other than direct loss or damage, howsoever caused or contributed to. For the

purpose of this Article, "direct loss or damage" does not include loss of profits, loss of revenue, loss of production, loss of earnings, loss of contract or any other indirect, special or consequential loss or damage whatsoever, arising out of or in any way connected with this Agreement or the actions or omissions of the Company or the Municipality.

20) ASSIGNMENT

In the event that the Company agrees to sell the Distribution System to a third party purchaser, the Company will request that the third party purchaser confirm in writing that it will agree to all the terms and conditions of this Agreement between the Company and the Municipality. The Company agrees that it will provide to the Municipality a copy of the third party purchaser's confirmation letter.

The Company agrees to provide the Municipality with reasonable prior written notice of a sale of the Distribution System to a third party purchaser. The Parties shall thereafter meet to discuss the technical and financial capabilities of the third party purchaser to perform and satisfy all terms and conditions of this Agreement.

The Municipality has thirty (30) days from the meeting date with the Company to provide written notice to the Company of its intention to consent or withhold its consent to the assignment of this Agreement to the third party purchaser. The Municipality agrees that it may provide notice of its intention to withhold its consent to the assignment of this Agreement to the third party purchaser solely on the basis of reasonable and material concerns regarding the technical capability or financial wherewithal of the third party purchaser to perform and satisfy all terms and conditions of this Agreement. In this case, such notice to the Company must specify in detail the Municipality's concern. Should the Municipality not reply within the thirty (30) day period, it is agreed that the Municipality will be deemed to have consented to the assignment. The Company further agrees that, when it applies to the Commission for approval of the sale, it will include in the application any notice received from the Municipality, including the reasons given by the Municipality for withholding its consent. The Municipality shall have the right to make its own submissions to the Commission.

Subject to the Company having fulfilled the obligations outlined in the preceding three paragraphs, the Company shall be entitled to assign this Agreement to an arm's length third party purchaser of the Distribution System without the consent of the Municipality, subject to having obtained the Commission's approval for the sale of the Distribution System and, the third party purchaser's confirmation in writing that it agrees to all the terms and conditions of this Agreement.

Where the Commission approves such sale of the Distribution System to a third party and the third party provides written confirmation to assume all liabilities and obligations of the Company under this Agreement, then upon the assignment of this Agreement, the Company shall be released from all its liabilities and obligations hereunder.

The Company shall be entitled to assign this Agreement to a subsidiary or affiliate of the Company without the Municipality's consent. Where the Company assigns this Agreement to a subsidiary or affiliate, the Company will remain jointly and severally liable.

Further, it is a condition of any assignment that the subsidiary, affiliate or third party purchaser, as the case may be, shall provide written notice to the Municipality indicating that it will assume all liabilities and obligations of the Company under this Agreement. Any disputes arising under the operation of this Article shall be submitted to the Commission for determination.

21) NOTICES

All notices, demands, requests, consents, or approvals required or permitted to be given pursuant to the terms of this Agreement shall be in writing and shall be deemed to have been properly given if personally served or sent by registered mail or sent by fax to the Municipality or to the Company, as the case may be, at the addresses set forth below:

a) To the Company:

FortisAlberta Inc.
Address: 360 Carleton Drive
Facsimile: (866) 352-5962
Attention: Dora L'Heureux, Stakeholder Relations Manager

With a copy to:

FortisAlberta Inc.
Address: 320 -17st South West, Calgary, Alberta, T2S 2V1
Facsimile: 403-514-4001
Attention: Legal Department

b) To the Municipality:

Municipality: Town of Legal
Address: 5021-50th Street Legal, AB T0G 1L0
Facsimile: (780) 961-4133
Attention: Mr. Robert Proulx, Chief Administrative Officer

c) The date of receipt of any such notice as given above shall be deemed to be as follows:

- i) in the case of personal service, the date of service;
- ii) in the case of registered mail, the seventh (7th) business day following the date of delivery to the Post Office, provided, however, that in the event of an interruption of normal mail service, receipt shall be deemed to be the seventh (7th) day following the date on which normal service is restored; or

iii) in the case of a fax, the date the fax was actually received by the recipient.

22) DISPUTE SETTLEMENT

- a) If any dispute or controversy of any kind or nature arises relating to this Agreement or the Parties' rights or obligations hereunder, the Parties agree that such dispute or controversy will be resolved by negotiation, and where such negotiation does not result in the settlement of the matter within thirty (30) days of notice of such dispute being provided by one Party to the other Party, and to the extent permitted by law, the Company and Municipality agree that unresolved disputes pertaining to this Agreement, other than those contemplated in Articles 3 and 20 and Section 3 of Schedule "A", or those related to the sale of the Distribution System as contemplated in Article 10 and 12 hereof, or any other matter that is within the exclusive jurisdiction of a governmental authority having jurisdiction, shall be submitted to arbitration for determination and may be commenced by either Party providing written notice to the other Party stating the dispute to be submitted to arbitration.

The Parties shall attempt to appoint a mutually satisfactory arbitrator within ten (10) business days of the said notice. In the event the Parties cannot agree on a single arbitrator within the ten (10) business days, the dispute shall be forwarded to the Commission for resolution or determination.

In the event the Commission declines to assist in resolving the dispute or declines to exercise or claim jurisdiction respecting the dispute, both Parties agree to have the dispute resolved by an arbitration panel in accordance with the following procedure. Each Party shall appoint an arbitrator within the ten (10) business days thereafter by written notice, and the two arbitrators shall together appoint a third arbitrator within twenty-five (25) business days of written notice for arbitration. The dispute shall be heard by the arbitration panel within forty-five (45) business days of the written notice for arbitration unless extended by mutual agreement between the Parties. The arbitration panel shall render a decision within twenty (20) business days of the last day of the hearing.

Save as otherwise expressly provided in this Agreement, the provisions of the Arbitration Act (Alberta) (as amended from time to time) shall apply to any arbitration undertaken under this Agreement subject always to the Commission's jurisdiction over any matter submitted to arbitration. Pending resolution of any dispute, the Municipality and the Company shall continue to perform their respective obligations hereunder.

- b) The Company shall advise the Commission of any dispute submitted to arbitration within ten (10) business days of it being submitted and shall advise the Commission of the results of arbitration within ten (10) business days following receipt of the decision of the arbitrator(s).

23) INTERRUPTIONS OR DISCONTINUANCE OF ELECTRIC SERVICE

Subject to its Distribution Tariff, the Company shall use its best efforts on a commercially reasonable basis to avoid and minimize any interruption, reduction or discontinuance of Electric Distribution Service to any consumer. However, the Company reserves the right to do so for any one of the following reasons:

- a) Where the Company is required to effect necessary repairs or changes to the Distribution System;
- b) On account of or to prevent fraud or abuse of the Distribution System;
- c) On account of defective wiring or other similar condition which in the opinion of the Company, acting reasonably, may become dangerous to life or property;
- d) Where insufficient energy or power is available for distribution by the Company to a consumer; or
- e) Where required by a retailer, due to non-payment of power bills.

To the extent the Company has any planned major interruptions, reductions or discontinuances in Electric Distribution Service, it shall notify the Municipality as soon as practicable in the circumstances. For any other major interruption, reductions or discontinuances in Electric Distribution Service, the Company shall provide verbal notice to the Municipality as soon as is practicable in the circumstances.

24) APPLICATION OF WATER, GAS AND ELECTRIC COMPANIES ACT

This Agreement shall be deemed to operate as consent by the Municipality to the exercise by the Company of those powers which may be exercised by the Company with the consent of the Municipality under and pursuant to the provisions of the *Water, Gas and Electric Companies Act* (Alberta), as amended.

25) FORCE MAJEURE

If either Party shall fail to meet its obligations hereunder within the time prescribed, and such failure is caused or materially contributed by an event of "force majeure", such failure shall be deemed not to be a breach of the obligations of such Party hereunder, but such Party shall use best efforts on a commercially reasonable basis to put itself in a position to carry out its obligations hereunder. The term "force majeure" shall mean any acts of God, strikes, lock-outs, or other industrial disturbances, acts of the Queen's enemies, acts of terrorism (either foreign or domestic), sabotage, war, blockades, insurrections, riots, epidemics, lightening, earthquakes, storms, fires, wash-outs, nuclear and radiation activity or fall-out, restraints of rulers and people, orders of governmental authorities or courts of law having jurisdiction, the inability to obtain any necessary approval from a governmental authority having jurisdiction (excluding in the case of the Municipality that requires an approval from itself, the particular Municipality), civil

disturbances, explosions, mechanical failure, and any other causes similar in nature not specifically enumerated or otherwise specified herein that are not within the control of such Party, and all of which by the exercise of due diligence of such Party could not have been prevented. Lack of finances shall be deemed not to be an event of "force majeure".

26) TERMS AND CONDITIONS

The Terms and Conditions that apply to the Company and are approved by the Commission, as revised or amended from time to time by the Commission, shall apply to the Municipality.

27) NOT EXCLUSIVE AGAINST HER MAJESTY

Notwithstanding anything to the contrary herein contained, it is mutually understood and agreed that the rights, powers and privileges conferred and granted by this Agreement shall not be deemed to be exclusive against Her Majesty in the right of the Province of Alberta.

28) SEVERABILITY

If for any reason any covenant or agreement contained in this Agreement, or the application thereof to any Party, is to any extent held or rendered invalid, unenforceable or illegal, then such covenant or agreement will be deemed to be independent of the remainder of this Agreement and to be severable and divisible from this Agreement. The invalidity, unenforceability or illegality will not affect, impair or invalidate the remainder of this Agreement or any part thereof. The intention of the Municipality and the Company is that this Agreement would have been executed without reference to any portion which may, for any reason and extent, be declared or held invalid, unenforceable or illegal.

29) AMENDMENTS

This Agreement may only be amended by written agreement of the Parties, such amendments to be subject to regulatory approvals as required by law.

30) DISSOLUTION

In the event that the Municipality intends or resolves to dissolve:

- a) this Agreement shall be assigned to the successor governing authority to the Municipal Service Area;
- b) subject to an agreement to the contrary between the Company and the successor party, the Municipal Service Area of the Municipality as at the date of dissolution shall thereafter be the Municipal Service Area of the successor party for the purposes of this Agreement; and

- c) the rights and obligations contained herein shall otherwise continue and shall be binding upon the Company and the successor party.

31) WAIVER

A waiver of any default, breach or non-compliance under this Agreement is not effective unless in writing and signed by the Party to be bound by the waiver. No waiver will be inferred from or implied by any failure to act or delay in acting by a Party in respect of any default, breach or non-observance or by anything done or omitted to be done by the other Party. The waiver by a party of any default, breach or non-compliance under this Agreement will not operate as a waiver of that Party's rights under this Agreement in respect of any continuing or subsequent default, breach or non-compliance under this Agreement (whether of the same nature or any other nature).

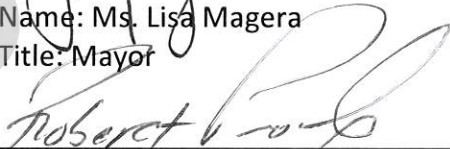
32) CONFIDENTIALITY

The Company acknowledges that the Municipality is governed by the provisions of the *Freedom of Information and Protection of Privacy Act* (Alberta).

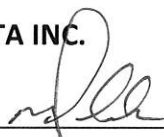
IN WITNESS WHEREOF the Parties hereto have executed these presents as of the day and year first above written.

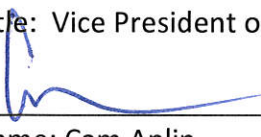

MUNICIPALITY

PER: 
Name: Ms. Lisa Magera
Title: Mayor

PER: 
Name: Mr. Robert Proulx
Title: Chief Administrative Officer
(Bylaw attached)

FORTISALBERTA INC.

PER: 
Name: Mike Pashak
Title: Vice President of Customer Service

PER:  
Name: Cam Aplin
Title: Vice President, Field Operations

SCHEDULE "A"

Core Services

The Company shall provide to the Municipality the following basic services as Core Services:

- 1) The Electric Distribution Service required to be provided by the Company pursuant to the Company's Distribution Tariff, the EUA, any regulations thereto, and any Commission orders and decisions;
- 2) The Company shall provide to the Municipality, on request, copies of any and all Electric Distribution Service related written information or reports required to be filed with the Commission, with the exception of responses to questions from interveners or the Commission related to rate hearings. A list of service area wide distribution services related measures requested by the Commission could include:
 - a) The results of customer satisfaction surveys relating to the services provided by the Company;
 - b) The indices of system reliability;
 - c) The responses to notification of outages and hazards;
 - d) Call Centre targets and statistics as related to the services provided by the Company;
 - e) Consumer connect service and disconnect service statistics;
 - f) Meter reading frequency and accuracy statistics;
 - g) Consumer complaints related to the services provided by the Company; and
 - h) Employee safety statistics.

Notwithstanding the above, should the Company implement Commission approved Performance Based Regulation ("PBR"), it will provide the Municipality, on request, the results of the Performance Standards as set out in the PBR.

- 3) The Company shall provide to the Municipality, upon request, an annual report on the following standards specific to the Municipality:
 - a) Reliability measures, to the extent that distribution feeders are an appropriate indicator of the overall reliability for the Municipality. In some cases, the distribution feeder information will be an appropriate indicator of the overall reliability in a Municipal Service Area. In other cases, where the distribution feeder serves customers outside of the Municipal Service Area, it may not be appropriate indicator;

- b) The total number of outages, by distribution feeder, for each of the preceding three (3) years;
- c) The average duration of the outages, by distribution feeder, for each of the preceding three (3) years;
- d) Street light performance, as discussed in Schedule "C";
- e) Subject to any applicable privacy legislation, the Code of Conduct Regulation under the EUA, or other rules prohibiting or restricting such disclosure, a spreadsheet listing:
 - i) The total number of sites within the Municipal Service Area, by Company rate class, per month, for each of the last three (3) years;
 - ii) The total number of Municipality owned sites within the Municipal Service Area, by Company rate class, per month, for each of the last three (3) years;
 - iii) The total kWh of electricity consumed by Consumers within the Municipal Service Area, by Company rate class, per month, for each of the last three (3) years;
 - iv) The total kWh of electricity consumed at Municipality owned sites within the Municipal Service Area, by Company rate class, per month, for each of the last three (3) years;
 - v) The franchise fee revenue collected from Consumers within the Municipal Service Area, by Company rate class, per month, for each of the last three (3) years;
 - vi) The franchise fee revenue collected from the Municipality from sites the Municipality owns within the Municipal Service Area, by Company rate class, per month, for each of the last three (3) years; and
 - vii) Such other information as may be agreed upon by the Parties from time to time, and
- f) A copy of the Annual Service Quality Report as provided by the Company to the Commission as per Rule 2 which provides overall company Service Reliability Measures and Customer Satisfaction Measures.

Where privacy legislation, the Code of Conduct Regulation under the EUA, or other rules under the EUA prohibiting such disclosure prevent the Company from providing the information above, the Company shall make reasonable attempts to aggregate the information by aggregating rate classes in order to comply with the applicable rules, but shall not be obligated to provide such aggregated information if

the Company does not believe such aggregation will allow the Company to comply with the applicable rules.

In the event that the service levels indicated in the Annual Service Quality Report referred to in Section 3f) of this Schedule A show deterioration to the extent that the Municipality or Municipal Service Area is materially adversely impacted, the Municipality shall contact its appropriate Company representative in an effort to remedy any identified deficiencies. If such discussions are not successful in addressing the Municipality's concerns, the Municipality shall then contact senior management of the Company to determine appropriate solutions.

10.1

SCHEDULE "B"

Extra Services

- 1) Where the Municipality requests Extra Services, the Company will provide its applicable operations and maintenance standards for Distribution System field services.
- 2) If the Company and the Municipality agree that the Company will provide Extra Services requested by the Municipality, the Parties shall complete the information required in subparagraph 3), and subparagraph 4) shall apply in respect of such Extra Services.
- 3) In consideration for the provision of the Extra Services, the Municipality shall pay to the Company the sum of _____ (\$_____.00) which may be deducted from the franchise fee.
- 4) Annually, the Company shall provide a written report to the Municipality, outlining the actual performance of the Extra Services provided and the related costs for each service for the Municipality to assess if the performance standards have been met.
- 5) Nothing in this Agreement precludes the Company from subcontracting with the Municipality to provide all or any part of the Extra Services to the Municipality.

SCHEDULE "C"

Street Lighting

- 1) As set out in Article 11c) of this Agreement, once all street lighting within the Municipal Service Area has been converted to the applicable Company investment option rate, the Company agrees to provide the following services for street lighting within the Municipal Service Area as part of its Core Services:
 - a) **Lights-out Patrols:** On a monthly basis, during the time period of September 15th to May 15th, the Company will conduct a "lights-out" street light patrol to identify lights that are not working. Formal street light patrols will not be conducted during the summer months; however, normal reporting and replacement procedures will be maintained.
 - b) **Lights-out:** The Company will replace or repair a failed light identified in its patrol or reported by customers, within two (2) weeks. If the reported light is not replaced or repaired within two (2) weeks, the Company will provide a two (2) month credit to the Municipality based on the rate in the Distribution Tariff for the failed lights. Such two (2) month credit shall continue to apply for each subsequent two (2) week period during which the same failed light(s) have not been replaced. The Company agrees to use good faith commercially reasonable efforts to replace or repair:
 - i) failed street lights at critical locations; or
 - ii) failed street lighting circuits at any location, as the case may be, as soon as possible. The location of the critical street lights will be agreed to by both Parties.
 - c) **Underground Breaks:** As a minimum, the Company will provide a temporary overhead repair within two (2) weeks of an identified or reported outage. Underground breaks identified during the summer months of April 15th to September 15th will be repaired (underground) by October 31st of the current summer construction period. A permanent repair will be made by October 31st of the next year if the outage is identified between the winter months of September 15th to April 15th.
 - d) **Street light Painting:** The Company will provide a regular street light "painting" patrol as part of its Street light inspection program. The Municipality may request that it participates in select street light inspection patrols and may review the results of the street light inspection program. Street lights that are identified as requiring immediate work through the Street light inspection program will be re-painted by October 31st of the next maintenance season.

- e) **Street light Pole Test Program:** Street lights will be tested at least every nine (9) years as part of the Company's Pole Test Program. This program will identify poles that need to be replaced and those that should be treated. This replacement and treatment work will be completed by October 31st of the next summer maintenance season.
 - f) **Street light Patrols:** The Company will include regular street light inspection patrols as part of its inspection of equipment and lines, as specified in the Alberta Electrical Utility Code.
- 2) On an annual basis, the Company will provide the Municipality with:
- i) the number of "lights-out" identified from the street light patrols;
 - ii) the number of temporary overhead repairs of street lights at year-end; and
 - iii) the number of permanent underground repairs of street lights made during the year.

10.1

ELECTRIC DISTRIBUTION SYSTEM FRANCHISE AGREEMENT RENEWAL



May 17, 2022

Town of Legal
PO Box 390
Legal, AB T0G 1L0

Attention: Robert Proulx, Chief Administrative Officer

Subject: Renewal of Electric Distribution System Franchise Agreement, dated July 1, 2013, between FortisAlberta Inc. ("**FortisAlberta**") and the Town of Legal (the "**Municipality**") (the "**Agreement**")

In this letter, except where the contrary is shown, capitalized words and phrases shall have the meaning ascribed to them in the Agreement.

Please be advised that the Initial Term of the Agreement is scheduled to expire on June 30, 2023 and FortisAlberta, pursuant to Article 3 of the Agreement, hereby provides the Municipality with written notice of its intention to renew the Agreement.

The renewal of the Agreement is part of FortisAlberta's on-going commitment to doing business with the Municipality by continuing to provide exclusive safe and reliable power distribution services to your community. Our partnership is one we significantly value, and we remain committed to offering many benefits, including but not limited to the implementation and development of utility infrastructure, detailed reporting, limiting liability, and ensuring the Municipality's satisfaction with all FortisAlberta completed ground reclamation work.

FortisAlberta appreciates our partnership and providing power distribution services to your community is a privilege. FortisAlberta looks forward to continuing to build a strong working relationship.

In accordance with Article 3 of the Agreement and as written evidence of the Municipality's agreement to renew the Agreement on the same terms and conditions and enter the First Subsequent Term, the Municipality has executed this letter below.

Acknowledged and agreed to renew:

Signature:

A handwritten signature in blue ink, appearing to read "Robert Proulx", written over a horizontal line.

Name:

Robert Proulx

Title:

Chief Administrative Officer

Date:

October 11, 2022

**ELECTRIC DISTRIBUTION SYSTEM
FRANCHISE AGREEMENT RENEWAL**

**FORTIS
ALBERTA**

If you have any questions or concerns about any of the foregoing and would like to schedule a meeting to further discuss or would like to request a franchise presentation to Council and Administration, please feel free to contact me at your convenience.

Sincerely,



Dora L'Heureux
Stakeholder Relations Manager
dora.lheureux@fortisalberta.com
780-288-1588

10.1

TOWN OF LEGAL

Report to Council

- Request for Decision
- Request for Direction
- For Council Information

Meeting:	Regular Council
Meeting Date:	September 16, 2024
Presented By:	Robert Proulx, Chief Administrative Officer
Title:	Canada Community Building Fund Memorandum of Agreement
Agenda Item No:	10.2

BACKGROUND / PROPOSAL:

On July 23, 2024, the Town of Legal received notice that the Governments of Canada and Alberta signed an agreement renewing the Canada Community-Building Fund (CCBF) to March 31, 2034, and that a Memorandum of Agreement for the renewed CCBF Execution (a condition to receive 2024 CCBF allocation) will be provided.

The Canada Community Building Fund Memorandum of Agreement (MOA) governs the relationship under the CCBF between the province and the local government, including the funding relationship. Minister McIver has signed the agreement, and the Province is requesting the document to be signed and dated, and returned as soon as possible. The agreement can be signed and dated by up to two individuals duly authorized by Council to sign agreements under Section 213(4) of the *Municipal Government Act*. Payment of the CCBF allocation cannot be released until the MOA is signed and returned, and other payment conditions are met.

The Canada Community Building Fund Memorandum of Agreement is attached.

Administration is recommending Council to authorize the Mayor and Chief Administrative Officer to sign the Canada Community Building Fund Memorandum of Agreement commencing April 1, 2024 to March 31, 2034 as presented.

DISCUSSION / OPTIONS / BENEFITS / DISADVANTAGES:

Through the CCBF program, Canada and Alberta are helping communities to build and revitalize their public infrastructure that supports national objectives of productivity and economic growth, a clean environment, and strong communities.

The partnership between the Province and the federal government will help ensure local governments in Alberta can continue to make needed investments in local infrastructure.

The CCBF continues to provide predictable, long-term, stable funding for local governments to help build and revitalize public infrastructure to support job creation and long-term prosperity. Local governments continue to be able to determine local priority projects, provided they align with the eligibility criteria in the program guidelines.

A few changes have been made to the CCBF program that are important to highlight. First, the allocation formula that determines how CCBF funds are distributed among eligible local governments has been updated. Starting in 2024, all eligible local governments receive a base funding amount (\$50,000 for most communities; \$5,000 for summer villages), with the remaining federal funding distributed on a per capita basis. In the past, funding was distributed on a per capita basis with each community guaranteed a minimum of \$50,000 (although summer villages received a base funding amount). This change ensures local governments benefit from any increases to federal CCBF funding over the course of the administrative agreement.

Also in the 2024 administrative agreement is a joint commitment between Alberta and Canada to address housing challenges in the province. For communities with a 2021 federal census population of 30,000 or more, the agreement requires the completion of a Housing Needs Assessment (HNA) and an annual Housing Outcomes Report.

Other program changes include annual reporting requirements on project outcomes in addition to expenditure and project status, a revised payment condition that requires financial reporting to be certified prior to payment of CCBF funding, a federal requirement for local governments to maintain a distinct bank account for CCBF funding, and the introduction of CCBF spending restrictions for local governments with infrastructure management challenges, in alignment with the restrictions under the Local Government Fiscal Framework program.

These new elements are described in greater detail in the program guidelines (attached).

COSTS / SOURCE OF FUNDING (if applicable):

The Town of Legal's CCBF allocation for 2024 is \$121,773.00.
The local government allocations is attached.

This funding reflects an updated allocation formula under the CCBF agreement, which ensures base funding for all local governments, with the remainder of funds allocated on a per capita basis.

RECOMMENDED ACTION (by originator):

It is recommended that Council authorize the Mayor and Chief Administrative Officer to sign the Canada Community Building Fund Memorandum of Agreement, as presented, commencing April 1, 2024 to March 31, 2034.

10.2

Initials show support – Reviewed by:

CAO: Original Signed - RP

From: Canada Community-Building Fund <ma.ccbfgrants@gov.ab.ca>
Sent: August 29, 2024 11:20 AM
To: Robert Proulx <rproulx@legal.ca>
Subject: CCBF Memorandum of Agreement and Program Guidelines
Importance: High

Dear Chief Administrative Officer/Administrator:

Further to the July 23, 2024, correspondence from Honourable Ric McIver, the Minister of Municipal Affairs, to your Chief Elected Official on your allocation under the Canada Community-Building Fund (CCBF), I am pleased to provide you with a Memorandum of Agreement (MOA) for your signature (attached).

Given that there have been some program changes, I strongly encourage you and your staff to review the revised CCBF program guidelines (attached) and other resources available on the program website ([Canada Community-Building Fund | Alberta.ca](https://www.alberta.ca/canada-community-building-fund)).

As Minister McIver indicated, Alberta and Canada have agreed to a renewed administrative agreement for the CCBF program. The program had been governed by a 10-year administrative agreement that covered the 2014-15 to 2023-24 period and expired in March 2024. The renewed CCBF administrative agreement, signed in July 2024, covers the 2024-25 to 2033-34 period.

The CCBF continues to provide predictable, long-term, stable funding for local governments to help build and revitalize public infrastructure to support job creation and long-term prosperity. Local governments continue to be able to determine local priority projects, provided they align with the eligibility criteria in the program guidelines.

CCBF Program Changes

A few changes have been made to the CCBF program that are important to highlight. First, the allocation formula that determines how CCBF funds are distributed among eligible local governments has been updated. Starting in 2024, all eligible local governments receive a base funding amount (\$50,000 for most communities; \$5,000 for summer villages), with the remaining federal funding distributed on a per capita basis. In the past, funding was distributed on a per capita basis with each community guaranteed a minimum of \$50,000 (although summer villages received a base funding amount). This change ensures local governments benefit from any increases to federal CCBF funding over the course of the administrative agreement.

Also in the 2024 administrative agreement is a joint commitment between Alberta and Canada to address housing challenges in the province. For communities with a 2021 federal census population of 30,000 or more, the agreement requires the completion of a Housing Needs Assessment (HNA) and an annual Housing Outcomes Report. Information on the housing requirements and links to the HNA template can be found in Section 11.d of the program guidelines.

Other program changes include annual reporting requirements on project outcomes in addition to expenditure and project status, a revised payment condition that requires financial reporting to be certified prior to payment of CCBF funding, a federal requirement for local governments to maintain a distinct bank account for CCBF funding, and the introduction of CCBF spending restrictions for local

governments with infrastructure management challenges, in alignment with the restrictions under the Local Government Fiscal Framework program.

These new elements are described in greater detail in the program guidelines on the program website. Local government allocations are also available on the website and will be updated annually after Alberta receives notification from Canada regarding the province's funding allocation.

Memorandum of Agreement

The MOA governs the relationship under the CCBF between the province and the local government, including the funding relationship. Minister McIver has signed the agreement, and we request that you have the document signed and dated, in accordance with your internal signing policy, and return it to the department as soon as possible. The agreement can be signed and dated by up to two individuals duly authorized by council to sign agreements under Section 213(4) of the *Municipal Government Act*. Payment of your CCBF allocation cannot be released until the MOA is signed and returned, and other payment conditions are met. Please returned the signed agreements to ma.ccbfgrants@gov.ab.ca. A seal in lieu of signature will not be accepted.

As always, Municipal Affairs grant advisors are available to support you in this process and answer any questions you may have about the CCBF. You may contact an advisor toll-free by dialing 310-0000, then 780-422-7125. Alternatively, grant advisors can be contacted at the email address listed above.

I look forward to continued work between your community and the Government of Alberta on infrastructure projects that benefit Albertans throughout the province.

Sincerely,

Brandy Cox
Deputy Minister

Attachments:

1. CCBF Local Government Memorandum of Agreement Template
2. CCBF Program Guidelines

2024 Canada Community-Building Fund

Local Government	Total Funding
Cities	
AIRDRIE	\$4,366,849
BEAUMONT	\$1,266,874
BROOKS	\$919,429
CALGARY	\$76,179,417
CAMROSE	\$1,143,602
CHESTERMERE	\$1,341,152
COLD LAKE	\$962,364
EDMONTON	\$58,942,021
FORT SASKATCHEWAN	\$1,717,551
GRANDE PRAIRIE	\$3,786,667
LACOMBE	\$880,629
LEDUC	\$2,150,750
LETHBRIDGE	\$6,257,292
LLOYDMINSTER	\$1,199,936
MEDICINE HAT	\$3,735,984
RED DEER	\$5,924,877
SPRUCE GROVE	\$2,321,152
ST. ALBERT	\$4,024,997
WETASKIWIN	\$783,690
Towns	
ATHABASCA	\$210,731
BANFF	\$533,825
BARRHEAD	\$301,671
BASHAW	\$99,402
BASSANO	\$120,841
BEAVERLODGE	\$182,302
BENTLEY	\$110,704
BLACKFALDS	\$659,952
BON ACCORD	\$135,114
BONNYVILLE	\$423,078
BOW ISLAND	\$168,611
BOWDEN	\$124,569
BRUDERHEIM	\$127,424
CALMAR	\$177,175
CANMORE	\$981,531

Local Government	Total Funding
CARDSTON	\$266,949
CARSTAIRS	\$335,343
CASTOR	\$96,780
CLARESHOLM	\$271,610
COALDALE	\$560,973
COALHURST	\$217,140
COCHRANE	\$1,925,820
CORONATION	\$100,567
CROSSFIELD	\$259,667
DAYSLAND	\$95,965
DEVON	\$431,293
DIAMOND VALLEY	\$411,151
DIDSBURY	\$345,363
DRAYTON VALLEY	\$474,752
DRUMHELLER	\$510,755
ECKVILLE	\$109,073
EDSON	\$537,845
ELK POINT	\$131,502
FAIRVIEW	\$214,110
FALHER	\$108,315
FORT MACLEOD	\$242,074
FOX CREEK	\$177,700
GIBBONS	\$237,471
GRIMSHAW	\$201,527
HANNA	\$189,467
HARDISTY	\$81,925
HIGH LEVEL	\$278,484
HIGH PRAIRIE	\$188,652
HIGH RIVER	\$884,474
HINTON	\$621,910
INNISFAIL	\$515,183
IRRICANA	\$118,685
KILLAM	\$103,480
LAMONT	\$151,600
LEGAL	\$121,773
MAGRATH	\$194,536
MANNING	\$115,597
MAYERTHORPE	\$128,239
MCLENNAN	\$90,489
MILK RIVER	\$98,004
MILLET	\$160,106
MORINVILLE	\$655,000

Local Government	Total Funding
MUNDARE	\$96,140
NANTON	\$176,243
NOBLEFORD	\$133,774
OKOTOKS	\$1,821,306
OLDS	\$586,489
ONOWAY	\$106,276
OYEN	\$103,422
PEACE RIVER	\$435,604
PENHOLD	\$252,968
PICTURE BUTTE	\$162,436
PINCHER CREEK	\$261,007
PONOKA	\$477,083
PROVOST	\$160,688
RAINBOW LAKE	\$78,837
RAYMOND	\$294,621
REDCLIFF	\$375,133
REDWATER	\$173,214
RIMBEY	\$193,895
ROCKY MOUNTAIN HOUSE	\$444,109
SEDEGWICK	\$94,334
SEXSMITH	\$191,390
SLAVE LAKE	\$448,245
SMOKY LAKE	\$110,063
SPIRIT RIVER	\$107,791
ST. PAUL	\$391,561
STAVELY	\$81,692
STETTLER	\$381,774
STONY PLAIN	\$1,098,220
STRATHMORE	\$885,348
SUNDRE	\$205,663
SWAN HILLS	\$119,967
SYLVAN LAKE	\$981,822
TABER	\$566,274
THORSBY	\$106,335
THREE HILLS	\$234,733
TOFIELD	\$169,136
TROCHU	\$108,141
TWO HILLS	\$132,492
VALLEYVIEW	\$147,464
VAUXHALL	\$124,919
VEGREVILLE	\$381,425
VERMILION	\$279,999

Local Government	Total Funding
VIKING	\$107,441
VULCAN	\$153,057
WAINWRIGHT	\$434,846
WEMBLEY	\$133,424
WESTLOCK	\$336,683
WHITECOURT	\$628,318
Villages	
ACME	\$85,304
ALBERTA BEACH	\$100,334
ALIX	\$95,091
ALLIANCE	\$59,671
AMISK	\$62,758
ANDREW	\$71,322
ARROWWOOD	\$60,952
BARNWELL	\$106,975
BARONS	\$68,234
BAWLF	\$74,002
BEISEKER	\$93,926
BERWYN	\$83,614
BIG VALLEY	\$69,283
BITTERN LAKE	\$62,584
BOYLE	\$98,062
BRETON	\$83,032
CARBON	\$78,662
CARMANGAY	\$65,671
CAROLINE	\$77,381
CHAMPION	\$70,448
CHAUVIN	\$67,710
CHIPMAN	\$64,331
CLIVE	\$95,149
CLYDE	\$74,177
CONSORT	\$87,518
COUTTS	\$63,050
COWLEY	\$62,584
CREMONA	\$75,458
CZAR	\$64,448
DELBURNE	\$103,538
DELIA	\$58,855
DONALDA	\$63,166
DONNELLY	\$69,691
DUCHESS	\$111,345
EDBERG	\$57,340

Local Government	Total Funding
EDGERTON	\$72,429
ELNORA	\$66,778
EMPRESS	\$58,622
FOREMOST	\$79,187
FORESTBURG	\$97,013
GIROUXVILLE	\$66,195
GLENDON	\$80,061
GLENWOOD	\$65,846
HALKIRK	\$55,360
HAY LAKES	\$76,565
HEISLER	\$57,865
HILL SPRING	\$59,787
HINES CREEK	\$69,516
HOLDEN	\$69,691
HUGHENDEN	\$62,409
HUSSAR	\$59,554
INNISFREE	\$60,894
IRMA	\$77,789
KITSCOTY	\$99,635
LINDEN	\$93,518
LOMOND	\$60,370
LONGVIEW	\$67,302
LOUGHEED	\$63,108
MANNVILLE	\$94,567
MARWAYNE	\$81,634
MILO	\$56,467
MORRIN	\$61,943
MUNSON	\$59,904
MYRNAM	\$64,972
NAMPA	\$71,380
PARADISE VALLEY	\$58,913
ROCKYFORD	\$73,012
ROSALIND	\$59,438
ROSEMARY	\$71,555
RYCROFT	\$82,041
RYLEY	\$78,196
SPRING LAKE	\$91,421
STANDARD	\$70,565
STIRLING	\$117,811
VETERAN	\$62,467
VILNA	\$65,613
WARBURG	\$89,382

Local Government	Total Funding
WARNER	\$71,206
WASKATENAU	\$64,389
YOUNGSTOWN	\$59,962
Summer Villages	
ARGENTIA BEACH	\$7,272
BETULA BEACH	\$6,573
BIRCH COVE	\$8,903
BIRCHCLIFF	\$17,292
BONDISS	\$12,224
BONNYVILLE BEACH	\$9,078
BURNSTICK LAKE	\$6,223
CASTLE ISLAND	\$5,874
CRYSTAL SPRINGS	\$9,311
GHOST LAKE	\$9,777
GOLDEN DAYS	\$19,448
GRANDVIEW	\$13,331
GULL LAKE	\$18,166
HALF MOON BAY	\$8,787
HORSESHOE BAY	\$9,719
ISLAND LAKE	\$15,137
ISLAND LAKE SOUTH	\$9,719
ITASKA BEACH	\$6,748
JARVIS BAY	\$17,409
KAPASIWIN	\$6,398
LAKEVIEW	\$6,689
LARKSPUR	\$8,088
MA-ME-O BEACH	\$12,457
MEWATHA BEACH	\$11,000
NAKAMUN PARK	\$9,544
NORGLLENWOLD	\$22,827
NORRIS BEACH	\$9,136
PARKLAND BEACH	\$14,787
PELICAN NARROWS	\$14,205
POINT ALISON	\$6,049
POPLAR BAY	\$11,583
ROCHON SANDS	\$10,651
ROSS HAVEN	\$12,340
SANDY BEACH	\$21,195
SEBA BEACH	\$18,341
SILVER BEACH	\$8,204
SILVER SANDS	\$17,467
SOUTH BAPTISTE	\$9,078

Local Government	Total Funding
SOUTH VIEW	\$9,195
SUNBREAKER COVE	\$12,632
SUNDANCE BEACH	\$7,447
SUNRISE BEACH	\$13,913
SUNSET BEACH	\$8,204
SUNSET POINT	\$19,972
VAL QUENTIN	\$14,205
WAIPAROUS	\$8,321
WEST BAPTISTE	\$7,680
WEST COVE	\$17,933
WHISPERING HILLS	\$12,457
WHITE SANDS	\$15,137
YELLOWSTONE	\$11,816
Municipal Districts and Counties	
ACADIA NO. 34, M.D. OF	\$78,779
ATHABASCA COUNTY	\$455,411
BARRHEAD NO. 11, COUNTY OF	\$392,377
BEAVER COUNTY	\$391,853
BIG LAKES COUNTY	\$263,454
BIGHORN NO. 8, M.D. OF	\$143,095
BIRCH HILLS COUNTY	\$138,318
BONNYVILLE NO. 87, M.D. OF	\$741,162
BRAZEAU COUNTY	\$468,228
CAMROSE COUNTY	\$595,418
CARDSTON COUNTY	\$332,896
CLEAR HILLS COUNTY	\$225,121
CLEARWATER COUNTY	\$741,220
CYPRESS COUNTY	\$488,326
FAIRVIEW NO. 136, M.D. OF	\$142,046
FLAGSTAFF COUNTY	\$265,202
FOOTHILLS COUNTY	\$1,401,506
FORTY MILE NO. 8, COUNTY OF	\$259,725
GRANDE PRAIRIE NO. 1, COUNTY OF	\$1,534,464
GREENVIEW NO. 16, M.D. OF	\$600,079
KNEEHILL COUNTY	\$336,275
LAC STE. ANNE COUNTY	\$708,305
LACOMBE COUNTY	\$649,058
LAMONT COUNTY	\$268,697
LEDUC COUNTY	\$889,834
LESSER SLAVE RIVER NO. 124, M.D. OF	\$216,673
LETHBRIDGE COUNTY	\$639,562
MINBURN NO. 27, COUNTY OF	\$225,587

Local Government	Total Funding
MOUNTAIN VIEW COUNTY	\$806,235
NEWELL, COUNTY OF	\$484,889
NORTHERN LIGHTS, COUNTY OF	\$259,784
NORTHERN SUNRISE COUNTY	\$149,678
OPPORTUNITY NO. 17, M.D. OF	\$247,025
PAINTEARTH NO. 18, COUNTY OF	\$165,932
PARKLAND COUNTY	\$1,976,169
PEACE NO. 135, M.D. OF	\$142,104
PINCHER CREEK NO. 9, M.D. OF	\$238,753
PONOKA COUNTY	\$632,454
PROVOST NO. 52, M.D. OF	\$170,650
RANCHLAND NO. 66, M.D. OF	\$56,408
RED DEER COUNTY	\$1,211,238
ROCKY VIEW COUNTY	\$2,440,171
SADDLE HILLS COUNTY	\$186,205
SMOKY LAKE COUNTY	\$196,633
SMOKY RIVER NO. 130, M.D. OF	\$160,397
SPIRIT RIVER NO. 133, M.D. OF	\$87,809
ST. PAUL NO. 19, COUNTY OF	\$417,369
STARLAND COUNTY	\$156,086
STETTLER NO. 6, COUNTY OF	\$430,084
STURGEON COUNTY	\$1,218,695
TABER, M.D. OF	\$483,840
THORHILD COUNTY	\$227,218
TWO HILLS NO. 21, COUNTY OF	\$248,773
VERMILION RIVER, COUNTY OF	\$568,562
VULCAN COUNTY	\$298,292
WAINWRIGHT NO. 61, M.D. OF	\$309,011
WARNER NO. 5, COUNTY OF	\$299,923
WESTLOCK COUNTY	\$468,635
WETASKIWIN NO. 10, COUNTY OF	\$703,470
WHEATLAND COUNTY	\$559,050
WILLOW CREEK NO. 26, M.D. OF	\$454,261
WOODLANDS COUNTY	\$315,536
YELLOWHEAD COUNTY	\$657,388
I.D. NO. 09 (BANFF)	\$108,490
KANANASKIS IMPROVEMENT DISTRICT	\$59,088
SPECIAL AREAS BOARD	\$346,894
Specialized Municipalities	
CROWSNEST PASS, MUNICIPALITY OF	\$381,774
JASPER, MUNICIPALITY OF	\$326,022
LAC LA BICHE COUNTY	\$580,081

Local Government	Total Funding
MACKENZIE COUNTY	\$795,924
STRATHCONA COUNTY	\$5,830,559
WOOD BUFFALO, REGIONAL MUNICIPALITY OF	\$6,400,254
Metis Settlements	
BUFFALO LAKE	\$72,079
EAST PRAIRIE	\$68,060
ELIZABETH	\$84,605
FISHING LAKE	\$74,118
GIFT LAKE	\$86,411
KIKINO	\$106,975
PADDLE PRAIRIE	\$82,100
PEAVINE	\$72,545
Redwood Meadows	
TOWNSITE OF REDWOOD MEADOWS	\$112,918
Total	\$263,821,549

Notes:

- a) 2024 CCBF funding allocations were calculated using the 2023 Municipal Affairs Population List.
- b) Allocations for former municipalities that have been restructured are reflected in the allocation of the receiving municipality in accordance with the CCBF program guidelines.

CANADA COMMUNITY-BUILDING FUND

MEMORANDUM OF AGREEMENT

BETWEEN:

HIS MAJESTY IN RIGHT OF ALBERTA, as
represented by the Minister of Municipal Affairs
(hereinafter called the “**Minister**”)

AND

THE TOWN OF LEGAL in the Province of Alberta
(hereinafter called the “**Local Government**”)

(Collectively, the “**Parties**”, and each a “**Party**”)

WHEREAS the Government of Canada, as represented by the Minister of Housing, Infrastructure and Communities (“**Canada**”) and the Minister, have, under a separate Administrative Agreement, agreed to administer the Canada Community-Building Fund (“**CCBF**”) program for Local Governments in Alberta to help communities build and revitalize their public infrastructure; and

WHEREAS Canada and the Minister wish to help communities build and revitalize their public infrastructure that supports national objectives of productivity and economic growth, a clean environment and strong communities; and

WHEREAS under the *Ministerial Grants Regulation*, Alta Reg 215/2022 the Minister is authorized to make grants and enter into agreements with respect to any matters relating to the payment of grants.

NOW THEREFORE in consideration of the mutual terms and conditions hereinafter specified,
THE PARTIES AGREE AS FOLLOWS:

A. Definitions

1. In this Agreement,

- (a) “**Administrative Agreement**” means the Administrative Agreement on the Canada Community-Building Fund effective as of April 1, 2024, between Canada and the Minister, as may be amended from time to time.
- (b) “**Agreement**” means this funding agreement between the Parties, which may, from time to time, be amended by the Parties.
- (c) “**Application**” has the meaning ascribed to such term in the Program Guidelines.
- (d) “**Canada Community-Building Fund**” (**CCBF**) means the program established under section 161 of the *Keeping Canada’s Economy and Jobs Growing Act*, S.C. 2011, c. 24 as amended by section 233 of the *Economic Action Plan 2013 Act, No. 1*, S.C. 2013, c. 33, as the Gas Tax Fund and renamed the Canada Community-Building Fund in section 199 of *Budget Implementation Act, 2021, No. 1*.

- (e) **“CCBF Funding”** means all CCBF funding received by the Minister from Canada as well as any funding received by the Minister from Canada under the Previous Agreements.
- (f) **“Contract”** means an agreement between the Local Government and a Third Party whereby the latter agrees to supply a product or service to an Eligible Project in return for financial consideration.
- (g) **“Credit Items”** has the meaning ascribed to such term in the Program Guidelines.
- (h) **“Eligible Expenditures”** means those expenditures described as eligible in the Program Guidelines.
- (i) **“Eligible Projects”** means projects as described in the Program Guidelines.
- (j) **“Funding”** means funds made available by the Minister to the Local Government under this Agreement, to be used solely for Eligible Expenditures, and includes any earned interest on the said funds that may be realized by the Local Government as a result of holding or investing any or all of the funds, as well as any Unspent Funds and Credit Items held by a Local Government.
- (k) **“Housing Needs Assessment”** means a report informed by data and research describing the current and future housing needs of a Local Government or community according to guidance provided by Canada.
- (l) **“Previous Agreements”** means any agreements between Canada and the Minister for the purposes of administering the Gas Tax Fund or CCBF, including but not limited to the 2005-2015 New Deal for Cities and Communities, the 2009-2013 Federal Gas Tax Fund, and the 2014-2024 Federal Gas Tax Fund.
- (m) **“Program Guidelines”** means, unless the context requires otherwise, the *Canada Community-Building Fund Program Guidelines* or such other guidelines or directions applicable to the CCBF program as prescribed or determined by the Minister and as may be amended from time to time.
- (n) **“Third Party”** means any person or legal entity, other than Canada, the Government of Alberta or a Local Government, who participates in the implementation of an Eligible Project by means of a Contract.
- (o) **“Unspent Funds”** means GTF Funding (as defined in the former Gas Tax Fund Memorandum of Agreement between the Minister and the Local Government dated effective as of April 1, 2014) that has not been reported as spent by the Local Government as of December 31, 2023.

B. Funding

2. The Minister agrees to provide Funding to the Local Government in accordance with the Administrative Agreement and the Program Guidelines, and subject to the following:
 - (a) the Parties will execute this Agreement and the Local Government will return an executed Agreement to the Minister;
 - (b) the Minister’s receipt of an annual Statement of Priorities letter from Canada confirming the CCBF Funding amount for the Province of Alberta;
 - (c) receipt by the Province of CCBF Funding from Canada;
 - (d) Alberta Treasury Board approval of cash-flow and funds;

- (e) submission of sufficient Applications by the Local Government in accordance with the Program Guidelines;
- (f) completion of reporting requirements by the Local Government as outlined in the Program Guidelines;
- (g) adherence to the communication and signage requirements by the Local Government as outlined in the Program Guidelines;
- (h) compliance by the Local Government with any other payment conditions outlined in the Program Guidelines;
- (i) compliance by the Local Government with all requirements and obligations assigned to the Local Government in the Administrative Agreement, including but not limited to the requirements in Annex B, Schedule A of the Administrative Agreement; and
- (j) compliance by the Local Government with all other terms of this Agreement and the Program Guidelines.

C. Local Government Responsibilities

3. The Local Government will:

- (a) Provide the Minister with an Application for each Eligible Project to be initiated under the CCBF;
- (b) Provide the Minister with annual financial statements;
- (c) Provide the Minister with the required financial and outcome reporting documentation in accordance with the Program Guidelines;
- (d) If the Local Government has a population of 30,000 or more as specified in the Program Guidelines, provide the Minister with a Housing Needs Assessment prepared in accordance with the guidance documents provided by Canada;
- (e) If the Local Government has a population of 30,000 or more as specified in the Program Guidelines, provide the Minister with project-level data on housing requirements in accordance with the Program Guidelines;
- (f) Be responsible for the completion of each Eligible Project in accordance with the Program Guidelines;
- (g) Comply with all program reporting, communications, and housing outcomes requirements as outlined in the Program Guidelines;
- (h) Continue to develop and implement asset management strategies and plans for the assets under their control and make use of these plans to inform community infrastructure decision-making;
- (i) Invest, in a distinct account, the Funding if received in advance of paying Eligible Expenditures;
- (j) With respect to Contracts, award and manage all Contracts in accordance with the Program Guidelines;
- (k) Invest into Eligible Projects, any revenue that is generated from the sale, lease, encumbrance or other disposal of an asset resulting from an Eligible Project where such disposal takes place within five (5) years of the date of completion of the Eligible Project;

- (l) Allow the Minister reasonable and timely access to all of its documentation, records and accounts and those of their respective agents or Third Parties related to the use of the Funding, and all other relevant information and documentation requested by the Minister or Canada via the Minister or its designated representatives for the purposes of audit, evaluation, and ensuring compliance with the Administrative Agreement;
- (m) Keep proper and accurate accounts and records in respect of all Eligible Projects for at least six (6) years after completion of the Eligible Project and, upon reasonable notice, make them available to the Minister. Keep proper and accurate accounts and records relevant to the CCBF program for a period of at least six (6) years after the termination of the Administrative Agreement;
- (n) Comply with all requirements and obligations assigned to the Local Government in the Administrative Agreement, including but not limited to the requirements in Annex B, Schedule A of the Administrative Agreement; and
- (o) Provide any other information requested by the Minister in relation to this Agreement or the Funding,

and where the Program Guidelines prescribe a format for any of the requirements set out above, consistent with such format requirements.

4. The Local Government agrees to:
 - (a) accept the Funding provided under this Agreement subject to; and
 - (b) comply with,
 all criteria, items, terms and conditions contained in the Program Guidelines.
5. The Local Government agrees that it may not use the Funding, or claim any other compensation, for its costs, expenses, inconvenience, or time expended, in relation to the administration of the Funding or the administration of this Agreement.
6. The Local Government acknowledges that the Funding provided under this Agreement is not a commitment to fund all potential Eligible Project costs. The Local Government is responsible for ensuring suitable financing is in place for each Eligible Project.
7. The Local Government agrees to allow the Minister or persons authorized by the Minister access to each Eligible Project site upon request.

D. Termination of Agreement

8. The Minister may terminate this Agreement by notifying the Local Government in writing on two (2) years notice. Upon termination under this Clause 8, or upon expiry of this Agreement under Clause 19:
 - (a) the Local Government may use any unexpended portion of the Funding which prior to termination or expiry was formally committed to the Local Government in accordance with the Program Guidelines, regardless of whether such Funding has yet been paid to the Local Government, and
 - (b) all provisions of this Agreement will continue to apply to the Funding in (a), as though the Agreement had not terminated or expired,

until the date(s) that the applicable time limit(s) to use the Funding as outlined in the Program Guidelines have expired, or until such earlier date as may be determined by the

Minister. Thereafter, any portion of the Funding in (a) which remains unexpended shall be returned to the Minister within thirty (30) days following the Local Government's submission of final reporting documents in accordance with the Program Guidelines.

E. Debt to the Crown

9. If the Local Government owes an amount to the Crown in right of Alberta, the Minister may deduct from the Funding all or a portion of the amount owing.

F. Repayment of Funding

10. If the Local Government does not meet all its obligations under this Agreement, or uses the Funding for any unauthorized purpose, the Minister will notify the Local Government of such breach in writing and the Local Government must remedy such breach within a reasonable time in the Minister's sole discretion as so stated in the notice. If, in the opinion of the Minister, the Local Government does not remedy the breach, the Minister may require the Local Government to repay all or part of the Funding, or such lesser amount as the Minister may determine, to the Minister, or the Minister may deduct from the Local Government's future Funding all or a portion of the amount owing.

G. Local Government Indemnity and Insurance

11. The Local Government will not, at any time, hold the Government of Canada, its officers, servants, employees or agents responsible for any claims or losses of any kind that they, Third Parties or any other person or entity may suffer in relation to any matter related to the Funding or an Eligible Project and that they will, at all times, compensate the Government of Canada, its officers, servants, employees and agents for any claims or losses of any kind that any of them may suffer in relation to any matter related to the Funding or an Eligible Project.
12. The Local Government will indemnify and hold harmless the Minister and their employees and agents against and from any third party claims, demands, actions or costs (including legal costs on a solicitor-client basis) for which the Local Government is legally responsible in relation to the subject matter of this Agreement, including those arising out of negligence or willful acts by the Local Government or its employees, officers, contractors or agents.
13. The Local Government will ensure that it maintains suitable insurance coverage including but not limited to liability insurance with appropriate terms and limits for any Eligible Project and, when applicable, property insurance on an "all risk" basis covering the Eligible Project for replacement cost.

H. Independent Status

14. The Local Government is an independent legal entity and nothing in this Agreement is to be construed as creating a relationship of employment, agency or partnership between the Minister, Canada, or any affiliated government department and the Local Government. Neither Party will allege or assert for any purpose that this Agreement constitutes or creates a relationship of employment, partnership, agency or joint venture.
15. Any persons engaged by the Local Government to provide goods and services in carrying out this Agreement are employees, agents or contractors of the Local Government and not of the Minister, Canada, or any affiliated government department.

I. Conflicts

16. The Local Government will not enter into any other agreement, the requirements of which will conflict with the requirements of this Agreement, or that will or may result in its interest in any other agreement and this Agreement being in conflict.
17. The Local Government will ensure that the Local Government and its officers, employees and agents:
 - (a) conduct their duties related to this Agreement with impartiality and will, if they exercise inspection or other discretionary authority over others in the course of those duties, disqualify themselves from dealing with anyone with whom a relationship between them could bring their impartiality to question;
 - (b) not accept any commission, discount, allowance, payment, gift, or other benefit that is connected, directly or indirectly, with the performance of their duties related to this Agreement, that causes, or would appear to cause, a conflict of interest; and
 - (c) have no financial interest in the business of a third party that causes, or would appear to cause, a conflict of interest in connection with the performance of their duties related to this Agreement,

and the Local Government will promptly disclose to the Minister any such conflict of interest or apparent conflict of interest arising under this clause.

J. Freedom of Information and Protection of Privacy

18. The Local Government acknowledges that this Agreement may be subject to disclosure pursuant to the *Freedom of Information and Protection of Privacy Act (Alberta)* (“**FOIP**”). The Local Government further acknowledges that FOIP applies to information obtained, related, generated, collected or provided to the Minister under this Agreement and that any information in the custody or under the control of the Minister may be disclosed.

K. General Provisions

19. This Agreement will come into effect April 1, 2024, and will be in effect until March 31, 2034, unless terminated in accordance with this Agreement.
20. The Parties may amend this Agreement only by mutual written agreement signed by the Parties. Notwithstanding the foregoing, the Minister may, upon thirty (30) days written notice to the Local Government, unilaterally amend this Agreement when the Minister considers it necessary to comply with any amendments to the Administrative Agreement.
21. This Agreement is the entire agreement between the Minister and the Local Government with respect to the Funding. There are no other agreements, representations, warranties, terms, conditions, or commitments except as expressed in this Agreement.
22. Notwithstanding any other provisions of this Agreement, those clauses of this Agreement which by their nature continue after the conclusion or termination of this Agreement will continue after such conclusion or termination, including without limitation clauses:
 - (a) Local Government Responsibilities – Clauses 3 to 7;
 - (b) Termination of Agreement – Clause 8;
 - (c) Repayment of Funding – Clause 10;
 - (d) Local Government Indemnity – Clauses 11 and 12;

- (e) Freedom of Information and Protection of Privacy – Clause 18; and
- (f) Entire Agreement – Clause 21.

23. Any notice, approval, consent or other communication under this Agreement will be deemed to be given to the other Party if it is in writing and personally delivered, sent by prepaid registered mail, couriered or emailed to the addresses as follows:

The Minister:

c/o Director, Grant Program Delivery
Municipal Affairs
15th Floor Commerce Place
10155 - 102 Street
Edmonton AB T5J 4L4
Email: ma.ccbfgrants@gov.ab.ca

Local Government:

Town of Legal
PO Box 390
Legal, AB T0G 1L0
Attention: Chief Administrative Officer
Email: rproulx@legal.ca

Either Party may change its contact information by giving written notice to the other in the above manner.

24. This Agreement does not replace, supersede, or alter the terms of any other existing funding agreement between the Minister and the Local Government. Notwithstanding the foregoing, upon execution of this Agreement the Funding will be subject to the terms and conditions of this Agreement and will no longer be governed by the terms and conditions of the former Gas Tax Fund Memorandum of Agreement between the Minister and the Local Government dated effective as of April 1, 2014.
25. Nothing in this Agreement in any way relieves the Local Government from strict compliance with any other provincial legislation or regulation, or otherwise impacts the interpretation or application of the *Ministerial Grants Regulation*, Alta Reg 215/2022, as amended from time to time.
26. The rights, remedies, and privileges of the Minister under this Agreement are cumulative and any one or more may be exercised.
27. If any portion of this Agreement is deemed to be illegal or invalid, then that portion of the Agreement will be deemed to have been severed from the remainder of the Agreement and the remainder of the Agreement will be enforceable.
28. This Agreement is binding upon the Parties and their successors.
29. This Agreement will be governed by and construed in accordance with the laws of the Province of Alberta and the Parties submit to the jurisdiction of the courts of Alberta for the interpretation and enforcement of this Agreement.

30. The Local Government represents and warrants to the Minister that the execution of the Agreement has been duly and validly authorized by the Local Government in accordance with all applicable laws.
31. The Local Government will not assign, either directly or indirectly, this Agreement or any right of the Local Government under this Agreement.
32. A waiver of any breach of a term or condition of this Agreement will not bind the Party giving it unless it is in writing. A waiver which is binding will not affect the rights of the Party giving it with respect to any other or any future breach.
33. Time is of the essence in this Agreement.

This space left intentionally blank.

10.2

34. Communication of execution of this Agreement e-mailed in PDF format will constitute good delivery.

The Parties have therefore executed this Agreement, each by its duly authorized representative(s), on the respective dates shown below.

HIS MAJESTY IN RIGHT OF ALBERTA, as represented by the Minister of Municipal Affairs

Signed by the
Minister of Municipal Affairs
of the Province of Alberta

Per: *Ric McIver*
Name: Ric McIver
Title: Minister of Municipal Affairs
Date: August 26, 2024

LOCAL GOVERNMENT

Signed by a duly
authorized representative
of the Local Government

Per: _____
Name of Local Government:
Name of signatory:
Title:
Date:

Signed by a duly
authorized representative
of the Local Government

Per: _____
Name of Local Government:
Name of signatory:
Title:
Date:



Canada Community- Building Fund

Program guidelines

10.2

10.2

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Canada Community-Building Fund Program Guidelines | Municipal Affairs
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Glossary

This section provides definitions and explanations of key terms frequently used throughout the Canada Community-Building Fund (CCBF) program guidelines. The glossary aims to provide clarity and understanding, ensuring local governments have a common understanding of the terminology used in the context of the CCBF program requirements, grant application and/or reporting. Glossary terms used in the guidelines are hyperlinked to this section (only the first usage of a glossary term in a section or sub-section will show the hyperlink in blue, but all uses are hyperlinked).

Affordable Housing: A dwelling unit where the cost of shelter, including rent and utilities, is a maximum of 30 per cent of before-tax household income. The household income is defined as 80 per cent or less of the Area Median Household Income (AMHI) for the metropolitan area or rural region of the local government.

Application: A formal request submitted by a local government to obtain acceptance from the Minister to apply CCBF funding to a specific project(s) within an eligible project Category (e.g., Local Roads and Bridges, Recreational Infrastructure). It includes a description of the proposed asset(s), activities(s) and scope of work, estimated project costs, CCBF funding committed, other funding sources, estimated start and end dates, and geo-location to enable program staff to determine project eligibility. A project application can include activities that fall into more than one eligible project category. For example, a project may include the replacement of deep services, such as water and wastewater mains, as well as reconstruction of the road surface and adjacent sidewalks upon completion of the underground work.

Asset Management: A principle/practice that includes planning processes, approaches, plans, or related documents that support an integrated lifecycle approach to the effective stewardship of infrastructure assets in order to maximize benefits and effectively manage risk.

Audited Financial Statement: The document(s) required under Section 276 of the [Municipal Government Act](#). Each municipality must prepare annual financial statements for the immediately preceding year in accordance with the Canadian generally accepted accounting principles for municipal governments. Annual financial statements are due by May 1 of the year following the year the financial statements have been prepared.

Capital Plan: A plan that outlines the local government's planned five-year capital property additions, and allocated or anticipated funding sources as required under section 283.1 of the [Municipal Government Act](#) (and further defined in the [Municipal Corporate Planning Regulation](#)).

Financial Information Returns (FIR): The document required under sections 277 and 278 of the [Municipal Government Act](#) which requires municipalities to annually prepare a financial information return and send it, together with an auditor's report, to the Minister by May 1 of the following year.

Housing Needs Assessment (HNA): A report informed by data and research describing the current and future housing needs of a Local Government or community according to guidance provided by Canada.

Local Government: As per section 1 of the [Local Government Fiscal Framework Act](#), a local government is a municipal authority, a Metis Settlement, or the Townsite of Redwood Meadows Administration Society.

Metis Settlements: The eight communities governed by the [Metis Settlements Act](#), which includes Buffalo Lake, East Prairie, Elizabeth, Fishing Lake, Gift Lake, Kikino, Paddle Prairie, and Peavine Metis Settlements.

Municipality: A local government that is governed by the [Municipal Government Act](#). This includes the Special Areas Board and Improvement Districts. The term "municipality" is not inclusive of the Metis Settlements.

Outcome Indicator: Measurable information used to determine if a program is being implemented as expected and achieving its outcomes.

Primary Outcome: An outcome is a change expected as the result of a project. While a CCBF project may have many outcomes, the primary outcome is the principal change expected, or the main reason a project is undertaken.

Program Year: For municipalities this means January 1 to December 31, for Metis Settlements this means April 1 to March 31.

Project: Projects considered eligible include investments in infrastructure for construction, renewal, or material enhancement in each of the categories described in Appendix 1.

Project Amendment: At any time, local governments can submit an amendment to update estimated project costs, including funding sources (e.g., CCBF amount, municipal sources) on an accepted project to ensure Municipal Affairs has the most up to date information on projects. Applications are accepted based on “estimated costs” and as projects are tendered and/or costs are realized, changes to the CCBF funding amount may occur. A cash flow amendment ensures financial transparency for the actual costs, and provides a proactive risk management approach to address any over-commitments and/or budget shortfalls.

Restructured Municipalities: Municipalities that have undergone dissolutions (ceasing to operate or exist as a municipality and being absorbed by another municipality) or amalgamations (merging of two or more municipalities).

Resulting Capital Asset: The physical asset acquired or rehabilitated as a direct outcome or consequence of the project (e.g., kilometres of new roads built, square meters of the building upgraded).

Statement of Expenditures and Program Outcomes (SEPO): Annual reporting of financial (e.g., total project costs, CCBF funding applied) and non-financial information (e.g., project status, project outcomes, updated start dates).

10.2

Contents

Glossary	3
1. Introduction	7
2. Program Objective and Outcomes	7
3. Key Dates	7
4. Submission Method	7
5. Funding Formula and Allocations	8
5.a. Time Limit to Use Allocated Funds	8
5.b. Restructured Municipalities	8
6. Eligible Applicants	8
7. Asset Management	9
8. Applications	10
8.a. Project Eligibility	10
8.b. Project Applications	10
8.c. Withdrawal	10
8.d. Maximum Project Commitment Limit	10
8.e. Joint Projects	11
9. Project Management	11
9.a. Provincial Standards	11
9.b. Requirements for Awards of Contracts	11
9.c. Use of Municipal Forces	11
9.d. Use of Other Provincial and Federal Grants	11
10. Payments	12
11. Reporting	12
11.a. Statement of Expenditures and Project Outcomes (SEPO)	12
11.b. Reset of Certified SEPO	13
11.c. Credit Items	13
11.d. Housing Reports	13
12. Project Eligibility Restrictions	14
12.a. Purpose	14
12.b. Measures Used	14
12.c. Warning Process	15
12.d. Placing and Removing Restrictions	15
13. Project Recognition and Communication Requirements	16

13.a. Signs 16

13.b. Media Events and Other Communications Activities 16

13.c. Digital Communications, Websites and Webpages 17

13.d. Other Communications Activities 17

14. Contacting the CCBF Program 17

Appendix 1: Eligible Project Categories 18

Appendix 2: Eligible Expenditures 22

Appendix 3: Ineligible Expenditures 23

Appendix 4: Example Outcomes and Indicators 24

10.2

Canada Community-Building Fund

Program Guidelines

1. Introduction

The federal Canada Community-Building Fund (CCBF) provides predictable, long-term, stable funding for Canadian [municipalities](#) to help build and revitalize public infrastructure while creating jobs and long-term prosperity.

Additional information and support are also available from the CCBF program Grant Advisors (refer to [Section 14](#)) and on the [website](#).

2. Program Objective and Outcomes

Through the CCBF program, Canada and Alberta are helping communities to build and revitalize their public infrastructure that supports national objectives of productivity and economic growth, a clean environment, and strong communities.

Program outcomes related to the objectives of productivity and economic growth, clean environment, and strong communities will be achieved by funding infrastructure [projects](#) and other key activities at the local level, including [asset management](#). To measure progress towards the outcomes, [local governments](#) are required to report on project results (refer to [Section 11](#) for further information on outcomes reporting).

Local governments determine projects and activities to be funded by the CCBF based on local priorities, within the general qualification criteria set out in these guidelines.

The funding provided under this program is in addition to provincial grant funding programs, such as the Local Government Fiscal Framework (LGFF), and non-grant funding of local government infrastructure. CCBF funding is intended to cover capital costs only and may not be used for maintenance costs, operating costs, debt reduction, or replacement of existing local government infrastructure expenditures.

3. Key Dates

Activity	Responsibility	Timeline
Project Application Submission	Local Government	Submit anytime throughout the year through the CCBF online portal.
Annual CCBF Allocation Commitment	Government of Alberta	After April 1 , following provincial budget approval.
Annual CCBF Allocation Payment	Government of Alberta	By approximately July 31 , following receipt of federal funding and after all payment conditions are met (refer to Section 10).
Statement of Expenditures and Project Outcomes (SEPO) Submission	Local Government	Due May 1 for municipalities . Due August 1 for Metis Settlements (refer to Section 11).
Project Recognition and Communication Requirements	Local Government	Ongoing . For media events and news releases, local governments must provide a minimum of 20 working days' notice (refer to Section 13).

4. Submission Method

CCBF [applications](#) and reporting must be submitted through the CCBF Online portal. The CCBF online portal is accessed by logging into www.maconnect.alberta.ca/MACConnect and clicking on the CCBF tile or by clicking on <https://www.alberta.ca/canada-community-building-fund>, which will direct you to the login page.

CCBF training material and other resources are available on the CCBF Online resources page in the portal and on the program website at www.alberta.ca/canada-community-building-fund.

Questions or requests to access CCBF can be directed to the contacts listed in [Section 14](#).

5. Funding Formula and Allocations

The annual program budget for the CCBF is subject to Canada advising Alberta of the yearly provincial funding.

[Local governments](#) will be advised of their annual CCBF funding allocations after Alberta's funding has been confirmed by Canada and individual funding allocations have been authorized by the Minister of Municipal Affairs.

CCBF funding is allocated to local governments annually on a per capita basis, according to the most recent Municipal Affairs Population List. Local governments receive a base allocation of \$50,000 per year, with the exception of summer villages which receive a base allocation of \$5,000 per year. All local governments will receive a per capita amount in addition to its base funding.

The annual allocations are available on the CCBF website at www.alberta.ca/canada-community-building-fund.

5.a. Time Limit to Use Allocated Funds

To provide flexibility in scheduling capital [projects](#), and to accommodate larger projects requiring more than one year's grant allocation, funding allocated and not expended or committed in the year it was allocated may be carried forward to the next five subsequent years. Funds that are carried forward must be expended on an accepted project(s) before December 31 of the fifth subsequent year for [municipalities](#) (March 31 for [Metis Settlements](#)). This provides a total of six years in which to use allocated funding. For example, the 2024 allocation must be expended before December 31, 2029, for municipalities (March 31, 2030, for Metis Settlements). Time extensions will not be permitted.

Where a credit item has been recorded on an annual [SEPO](#), (see [Section 11](#)), the amount becomes part of the annual allocation for the year in which it is reported. Credit item amounts not expended or committed in the year they were reported may be carried forward to the next five subsequent years.

Where a local government intends to carry CCBF funding forward to a future dated project, [applications](#) for the eligible projects must be submitted to indicate how the funds will be utilized and to qualify for payment of future annual funding allocations (see [Section 8](#) and [Section 10](#)).

5.b. Restructured Municipalities

[Municipalities](#) that undergo restructuring will receive an allocation that is equivalent to the funding amount that would have been calculated for each individual municipality as if restructuring had not occurred. This calculation will apply in the year the restructuring occurred plus the five subsequent years.

If two or more municipalities amalgamate, the amalgamated municipality will receive CCBF funding equivalent to the amount that would have been allocated to the former municipalities as if the amalgamation had not taken place.

For example, if a municipality dissolved on July 1, 2025, the receiving municipality would receive the benefit of the CCBF allocation calculated as if the municipality had not dissolved for the next five years (i.e., 2026 through 2030). In addition, any unspent CCBF funding (based on the final 2025 [SEPO](#) reporting) from the dissolved municipality prior to July 1, 2025, would be transferred to the receiving municipality.

It is critical that the receiving municipality submits the dissolved municipality's [audited financial statements](#) to Municipal Affairs to ensure the correct unspent funding is transferred to the receiving municipality. In addition, all CCBF projects must be marked as completed/fully funded on the final SEPO for the dissolved municipality.

6. Eligible Applicants

An eligible applicant includes any city, town, village, summer village, specialized municipality, municipal district, [Metis Settlement](#), the Special Areas Board, the Townsite of Redwood Meadows Administration Society, and those Improvement Districts that have populations according to the latest Municipal Affairs Population List and report tangible capital assets.

Eligible applicants may contribute funds to other eligible entities for eligible CCBF [projects](#) that provide a municipal service or benefit and do not limit public access.

Eligible entities include:

- non-profit organizations, as defined in section 241 of the [Municipal Government Act](#), (e.g., a society);
- regional services commissions established under Part 15.1 of the [Municipal Government Act](#); and

- controlled corporations as defined in section 75.1 of the [Municipal Government Act](#).

When contributing CCBF funding to a non-profit organization and/or other eligible entities, the [local government](#) remains responsible for all CCBF conditions and obligations that would apply if the local government was completing the project, including the need to report on project expenditures and outcomes. It is recommended the local government enter into a binding legal agreement with the recipient to protect its interests. The local government remains responsible for all uses of the funding.

7. Asset Management

An [asset management](#) plan provides a structured and comprehensive approach to effectively manage the [local government's](#) assets, establishes longer term financing needs, optimizes asset lifecycles, and regularly schedules maintenance, rehabilitation and replacement work for the long-term sustainability of its assets. Asset management plans should include:

- a comprehensive description of asset portfolios;
- current level of service performance for each asset and desired level of performance;
- asset risk and strategic risks;
- anticipated capital [projects](#) required to deliver service and mitigate risks;
- asset valuation such as current and projected replacement costs and funding needs;
- consequences of not following the plan; and
- timelines for major projects.

When asset management practices are adhered to, residents and businesses in Alberta communities experience improved and more reliable municipal services. These asset management practices can offer various advantages to local governments, including:

- helping to decide what infrastructure needs to be replaced or renewed and the appropriate timing for doing so;
- determining the appropriate amount to save for future infrastructure renewal;
- improving economic sustainability by lowering service delivery costs;
- evaluating and communicating trade-offs between service, cost, and risk management;
- providing a defensible way of prioritizing projects and allocating resources;
- enhancing transparency with the public and fostering greater public confidence in municipal government; and
- maximizing the value of infrastructure investments over the long-term.

Asset management planning and implementation is essential to supporting local municipal infrastructure, and the long-term outcomes of the CCBF program. While an asset management plan is not required to receive CCBF funding, the adoption of asset management strategies, plans, and activities by local governments of every size and type is encouraged to ensure their infrastructure investments are made in the best way possible. This proactive approach ensures optimal utilization of local infrastructure and maximizes the effectiveness of CCBF expenditures. Local governments are also encouraged to participate in various asset management initiatives conducted and/or supported by Alberta to ensure that CCBF funds are supporting full lifespan infrastructure. This includes items such as the annual Asset Management Survey and the development of individual Local Government Asset Management plans and strategies.

To ensure [municipalities](#) have basic asset management practices in place, the [Municipal Government Act](#) requires local governments to prepare a [Capital Plan](#) identifying their anticipated capital property additions and funding sources for a minimum of five years. Although this requirement does not specify how each local government will determine the projects to be included in this plan, it does imply that appropriate asset management processes will be used to ensure that the resulting plan adequately reflects local infrastructure pressures and needs.

The Government of Alberta's approach to asset management is available at www.alberta.ca/canada-community-building-fund. Additional information about asset management is available on the Federation of Canadian Municipalities asset management [web page](#), including the Asset Management Toolkit and Handbook, which provides technical resources for asset management at various levels of complexity.

8. Applications

CCBF [applications](#) must include sufficient information to determine [project](#) eligibility, including a description of the proposed asset(s); activities; scope of work; location; estimated project costs and funding source; and estimated start and end date.

8.a. Project Eligibility

Eligible [projects](#) must fall into a project category listed and defined in Appendix 1.

Eligible projects are those associated with: the acquiring, planning, designing, constructing, or renovating of a tangible capital asset, or completing work to extend the life of an asset; the strengthening of the ability of [local governments](#) to improve local and regional planning and [asset management](#). Additional information on eligible and ineligible project costs is provided in Appendices 2 and 3.

In addition, projects submitted should have an end-date of no more than five years after the [application](#) is submitted, meaning the local government would have up to five years to complete the project. Larger projects that are not planned to be completed within five years should be submitted in phases.

8.b. Project Applications

[Local governments](#) must submit an [application](#) for each [project](#) proposed under the program. Applications can be submitted at any time through the CCBF online system. The application must be certified by the Chief Administrative Officer or a delegated authority. This certification confirms that the provided information is accurate and adheres to the program guidelines and funding agreements.

The objective of the application is to provide information regarding the proposed project such as location, project functions, primary accomplishments, an estimate of the total project cost, estimate of CCBF funding to be used, and anticipated project start and end dates.

The estimated total project costs should reflect the total value of the project. Where other sources of funding (local government, provincial, or other federal) will be used, in addition to the CCBF funding, estimates of this additional funding should be included in the total project cost estimate.

Where an accepted project includes proposed expenditures in more than one year, the subsequent years' expenditures are also accepted.

Where a project changes materially (change in cash flow, timing etc.), the local government will be required to submit a [project amendment](#) identifying the changes that are being requested for further approval. Where a local government decides to add a new project or re-direct funding from an accepted project to a new project, it must submit a new project application for review.

A local government may proceed with a project, to be funded wholly or partially from its CCBF allocation(s), prior to receiving notification of acceptance if it believes that the project will be eligible under these guidelines. However, should the project be deemed ineligible, the local government will be responsible for bearing the cost of the project and must apply the CCBF funding to a different eligible project.

A CCBF Online user guide is available on the Municipal Affairs CCBF [website](#) to assist local governments in entering project information.

8.c. Withdrawal

[Local governments](#) can exercise the option to withdraw an accepted [project](#), provided that no CCBF funds have been claimed against the project. If this condition has been met, the project can be withdrawn on the [SEPO](#).

8.d. Maximum Project Commitment Limit

A [local government](#) has the flexibility to commit its future CCBF allocations, including credit items, to eligible [projects](#) prior to receiving its annual allocation.

Should these commitments notably surpass the local government's projected future anticipated annual allocations, a Grant Advisor may contact the local government for a more in-depth evaluation of those applications to mitigate the risk of over-

committing grant funding and resource misallocation. Local governments may be required to reduce their CCBF commitments prior to the department recommending them for acceptance by the Minister.

8.e. Joint Projects

[Projects](#) that involve funding from more than one [local government](#) should identify all contributing parties in the project description of the [application](#). Each local government must submit a project application for its own portion of the project costs being funded through the CCBF. The local government that is directly responsible for the project should include the total project costs, listing the contributions of the other local government(s) in the “Municipal Sources” project section. The other contributing local government(s) should include only its portion/contribution of these costs.

9. Project Management

9.a. Provincial Standards

CCBF-funded [projects](#) undertaken by [local governments](#) must comply with provincially regulated standards. For example, CCBF-funded projects involving regional water and wastewater systems should appropriately align with the [Environmental Protection and Enhancement Act](#).

Where a CCBF project impacts a highway under provincial jurisdiction, the local government must enter into a separate agreement with Alberta Transportation and Economic Corridors to carry out the work and/or receive permission to access the highway right-of-way. Grant Advisors may request confirmation from the local government of the agreement with Alberta Transportation and Economic Corridors.

9.b. Requirements for Awards of Contracts

All calls for proposals or tenders for [projects](#) to be funded under the CCBF must be carried out in accordance with the rules, regulations, and laws governing such activities and in accordance with the best current practices. They must also be advertised in accordance with the guidelines of the [Canadian Free Trade Agreement](#) (CFTA) and the [New West Partnership Trade Agreement](#) (NWPTA).

The [local government](#) may award contracts for planning, design, engineering, and architectural services for a municipal capital project based on best overall value consistent with the local government’s policies. The local government may award contracts for the construction or purchase of a municipal capital project by public tender based on either unit prices or lump sum amounts. The CCBF program does not require local governments to award projects to the lowest tender and does not prohibit them from using a process that qualifies suppliers prior to the close of call for tenders where the process is consistent with the CFTA and NWPTA, as long as the tender selected is the best value.

9.c. Use of Municipal Forces

Where a [local government](#) has been unable to secure an appropriate or cost-effective private sector response to a proposal or tender for a capital [project](#), or anticipates that it will be able to carry out the project in a more efficient or cost-effective basis, project costs can include the cost of municipal forces (staff and equipment) used to carry it out. Costs can include all labour costs, including benefits, attributable to work carried out on and off-site. Labour costs associated with general municipal administration are excluded.

If the local government chooses to use local government forces, it must declare the intent to use local government forces on the project [application](#).

9.d. Use of Other Provincial and Federal Grants

Under the CCBF, use of multiple grant funding sources for a CCBF [project](#) is permitted; the [local government](#) is responsible to understand and ensure compliance with the separate requirements of each grant program.

CCBF funds may be used to fund the local government portion of provincial grant programs that require a local government contribution, unless doing so is prohibited by that program. For example, if a local government is supporting construction of a water infrastructure project for \$1,000,000 and is receiving Water for Life funding of \$750,000, CCBF funding may be used to fund the remaining \$250,000.

CCBF funds are treated as federal funds with respect to other federal infrastructure programs. As such, CCBF funds may not be used to fund the local government or provincial contribution of federal grant programs that require a local government and/or provincial contribution, unless doing so is explicitly permitted by that program.

More information about the requirements of other provincial grant programs can be found on the [Municipal Affairs Grants Portal](#).

10. Payments

CCBF payments are based on annual allocation amounts. Payment of [local government](#) CCBF allocations is contingent on confirmation from Canada of Alberta's total CCBF allocation and legislative approval of the provincial budget. Local government CCBF payments are conditional on meeting the following requirements:

- Execution of the CCBF Memorandum of Agreement (MOA): the local government has submitted the executed MOA.
- [Application](#) Commitment(s): Submission of sufficient applications that commit all CCBF funding allocated to date including credit items.
- Certification of the [SEPO](#): Certification of the previous year's financial and outcomes reporting.

For payments after 2024, local governments with a 2021 federal census population of 30,000 or more must also meet the following conditions:

- submission of a [Housing Needs Assessment](#) (HNA);
- submission of the previous [program year](#) Housing Outcomes Report; and
- certification of all previous program year Housing Outcomes Reports.

HNAs must be resubmitted every five years.

11. Reporting

All [local governments](#) are required to annually submit a Statement of Expenditures and Project Outcomes that reports on the previous year's expenditures and outcomes. Local governments with populations over 30,000 will also have to provide reporting on housing outcomes.

11.a. Statement of Expenditures and Project Outcomes (SEPO)

All [local governments](#) are required to annually submit a [SEPO](#) that reports on the previous year's expenditures and outcomes.

[Municipalities](#) are required to submit a SEPO by May 1 of each year to align with their financial year end of December 31 (e.g., the 2024 SEPO is due by May 1, 2025). [Metis Settlements](#) are required to submit their SEPO by August 1 of each year, to align with their financial year end of March 31 (e.g., the 2024 SEPO is due by August 1, 2025).

In instances where a municipality dissolves in the middle of the [program year](#) (e.g., a municipality dissolves into another municipality on July 1), the receiving municipality must submit a SEPO for both itself and the dissolved municipality by May 1 of the following year.

The SEPO consists of two parts: financial reporting and outcomes reporting.

The financial report captures the following information:

- the CCBF carry-forward amount from the previous year (which includes any unpaid allocations);
- grant allocation for the reporting year, whether or not it was received;
- credit items earned in reporting year;
- all active [projects](#), and those projects completed in the reporting year, including the project name, status, reporting year expenditure, and funding sources;
- the total CCBF expended in the reporting year; and
- CCBF funds to be carried forward to the opening balance in the next program year.

On an annual basis, Municipal Affairs will compare the SEPOs against the [municipality's audited financial statements](#) to ensure financial alignment with their CCBF reporting. [Metis Settlements](#) are also required to submit audited financial statements under the CCBF for the same purpose. If discrepancies are noted, Grant Advisors will work with the local government to determine the nature of the discrepancy and/or determine next steps (if applicable).

The outcome report captures the following information for completed projects only:

- the project's eligible project category and name;

- the project output(s), consisting of the [resulting capital asset\(s\)](#) (e.g., roads) and the actual quantity upgraded and/or constructed (e.g., # of lane km);
- the project's [primary outcome](#) (e.g., increased service life of a road) and [outcome indicator](#) (e.g., number of years the road service life has been increased); and
- the asset condition after upgrades.

Examples of CCBF outcomes and indicators can be found in Appendix 4. Outcome information is collected on completed projects to satisfy several requirements, including but not limited to program accountability and reporting to the federal government.

SEPOs are generated in the CCBF Online system, in which the local government will report project expenditures and outcomes and submit them electronically (no hard copy is required to be submitted).

All supporting documentation such as reports, drawings, and invoices for each project must be retained by the local government for a minimum of six years following completion of the project. The SEPO may be subject to a review by the provincial Auditor General.

11.b. Reset of Certified SEPO

[SEPO](#) resets (reversing a SEPO from *Certified* status) will be permitted in order to make corrections to individual [project](#) status indicators or to CCBF expenditures, to ensure SEPO reporting aligns with the [local government's audited financial statements](#). SEPO resets will not be permitted to reverse a CCBF expenditure for the purpose of replacing the CCBF funding for the expenditure to an alternative funding source, including other provincial or federal grant programs, local funding, or grant programs available through non-government organizations (i.e., Federation of Canadian Municipalities, etc.). It is strongly recommended that the audited financial statements break down the deferred revenue by specific grants to reduce any unforeseen administrative burden on the local government. If the financial statements are submitted late, the SEPO certification and allocation payment will be delayed.

11.c. Credit Items

Funds available under the CCBF program are not provided for the purpose of generating investment income. However, recognizing that any CCBF funds held in a financial institution may earn some investment income, that income must be reported on the [SEPO](#) and will become part of the total CCBF funding available. These funds must be used towards eligible costs on CCBF approved [projects](#).

In addition to investment income earned, other credit items must be reported on the SEPO, if these credit items were realized within five years of completion of the CCBF-funded project. Examples of credit items include:

- net proceeds or market value (whatever is greater) to a maximum of the grant applied, from the sale or trade-in of capital assets purchased with CCBF funds; and
- net proceeds from an insurance claim on capital assets purchased, constructed, or improved with CCBF funds.

[Local governments](#) must maintain a distinct bank account for CCBF funding received in advance of paying eligible project expenditures and maintain separate accounting records for the grant funds.

The amount of income earned on grant funds may be calculated by one of two methods:

- actual income earned on the funds being held; or
- notional income earned on the funds. This can be calculated by multiplying the average CCBF funding balance by the number of months the grant funds were held in an account, by the average annual interest rate for those months.
 - For example: If a local government has a carry forward amount of \$100,000 held in an interest-bearing account for a period of eight months with an annual interest rate of five per cent, the credit item amount reported should be \$3,333 (e.g., \$100,000 X 8/12 X 5 per cent).

11.d. Housing Reports

All communities with a 2021 federal census population of 30,000 or more must complete a [Housing Needs Assessment](#) (HNA), publish the HNA on its website, and email the link to ma.ccbfgrants@gov.ab.ca by March 15, 2025. Templates and instructions for completing an HNA are available at <https://housing-infrastructure.canada.ca/housing-logement/hna-ebml/index-eng.html>. [Municipalities](#) required to complete an HNA are encouraged to request a pre-populated template from hna.secretariat-secretariat.ebml@infc.gc.ca.

[Local governments](#) that have completed HNAs after April 1, 2019, can submit their existing HNA. However, any gaps between the existing HNA and the federal template are expected to be addressed. If the existing HNA does not meet the requirements, the local government must prepare and submit the additional information to ma.ccbfgrants@gov.ab.ca by March 15, 2025.

Local governments meeting the above criteria are required to submit [project](#)-level data on housing outcomes by May 1 annually. The housing outcomes report will include the following core indicators, as relevant to each investment category:

- # of housing units enabled; and
- # of [affordable housing](#) units enabled or preserved.

12. Project Eligibility Restrictions

12.a. Purpose

In exceptional instances, [local governments](#) experiencing viability and infrastructure challenges may be subject to CCBF [project](#) eligibility restrictions. These restrictions aim to prioritize the resolution of critical infrastructure needs over less pressing projects. Specifically, in these cases, project eligibility in these communities will be restricted to core infrastructure only. This will ensure that provincial grant funding targets critical infrastructure first, while maintaining local autonomy to determine which specific core assets to support through the CCBF.

For this purpose, core infrastructure is defined as capital assets related to:

- local roads and bridges;
- drinking water;
- wastewater;
- resilience;
- capacity building; and
- fire halls.

Local governments under these restrictions can seek permission from the Minister to spend CCBF allocations on non-core infrastructure in only exceptional circumstances.

If local governments under these restrictions need to make [amendments](#) to accepted project(s), those amendments will be subject to a higher degree of scrutiny to ensure the local government continues to focus on core infrastructure.

12.b. Measures Used

Annually, [local governments](#) submit data on a variety of infrastructure and financial matters to Municipal Affairs through their [audited financial statements](#) and [Financial Information Returns](#). Utilizing this data, Municipal Affairs has established two measures for assessing when [project](#) eligibility restrictions would be applied.

Local governments will be recognized as having viability and infrastructure management challenges if both of the following measures are triggered in three consecutive prior years:

1. Investment in Infrastructure Ratio – triggered when the indicator falls below 1.0; and
2. Capital Grants as Percentage of Investment in Infrastructure – triggered when the indicator is above 0.8.

1. Investment in Infrastructure Ratio

The total cost of annual additions to tangible capital assets relative to the annual amortization on all tangible capital assets, measured as a five-year average. A ratio of 1.0 means that replacement of existing tangible capital assets and investment in new assets occurs at the same rate as the estimated wear or obsolescence of existing capital assets. The indicator is calculated based on data submitted annually through audited financial statements and/or Financial Information Returns. More information on the Investment in Infrastructure indicator can be found on Alberta's [municipal indicators webpage](#).

2. Capital Grants as Percentage of Investment in Infrastructure Ratio

Amount of annual capital funding allocated under the Municipal Sustainability Initiative/LGFF and CCBF relative to total cost of annual additions to tangible capital assets, measured as a five-year average. A ratio of more than 0.8 means that the local government relies heavily on provincial and federal allocation-based grants to fund its infrastructure investments. The indicator is calculated based on data submitted annually through the audited financial statements and/or Financial Information Returns.

12.c. Warning Process

Starting in 2024, Municipal Affairs began assessing each [local government's](#) Investment in Infrastructure ratio and Capital Grants as Percentage of Investment in Infrastructure ratio for the period of three prior years. Those with an investment ratio less than 1.0 and Capital Grants ratio higher than 0.8 in each of the three years were advised by the Minister that they are at risk of having eligibility restrictions placed on their LGFF expenditures if both indicators are also triggered in the subsequent year, and the local government is not able to demonstrate to the Minister that its core infrastructure is in good condition.

Beginning in 2025, this process will be implemented for CCBF funding and will occur on an annual basis, and will take place in late summer/early fall.

After a warning is issued, the local government will have the opportunity to demonstrate the state of its core infrastructure through submission of an asset condition assessment. The warning will be revoked if the assessment indicates that core infrastructure is in good condition. If the core infrastructure condition is not known at that time, the local government can make the decision to evaluate its infrastructure as part of an [asset management](#) plan, an activity that is eligible under the CCBF.

There may be exceptional or extenuating circumstances for the local government that result in a warning not being necessary.

12.d. Placing and Removing Restrictions

[Local governments](#) that receive a warning indicating that they are at risk of having eligibility restrictions placed, whose assets are in poor or unknown condition, and whose Investment in Infrastructure ratio continues to be less than 1.0 and Capital Grants ratio continues to exceed 0.8 in the following year, will be subject to [project](#) eligibility restrictions.

This means that once the restrictions are in effect, new projects will be accepted only if they pertain to core infrastructure.

Project eligibility restrictions will be in place until at least one of the two ratios is at the required level for a minimum of three consecutive years following the year the restrictions were imposed, or until the local government is able to demonstrate that its core infrastructure is in good condition, whichever is earlier.

Example

In fall 2024, the [municipality](#) of Sampleford receives a warning that it is at risk of having project eligibility restrictions imposed because its Investment in Infrastructure ratio was below 1.0 and its Capital Grants ratio was over 0.8 in three prior consecutive years. Sampleford does not have an up-to-date asset condition assessment report and is unable to demonstrate that its core infrastructure is in good condition.

In fall 2025, Municipal Affairs confirms that both ratios are outside of the required levels and Sampleford is advised that no new projects requesting CCBF funding will be accepted, unless they support core infrastructure defined in [Section 12.a](#). These restrictions do not impact Sampleford's ongoing public works building project that has been previously accepted for CCBF funding.

Sampleford remains subject to project eligibility restrictions until 2029, at which time three consecutive years have passed when one or both of the ratios have met or exceeded the required thresholds. Once the restrictions are lifted in fall 2029, Sampleford regains flexibility to apply CCBF funding to non-core infrastructure projects, subject to all other program conditions.

		Municipality of Sampleford		
Program Year	FIR Data Year	Investment in Infrastructure	Capital Grants as % of Infrastructure Investment	
--	2021	0.95	0.85	} Fall 2024: Warning is issued
--	2022	0.90	0.90	
				} Fall 2025: Eligibility restrictions placed

2024	2023	0.85	0.95
2025	2024	0.90	0.85
Project Eligibility Restricted to Core Infrastructure for a Minimum of 3 Years			
2026	2025	0.95	0.95
2027	2026	1.05	0.90
2028	2027	1.00	0.80
2029	2028	0.95	0.75

13. Project Recognition and Communication Requirements

[Local governments](#) are required to recognize the CCBF through installation of federal signs and/or hosting of events according to the guidelines below and all communications activities must follow a joint Alberta-Canada communications approach.

The federal government may select specific [projects](#) that merit public recognition through installation of signs, media events, or other communication activities. Local governments with such selected projects will be contacted by Alberta Municipal Affairs.

13.a. Signs

Placing signs at construction sites is a long-standing practice to communicate key project details to the public. Albertans can easily recognize where infrastructure investments are being made in their communities and the benefits of those investments through [project](#) signage.

Government of Canada and Government of Alberta (if provincial funding sources are being used) signage for high visibility projects is generally required on CCBF-funded capital projects. In some instances, an interior sign placed in a lobby or a sign installed in a community gathering place may be a good alternative to an exterior sign.

There may be some instances in which a sign is not required, such as for a project of short duration (i.e., under seven days), if it represents a modest investment in relation to the total CCBF received or is located in a remote area where signage would not be visible to the public. The [local government](#) should seek guidance from a Grant Advisor if unsure whether a sign should be erected in relation to its proposed project.

For questions related to whether local governments are to use unilingual or bilingual signs, please refer to the table on the last page of the Infrastructure Project Sign Design and Installation Guidelines on the CCBF website at <https://www.alberta.ca/canada-community-building-fund>.

Canada has also provided specifications for digital sign options. The cost of the sign is an eligible expense under CCBF.

If you have any questions on signage requirements for your project or require additional technical information or other guidance, please contact a Grant Advisor at 780-422-7125 or email ma.ccbfgrants@gov.ab.ca. The Infrastructure Project Sign Design and Installation Guidelines can be accessed on the CCBF website at <https://www.alberta.ca/canada-community-building-fund>.

13.b. Media Events and Other Communications Activities

[Local governments](#) may choose to highlight CCBF-funded [projects](#) by publicizing the projects (e.g., council minutes, annual reports, local media) and by celebrating key project milestones through media events, including news conferences, news releases, public announcements, and official ceremonies.

Local governments should provide the federal and provincial governments opportunities to be represented at any media events, including news conferences, public announcements, and official ceremonies, that celebrate the key milestones for CCBF funded projects.

Media events for CCBF-funded projects may not occur without prior knowledge and agreement of the federal and provincial governments. If the local government decides to hold a media event, it must provide a minimum of 20 working days' notice to Alberta Municipal Affairs by emailing ma.ccbfgrants@gov.ab.ca. Alberta Municipal Affairs Communications will then make arrangements with the federal government.

If communication is proposed through the issuing of a news release with no supporting event, local governments must provide at least 20 working days' notice of their intent to issue a news release, and five working days with the draft news release to secure approvals and confirm the federal and provincial representatives' quotes.

To discuss project recognition options or communications requirements, please call Municipal Affairs at 780-422-7125, toll free by first dialing 310-0000, or email ma.ccbfgrants@gov.ab.ca.

If the notice of the media event is not provided within the specified timeframes, the province may require the media event to be rescheduled.

13.c. Digital Communications, Websites, and Webpages

Where a website or webpage is created to promote or communicate progress on an eligible [project\(s\)](#), it must recognize federal funding through the use of a digital sign or through the use of the Canada wordmark and the following wording, "This project is funded in part by the Government of Canada" or "This project is funded by the Government of Canada," as applicable. The Canada wordmark or digital sign must link to Canada's website, at www.infrastructure.gc.ca. The guidelines for how this recognition is to appear and language requirements are published on Canada's website, at <http://www.infrastructure.gc.ca/pub/signage-panneaux/intro-eng.html>

Where a [local government](#) produces social media content to provide visibility to CCBF projects, it must @mention the relevant Infrastructure Canada official social media account and Government of Alberta social media account(s), as applicable.

13.d. Other Communications Activities

[Local governments](#) may carry out, at their own cost, advertising and public information campaigns related to the CCBF program and CCBF funded [projects](#). Where such a campaign is to be carried out, the local government must inform Alberta Municipal Affairs at minimum 30 working days prior to the campaign launch.

Local governments may also install, at their own cost, permanent plaques for projects that are partially or fully funded through CCBF. If the local government decides to install a permanent plaque, the plaque must recognize the federal contribution and be approved by Canada. The local government must contact Alberta Municipal Affairs, which will work directly with the federal government to obtain plaque approval.

To discuss project recognition options or communications requirements, please call Municipal Affairs at 780-422-7125, toll free by first dialing 310-0000, or email ma.ccbfgrants@gov.ab.ca.

14. Contacting the CCBF Program

To contact the Canada Community-Building Fund program Grant Advisors, please contact:

Phone: [780-422-7125](tel:780-422-7125)

Toll free: [310-0000](tel:310-0000) before the phone number (in Alberta)

Email: ma.ccbfgrants@gov.ab.ca

Hours: 8:15 am to 4:30 pm (open Monday to Friday, closed statutory holidays)

For a pre-populated HNA ([local governments](#) with populations over 30,000 only): hna.secretariat-secretariat.ebml@inf.gc.ca

For information on accessing the CCBF online portal, please contact:

Phone: [780-644-2413](tel:780-644-2413)

Toll free: [310-0000](tel:310-0000) before the phone number (in Alberta)

Email: ma.ccbfonlineaccess@gov.ab.ca

Hours: 8:15 am to 4:30 pm (open Monday to Friday, closed statutory holidays)

Appendix 1: Eligible Project Categories

The following section categorizes the general types of capital [projects](#) that are eligible for CCBF funding. Eligible expenditures related to these categories are defined in Appendix 2.

1.a) Local Roads and Bridges

- Roadways, bridges, and related structures
- Railway or Light Rail Transit (LRT) grade separations and roadway crossings
- Other ancillary works such as sidewalks, commuter bikeways, lighting and energy efficient retrofitting, traffic control signals, pedestrian signals, storm drainage, and utility relocations (utility relocation costs are eligible only as part of a qualifying project)
- Traffic management projects such as major intersection improvements, major traffic signal coordination, etc.
- Noise attenuation devices as a part of a qualifying project, and rehabilitation of existing noise attenuation devices on qualifying roadways or transit ways, consistent with the [local government's](#) noise attenuation policy
- Pedestrian trail systems along roadways

1.b) Highways

- Highway infrastructure
- Railway crossings
- Other ancillary works such as lighting, traffic control signals, pedestrian signals

1.c) Short-sea Shipping

- Shipping terminals or other related infrastructure

1.d) Short-line Rail

- Railway construction or rehabilitation
- Buildings or other related infrastructure

1.e) Regional and Local Airports

- Primary runway, cross-wind runways, secondary runways and taxiways, and runway extensions
- Aprons
- Primary taxiway from main/terminal apron to runway
- Airport buildings, including terminals and storage areas/sheds
- Development areas, access roads, fencing, and drainage
- Lighting and navigation equipment

Note: category excludes infrastructure that is part of the National Airport System

1.f) Broadband Connectivity

- Network connectivity infrastructure, including high-speed backbone networks, fiber optic cables, and transmitting towers
- Servers and server applications
- Data storage infrastructure
- Local distribution networks
- Satellite capacity infrastructure

1.g) Public Transit

- LRT lines, station structures, park and ride facilities, and LRT maintenance facilities. LRT lines must be designated in the [local government's](#) transportation system bylaw.

- Major public transit terminals and transit garages
- Public transit vehicles, LRT vehicles, "low-floor" standard buses, "low-floor" articulated buses, and accessible community public transit vehicles as well as specialized transit vehicles for seniors and/or persons with disabilities
- Comprehensive transit-stop retrofit programs to achieve a "barrier free path of travel" to accessible transit services
- Intelligent Transportation Systems (ITS) in support of public transit services

1.h) Drinking Water

- Water treatment facilities
- Water quality management and monitoring systems (e.g., SCADA system)
- Water pumping facilities
- Treated-water supply lines, storage facilities, and related works
- Water distribution system extensions (including to and within new subdivisions), betterment, and replacements, including individual services to the property line and locally owned water meters

1.i) Wastewater

- Wastewater collection system extensions (including to and within new subdivisions), betterment, and replacements, including service mains to the property line
- Wastewater pumping facilities and lift stations
- Wastewater lines from the collection system to the wastewater treatment facilities
- Wastewater treatment facilities
- Wastewater outfalls from the wastewater treatment facilities to the point of discharge or disposal and related works

1.j) Solid Waste

- Waste collection depots
- Solid waste and recycling collection container systems (only eligible if part of the construction of a waste collection depot)
- Recycling and material recovery facilities
- Organics management systems
- Thermal treatment systems
- Waste disposal landfills

1.k) Community Energy Systems

- Building retrofits that serve to improve the energy efficiency of current operations, for example:
 - Architectural retrofits that reduce heat transfer (gain or loss) through building components (e.g., walls, roofs, doors, and windows)
 - Modifying or upgrading Heating, Ventilating and Air-Conditioning systems (HVAC) to newer, more energy efficient models (e.g., Energy Star qualified furnaces, air conditioners, and programmable thermostats)
 - Upgrading insulation, weather-stripping and/or replacing windows with modern sealed-glass windows
 - Upgrading to an energy efficient furnace/hot water heater
 - Upgrading or retrofitting the interior and/or exterior lighting to energy saving alternatives
 - Green power generation (e.g., solar pool, geothermal pool, or ground-source heat pump)
- Reinforcement, expansion of existing and construction of new transmission grids to transmit clean electricity, including smart grid technologies
- Renewable electricity generation facilities (e.g., wind energy, solar energy, small scale hydro)
- Thermal heat/cooling delivery system (i.e., district energy systems) using renewable or combined heat/power plants
- [Projects](#) for new or material rehabilitation or expansion of carbon transmission and storage infrastructure
- Electric vehicle infrastructure

1.l) Brownfield Redevelopment

- Remediation or decontamination and redevelopment of a brownfield site within [local government](#) boundaries, where the redevelopment includes:
 - the construction of public infrastructure as identified in the context of any other category under the CCBF
 - the construction of municipal use public parks and publicly-owned social housing

1.m) Sport Infrastructure

- Amateur sports facilities, for example: hockey rinks and arenas, baseball diamonds, swimming pools, ski areas, etc. Note: excludes facilities, including arenas, which would be used as the home of professional sports teams or major junior hockey teams (e.g., Western Hockey League)

1.n) Recreational Infrastructure

- Playgrounds and equipment
- Permanent park facilities
- Public wharves, docks, and piers
- Trail systems

1.o) Cultural Infrastructure

- Cultural or community centers
- Performing arts facilities
- Museums and art galleries
- Designated local heritage sites

1.p) Tourism Infrastructure

- Campground facilities
- Convention or trade centers
- Exhibition buildings
- Tourist facilities
- Zoo facilities

1.q) Resilience

- Infrastructure and assets that increase a community's capacity to withstand, respond to, and rapidly recover from damage and disruptions caused by extreme weather events, for example:
 - infrastructure to manage and control flood water movement, including floodwalls and flood gates
 - river stabilization infrastructure, including spurs, berms, and ripraps
 - restoring wetlands and other natural infrastructure to redirect and capture rainwater
 - constructing firebreaks to limit the spread of wildfires

Note: excludes normal routine, maintenance, and operational work (e.g., dredging of sediment, gravel removal, debris traps, etc.)

1.r) Capacity Building

- Investments related to strengthening the ability of [local governments](#) to develop long-term planning practices including: capital investment plans, integrated community sustainability plans, integrated regional plans, [housing needs assessment](#), and/or [asset management](#) plans, related to strengthening the ability of recipients to develop long-term planning practices.

- Infrastructure management systems capable of recording and retrieving information on various types of infrastructure, including key infrastructure characteristics and condition, on a consistent basis to assist systematic infrastructure planning and management, for example:
 - purchase of computer hardware and software to facilitate the Municipal Infrastructure Management System (MIMS) or other infrastructure management systems
 - collection and input of local infrastructure asset data

1.s) Fire Halls

- New fire hall (building) for housing fire-fighting apparatus and staff (may include attached dorms, basic training facilities, and administration areas)
- Retro-fit and modernization of existing fire halls and attached building space
- Acquisition of a firetruck as a capital asset when associated to a new infrastructure [project](#) or retro-fit

10.2

Appendix 2: Eligible Expenditures

Eligible expenditures are limited to the following:

- Expenditures associated with acquiring, planning, designing, constructing, or renovating a tangible capital asset.
- For capacity building category only, the expenditures related to strengthening the ability of [local governments](#) to improve local and regional planning including capital investment plans, integrated community sustainability plans, integrated regional plans, [housing needs assessment](#), and/or [asset management](#) plans. The expenditures could include developing and implementing:
 - studies, strategies, or systems related to asset management, which may include software acquisition and implementation;
 - studies, strategies, or systems related to housing or land use, including housing needs assessment; and
 - training directly related to asset management planning.
- Expenditures directly associated with joint federal communication activities and with federal [project](#) signage.
- The incremental costs of the employees or leasing of equipment under the following conditions:
 - the local government must declare that it is not economically feasible to tender a contract;
 - the employee or equipment is engaged directly in respect of the work that would have been the subject of the contract; and
 - the arrangement is approved through the project submission process.

10.2

Appendix 3: Ineligible Expenditures

The following expenditures are deemed ineligible:

- [Project](#) expenditures incurred before April 1, 2005.
- Project expenditures incurred before April 1, 2014, for the following categories:
 - highways;
 - regional and local airports;
 - short-line rail;
 - short-sea shipping;
 - broadband connectivity;
 - brownfield redevelopment;
 - cultural infrastructure;
 - tourism infrastructure;
 - sport infrastructure; and
 - recreational infrastructure.
- Project expenditures incurred before April 1, 2021, for the following project category:
 - fire halls.
- The cost of leasing of equipment by the [local government](#), any overhead costs, including salaries and other employment benefits of any employees of the local government, direct or indirect operating or administrative costs of the local government, and more specifically its costs related to planning, engineering, architecture, supervision, management and other activities normally carried out by its staff, except in accordance with eligible expenditures above.
- Borrowing costs (exception for the cities of Calgary and Edmonton only, for whom such costs are eligible – representatives from these two cities should contact a Grant Advisor for information on how to apply CCBF toward borrowing costs).
- Taxes for which the local government is eligible for a tax rebate and all other costs eligible for rebates.
- Purchase of land or any interest therein, and related costs.
- Legal fees.
- Routine repair and maintenance costs.
- Costs associated with health infrastructure or assets (hospitals, convalescent and senior centers).

Appendix 4: Example Outcomes and Indicators

National Objective	Project Category	Outcome	Outcome Indicator
Productivity and Economic Growth	Local roads and bridges	Increase in estimated service life of infrastructure	Time (years)
	Highways	Increase in estimated service life of infrastructure	Time (years)
	Short-sea shipping	Increase in estimated service life of infrastructure	Time (years)
	Short-line rail	Increase in estimated service life of infrastructure	Time (years)
	Regional and local airports	Increase in estimated service life of infrastructure	Time (years)
	Broadband connectivity	Number of households experiencing increased or improved service	Count (# households)
	Public transit	Decrease in average age of fleet	Time (years)
Clean Environment	Drinking water	Change in total drinking water treatment capacity	Volume (m ³ water processed daily)
		Number of households experiencing increased or improved drinking water service	Count (# households)
	Wastewater	Change in total wastewater treatment capacity	Volume (m ³ water processed daily)
		Number of households experiencing increased or improved wastewater service	Count (# households)
	Solid waste	Additional solid waste management capacity built or expanded in tonnes	Volume (m ³ waste processed daily)
		Number of households experiencing increased or improved solid waste service	Count (# households)
	Community energy systems	Tonnes of greenhouse gas reduced	Average annual energy consumption or production before and after project completion (KWh)
	Brownfield remediation	Estimated land value of redeveloped site	Value (\$ per m ²)
Strong Cities and Communities	Sport infrastructure	Number of increased or improved public events or days open to the public	Area (m ² impacted)
	Recreation infrastructure	Number of increased or improved public events or days open to the public	Count (# events or # days open annually)

National Objective	Project Category	Outcome	Outcome Indicator
	Cultural infrastructure	Number of increased or improved public events or days open to the public	Count (# events or # days open annually)
	Tourism infrastructure	Number of increased or improved public events or days open to the public	Count (# events or # days open annually)
	Resilience	Infrastructure equipped for climate change impacts	Count (# assets)
	Fire halls	Number of increased or improved emergency responses	Count (# responses annually)

10.2

TOWN OF LEGAL

Report to Council

- Request for Decision
- Request for Direction
- For Council Information

Meeting:	Regular Council
Meeting Date:	September 16, 2024
Presented By:	Robert Proulx, Chief Administrative Officer
Title:	Impacts of New Provincial Legislation on Gas Distribution Franchise Agreement
Agenda Item No:	10.3

BACKGROUND / PROPOSAL:

The Government of Alberta's *Utilities Affordability Statutes Amendment Act, 2024* became law when it received Royal Assent on May 16, 2024. The Act makes several changes to various statutes governing franchise agreements. One of these changes affects the gas distribution franchise agreement the Town of Legal has with ATCO Gas and Pipelines Ltd. ("ATCO"):

- Section 49(5) of the *Gas Utilities Act* now states that a franchise granted by a municipality to an owner of a gas utility that has not been approved by the AUC after the coming into force of this subsection will terminate 270 days after the coming into force of that subsection.

This means that the gas distribution franchise agreement for Legal, which is current and valid, must be reviewed and re-approved by the Alberta Utilities Commission ("**AUC**") before March 17, 2025, or it will terminate by operation of law on that date. If it is terminated, all benefits provided under the agreement will end, including the payment of franchise fees to the municipality.

It is recommended that Council direct administration to proceed with the required processes, in collaboration with ATCO Gas and Pipelines Ltd., in order to obtain re-approval from the Alberta Utilities Commission for the existing current Natural Gas Distribution Franchise Agreement in accordance with the recent changes made to the Government of Alberta's *Utilities Affordability Statutes Amendment Act, 2024*.

DISCUSSION / OPTIONS / BENEFITS / DISADVANTAGES:

In response to this new legislation, the AUC has established a special process to efficiently approve all existing current and valid gas distribution franchise agreements that are compliant with the new legislation before the March 2025 deadline. To qualify for this special process, no changes may be made to the previously approved franchise terms, including the expiry date and the existing franchise fee. As part of this special process, ATCO is required to submit information pertaining to the franchise agreement for Legal to the AUC at the end of this year, for its review and approval.

ATCO requires collaboration from Legal with respect to certain aspects of the re-approval process, including:

- 1) advertising the franchise agreement to the community using a template ATCO will provide;
- 2) recording any feedback from residents;
- 3) responding to feedback from residents and keeping records of responses; and
- 4) providing ATCO with all of that information to submit to the AUC.

ATCO understands that this may be inconvenient and an imposition on resources, but it cannot be avoided due to the changes made by the Act. The attached process document explains what must be done and by when.

COSTS / SOURCE OF FUNDING (if applicable):

Advertising costs in local print newspaper with the widest circulation in your community for 2 weeks.

Staff time to record public feedback and responses to the public for a 2-week period.

RECOMMENDED ACTION (by originator):

It is recommended that Council direct administration to proceed with the required processes, in collaboration with ATCO Gas and Pipelines Ltd., in order to obtain re-approval from the Alberta Utilities Commission for the existing current Natural Gas Distribution Franchise Agreement in accordance with the recent changes made to the Government of Alberta's *Utilities Affordability Statutes Amendment Act, 2024*.

Initials show support – Reviewed by:

CAO: Original Signed - RP

August 29, 2024

Town of Legal
PO Box 390
Legal, AB, T0G 1L0

Attention: Mr. Robert Proulx, Chief Administrative Officer

**Re: Impacts of New Provincial Legislation on Your Gas Distribution Franchise Agreement
Time-Sensitive and Action Required**

As you may be aware, the Government of Alberta's *Utilities Affordability Statutes Amendment Act, 2024*,¹ (the "Act") became law when it received Royal Assent on May 16, 2024. The Act makes several changes to various statutes governing franchise agreements. One of these changes affects the gas distribution franchise agreement you have with ATCO Gas and Pipelines Ltd. ("ATCO"):

- Section 49(5) of the *Gas Utilities Act* now states that a franchise granted by a municipality to an owner of a gas utility that has not been approved by the AUC after the coming into force of this subsection will terminate 270 days after the coming into force of that subsection.

This means that your gas distribution franchise agreement for Legal, which is current and valid, must be reviewed and re-approved by the Alberta Utilities Commission ("AUC") before March 17, 2025, or it will terminate by operation of law on that date. If it is terminated, all benefits provided under the agreement will end, including the payment of franchise fees to your municipality.

In response to this new legislation, the AUC has established a special process² to efficiently approve all existing current and valid gas distribution franchise agreements that are compliant with the new legislation before the March 2025 deadline. To qualify for this special process, no changes may be made to the previously approved franchise terms, including the expiry date and the existing franchise fee. As

¹ *Utilities Affordability Statutes Amendment Act, 2024*, SA 2024, c 8; www.alberta.ca/making-utility-bills-more-affordable

² <https://media.auc.ab.ca/prd-wp-uploads/News/2024/Bulletin%202024-12.pdf>

part of this special process, ATCO is required to submit information pertaining to your franchise agreement to the AUC at the end of this year, for its review and approval.

We require your collaboration with respect to certain aspects of the re-approval process, including (1) advertising your franchise agreement to your community using a template we will provide you, (2) recording any feedback from residents, (3) responding to feedback from residents and keeping records of your responses, and (4) providing ATCO with all of that information to submit to the AUC. We understand that this may be inconvenient and an imposition on your resources, but it cannot be avoided due to the changes made by the Act. The attached process document explains what must be done and by when.

Please note that if you think you may want to change your franchise fee rate for the full 2025 calendar year, it is necessary to complete the above-described re-approval process first, by early October, before commencing the franchise fee rate change process. Otherwise, franchise fee rate changes will be processed for an effective date of April 1, 2025, or later.

Thank you for your prompt attention to this matter. If you have any questions or concerns, please reach out to me at your earliest convenience at Chance.Herring@atco.com.

Regards,

Chance Herring

Chance Herring

Senior Manager, Edmonton Region Field Operations

ATCO Gas and Pipelines Ltd.

Franchise Agreement Re-Approval Process
(Utilities Affordability Statutes Amendment Act, 2024)

Step	Action/Event	Responsibility
1	<p><u>Contact ATCO</u> At Your Earliest Convenience</p> <p>Contact ATCO for a copy of the AUC Notice template, tailored to your community, that you must publish in your local print newspaper with the widest circulation in your community.</p>	Municipality
2	<p><u>ATCO Prepares & Sends You the Template</u> Within 7 Days of your Request</p> <p>Upon receiving your request, ATCO will tailor the AUC Notice template with information specific to your community.</p>	ATCO
3	<p><u>Publish the Notice</u> As Soon As Possible (15 November 2024 at the latest)</p> <p>Publish the Notice in your local print newspaper with the widest circulation in your community.</p>	Municipality
4	<p><u>Take a Picture of the Ad in the Newspaper</u></p> <p>On the day the Notice appears in your local print newspaper, take a photo of the page that the Notice appears on and send the photo to ATCO. A digital scan of the page will also suffice.</p> <p><u>This photo or scan must clearly show the Notice, the name of newspaper, and the date of publication.</u> Text must be legible.</p> <p>This photo (or scan) may be requested by AUC as part of the re-approval process, to prove that the Notice was published and that the public was notified as per AUC requirements.</p> <p>(Continued on next page...)</p>	Municipality

Step	Action/Event	Responsibility
<p>5</p>	<p><u>Wait 2 Weeks, Record Public Feedback and Your Responses to the Public</u></p> <p>The public has fourteen days to express any objections, concerns, or support regarding the franchise agreement and the financial impact on them. The public may send their feedback to your municipality, to ATCO, or to the AUC.</p> <p>If you receive any written feedback, please reply to the community member and keep a copy of all communication. If you receive verbal/telephone comments, please make note of the person’s name, the date, and a brief summary of the conversation, including your response.</p> <p>Send copies of all feedback and your replies to ATCO.</p> <p>These communications will be included in the application to the AUC.</p> <p>If no comments are received, then a short email to ATCO saying so is sufficient.</p>	<p>Municipality</p>
<p>6</p>	<p><u>Application Made to the AUC</u> As Soon As Possible (13 December 2024 at the latest)</p> <p>ATCO will submit the information you provide as well as other details about your franchise agreement, as required by the AUC, to the AUC for their review and approval.</p>	<p>ATCO</p>
<p>7</p>	<p><u>Application Reviewed and Decision Issued</u></p> <p>The AUC will review the information submitted. Provided everything is in order, the AUC will then issue a Decision to confirm that your franchise agreement is current, valid and compliant with the new legislation.</p> <p>If you would like a copy of the AUC Decision, please let your ATCO contact know and we will ensure one is sent to you.</p>	<p>AUC</p>

Frequently Asked Questions

Question: Why do we have to do this?

Answer: The Government of Alberta recently changed some laws. As a result, the Alberta Utilities Commission (AUC) must re-approve all existing gas franchise agreements to ensure they are compliant with the changes.

Question: What happens if we don't do this?

Answer: Your gas distribution franchise agreement will terminate on March 17, 2025, and all benefits provided under the agreement will end, including the payment of franchise fees to your municipality.

Question: Why must we advertise a Notice as part of this re-approval process?

Answer: The AUC requires it.

Question: Can we make changes to our gas distribution franchise agreement as part of this re-approval process?

Answer: No. Changes to the franchise agreement can only be made by renewing the franchise agreement. However, renewing a valid and current franchise agreement is not recommended at this time because of the high number of approvals the AUC will be processing in the coming months due to the change in legislation.

Question: Can we change our franchise fee percentage as part of this re-approval process?

Answer: No.

Question: What if we want to change our franchise fee for 1 January, 1 February or 1 March 2025?

Answer: First, the re-approval process must be completed by early October 2024. Then, we can help you through the franchise fee rate change process. Contact us as soon as possible for further details and to start the process.

TOWN OF LEGAL

Report to Council

- Request for Decision
- Request for Direction
- For Council Information

Meeting:	Regular Council
Meeting Date:	September 16, 2024
Presented By:	Robert Proulx, Chief Administrative Officer
Title:	ATCO Gas and Pipelines Ltd. Franchise Agreement
Agenda Item No:	10.4

BACKGROUND / PROPOSAL:

The purpose of this Request for Decision is to bring to Council the ATCO Gas and Pipelines Ltd. Natural Gas Distribution System Franchise Agreement for discussion and recommendation. Included is the Natural Gas Distribution System Franchise Agreement that was executed on November 1st, 2016.

From 2016 until 2021, the franchise fee remained the same at 16.60%. In 2022, the franchise fee was increased to 25.00% to help offset the policing costs that are invoiced to the municipality.

Administration is recommending the ATCO Gas and Pipelines Ltd. Franchise Fee remain the same at 25.00% for 2025.

DISCUSSION / OPTIONS / BENEFITS / DISADVANTAGES:

ATCO Gas pays the Town of Legal a franchise fee. This fee is collected from consumers in the community based on a percentage of the Delivery Tariff.

Pursuant to Clause 5(b) of the Natural Gas Distribution System Franchise Agreement:

b) Adjustment to the Franchise Fee

At the option of the Municipality and subject to Commission approval, the franchise fee percentage may be changed annually by providing written notice to the Company.

If the Municipality wishes to amend the franchise fee percentage, then the Municipality will, no later than November 1st in any year of the Term, advise the Company in writing of the franchise fee percentage to be charged for the following calendar year. Upon receipt of notice, the Company will work with the Municipality to ensure all regulatory requirements are satisfied on a timely basis and agrees to use best efforts to obtain approval from the Commission for implementation of the proposed franchise fee percentage as and from January 1st of the following calendar year.

If the Municipality provides written notice at any other time with respect to a franchise fee change, the Company will implement the new franchise fee percentage as soon as reasonably possible.

Pursuant to clause 5(e), of the Natural Gas Distribution System Franchise Agreement:

e) Franchise Fee Cap

The franchise fee percentage will not at any time exceed thirty five percent (35%) without prior Commission approval.

The request of change to the franchise fee must be made in writing and received by ATCO Gas prior to October 15th, 2024.

COSTS / SOURCE OF FUNDING (if applicable):

In 2023, the Delivery Tariff revenue in the Town of Legal was \$318,699.00. The forecast Delivery Tariff revenue for 2025 is \$360,360.00. Therefore, based on the current franchise fee percentage, the estimated 2025 franchise fee revenue for the Town of Legal would be \$90,090.00.

Please note that the estimated delivery tariff revenue for 2025 can be impacted by changes in customer operations and weather. Additionally, ATCO has utilized forecast 2025 delivery rates, however, they have not yet been approved by the Alberta Utilities Commission. ATCO commits to providing updated franchise fee revenue forecasts at a future date should there be material impacts related to any update of these forecast assumptions.

RECOMMENDED ACTION (by originator):

It is recommended that the ATCO Gas franchise fee remain the same at 25.00% for 2025.

Initials show support – Reviewed by:

CAO: Original Signed - RP

August 29, 2024

Town of Legal
PO Box 390
Legal, AB, T0G 1L0

Attention: Mr. Robert Proulx, Chief Administrative Officer

Re: Natural Gas Franchise Fee Estimate for 2025 - Legal

As per the Natural Gas Distribution System Franchise Agreement between ATCO Gas and Pipelines Ltd. (**ATCO**) and the Town of Legal, ATCO pays the Town of Legal a franchise fee. The franchise fee is collected from gas customers within Legal and is calculated as a percentage of ATCO's revenue derived from the delivery tariff.

The franchise agreement requires that we provide ATCO's total revenues derived from the delivery tariff within Legal for 2023 and an estimate of total revenues to be derived from the delivery tariff within Legal for 2025. The chart below provides this information as well as an estimate of your franchise fee revenue for the 2025 calendar year.

ATCO's Delivery Tariff Revenue in 2023	ATCO's Estimated Delivery Tariff Revenue for 2025	Your Current Franchise Fee Percentage	Your Estimated Franchise Fees for 2025
\$318,699	\$360,360	25.00%	\$90,090

Please note that the estimated delivery tariff revenue for 2025 can be impacted by changes in customer operations and weather. Additionally, ATCO has utilized forecast 2025 delivery rates, however, they have not yet been approved by the Alberta Utilities Commission. ATCO commits to providing updated franchise fee revenue forecasts at a future date should there be material impacts related to any update of these forecast assumptions.

Under the franchise agreement, the Town of Legal has the option of changing the franchise fee percentage for 2025. If you are considering changing the franchise fee in 2025, please contact us as soon as possible to learn about the process. We will guide you through the process and will file an application with the Alberta Utilities Commission (AUC) for approval. A request to change the franchise fee must be made in writing and must be received by ATCO on or before October 15th, 2024.

We trust you will find this information useful. Should you have any questions or require anything further, please do not hesitate to contact me at Chance.Herring@atco.com.

Yours truly,

Chance Herring

Chance Herring

Senior Manager, Edmonton Region Field Operations
ATCO Gas & Pipelines Ltd.

BYLAW NO. 03-2016

A By-law of the Town of Legal to authorize the Mayor and Chief Administrative Officer to execute an agreement with ATCO Gas and Pipelines Ltd., to renew a agreement with, and to confer a franchise on the ATCO Gas and Pipelines Ltd. to deliver natural gas to customers within the Town of Legal.


WHEREAS the ATCO Gas and Pipelines Ltd. has requested a franchise be granted to provide natural gas services to customers within the Town of Legal;


AND WHEREAS it is deemed that such an agreement would be of benefit to customers within the Town of Legal;

THEREFORE under the authority of the Municipal Government Act, R.S.A. 2000, Chapter M-26, Part 3, Division 3, Section 45 - 47 be it enacted that the Mayor and Chief Administrative Officer be authorized to sign the agreement which is attached to and forming part of this By-law and marked as Schedule "A" between the Town of Legal and the ATCO Gas and Pipelines Ltd. to renew a agreement with and to confer a franchise on the ATCO Gas and Pipelines Ltd. to deliver natural gas services within the Town of Legal;

This By-law shall come into force upon the agreement being approved by the Alberta Utilities Commission for the Province of Alberta, and upon being given Third reading and finally passed.

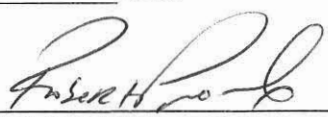
READ a First time this 6th day of September, 2016.


MAYOR


CHIEF ADMINISTRATIVE OFFICER

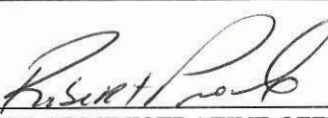
READ a Second time this 17 day of October 2016


MAYOR


CHIEF ADMINISTRATIVE OFFICER

READ a Third time and finally passed this 17 day of October 2016


MAYOR


CHIEF ADMINISTRATIVE OFFICER

NATURAL GAS DISTRIBUTION SYSTEM FRANCHISE AGREEMENT

2016

BETWEEN:

TOWN OF LEGAL

- AND -

ATCO GAS AND PIPELINES LTD.



Table of Contents

1) Definitions and Interpretation.....	4
2) Term.....	6
3) Expiry of Term of Agreement	7
4) Grant of Franchise	7
5) Franchise Fee	8
6) Core Services	10
7) Provision of Extra Services	10
8) Municipal Taxes	11
9) Right to Terminate on Default.....	11
10) Sale of Natural Gas Distribution System.....	11
11) Provision of Detailed Plans and Equipment	11
12) Right of First Refusal to Purchase	12
13) Construction and/or Maintenance of Natural Gas Distribution System	13
14) Responsibilities For Cost of Relocations.....	16
15) Natural Gas Distribution System Expansion	19
16) Increase in Municipal Boundaries	19
17) Joint Use of Municipal Rights-of-Way.....	19
18) Municipality as a Retailer.....	21
19) Reciprocal Indemnification and Liability.....	21
20) Assignment	22
21) Notices	23
22) Interruptions or Discontinuance of Delivery Service	24
23) Dispute Settlement.....	24
24) Application of Water, Gas and Electric Companies Act	25
25) Force Majeure	26
26) Terms and Conditions.....	26
27) Not Exclusive Against Her Majesty	26
28) Severability	26
29) Amendments	27
30) Waiver.....	27
31) Confidentiality	28



NATURAL GAS DISTRIBUTION SYSTEM FRANCHISE AGREEMENT

BETWEEN

TOWN OF LEGAL, a municipality located in the
Province of Alberta (the "**Municipality**")

OF THE FIRST PART

- and -

ATCO GAS AND PIPELINES LTD., a
corporation having its head office at the City of
Edmonton, in the Province of Alberta (the
"**Company**")

OF THE SECOND PART

WHEREAS by Agreement dated March 23, 1953 made between the Company and the Municipality a franchise was granted to the Company to supply natural gas to the Municipality and its inhabitants, for a period of twenty (20) years;

WHEREAS by Renewal Agreement dated May 28, 1973 the Agreement was renewed and extended for a period of ten (10) years;

WHEREAS by Renewal Agreement dated September 6, 1983 the Agreement was renewed and extended for a period of ten (10) years;

WHEREAS by Renewal Agreement dated November 15, 1993 the Agreement was renewed and extended for a period of ten (10) years;

WHEREAS by Agreement dated December 15, 1999 the Municipality consented to the assignment of the Franchise Agreement by Northwestern Utilities Limited to ATCO Gas and Pipelines Ltd.;

WHEREAS by Renewal Agreement dated September 5, 2006 the Agreement was renewed and extended for a period of ten (10) years;

WHEREAS the Municipality desires to grant and the Company, collectively the "Parties", desires to obtain an exclusive franchise to provide Natural Gas Distribution Service within the Municipal Service Area on the terms and conditions herein contained;

NOW THEREFORE in consideration of the mutual covenants and promises herein contained, the Parties hereby agree as follows:

1) Definitions and Interpretation

Unless otherwise expressly provided in this Agreement, the words, phrases and expressions in this Agreement will have the meanings attributed to them as follows:

- a) "Agreement" means this Natural Gas Distribution System Franchise Agreement;
- b) "Alternative Course of Action" shall have the meaning set out in paragraph 14 (c);
- c) "Commission" means the Alberta Utilities Commission (AUC) as established under the Alberta Utilities Commission Act (Alberta);
- d) "Company" means the Party of the second part to this Agreement and includes its successors and permitted assigns;
- e) "Construct" means constructing, reconstructing, upgrading, extending, relocating, or removing any part of the Natural Gas Distribution System;
- f) "Consumer" or "Consumers" as the text may require, means any individual, group of individuals, firm or body corporate, including the Municipality, with premises or facilities located within the Municipal Service Area from time to time that are provided with Natural Gas Distribution Service by the Company pursuant to the Company's Delivery Tariff;
- g) "Core Services" means all those services set forth in Schedule "A" of this Agreement;
- h) "Delivery Tariff" means the rates and Terms and Conditions of service approved by the Commission from time to time on an interim or final basis, as the case may be, for the Company to deliver Natural Gas to the Consumer;
- i) "Electronic Format" means any document or other means of communication that is created, recorded, transmitted or stored in digital form or in any other intangible form by electronic, magnetic or optical means or by any other computer-related means that have similar capabilities for creation, recording, transmission or storage;
- j) "Extra Services" means those services set forth in Schedule "B" that are requested by the Municipality for itself or on behalf of its citizens and provided by the Company in accordance with paragraph 7 of this Agreement;
- k) "GUA" means the Gas Utilities Act (Alberta);
- l) "Intended Time Frame" shall have the meaning set out in paragraph 14 (c);
- m) "Maintain" means to maintain and keep in good repair any part of the Natural Gas Distribution System;



- n) "Major Work" means any Work to Construct or Maintain the Distribution System that costs more than One Hundred Thousand (\$100,000.00) Dollars;
- o) "MGA" means the Municipal Government Act (Alberta);
- p) "Modified Plans" shall have the meaning set out in paragraph 14 (c)(ii);
- q) "Municipality" means the Party of the first part to this Agreement;
- r) "Municipal Compensation" shall have the meaning set out in paragraph 20;
- s) "Municipal Area" means the area within the municipal boundaries of the Municipality excepting thereout in their entirety lands annexed under Local Authorities Board Order No. 20121, effective December 31, 1991 containing approximately 22.96 hectares and more commonly referenced as the site of RAHR Malting Canada Ltd. formerly known as Westcan Malting Ltd. its successors and assigns, as at the date of this Agreement, and as it may be otherwise increased herein;
- t) "Municipal Property" means all property, including lands and buildings, owned, controlled or managed by the Municipality within the Municipal Service Area;
- u) "Natural Gas" means a combustible mixture of hydrocarbon gases;
- v) "Natural Gas Distribution Service" means the delivery of Natural Gas in accordance with the Company's Delivery Tariff;
- w) "Natural Gas Distribution System" means any facilities owned by the Company which are used to provide Natural Gas Distribution Service within the Municipal Service Area, and without limiting the generality of the foregoing, will include all mains, pipes, conduits, valves and all other installations used and required for the purpose of delivering Natural Gas to the Consumer within the Municipal Service Area and includes any Natural Gas transmission lines owned by the Company within the Municipal Service Area;
- x) "NOVA Gas Transmission Ltd. (NGTL)" means NGTL and its successors, as applicable, for purposes of paragraph 5 g) of this Agreement. For greater certainty, the provisions of paragraph 5 g) may only apply in relation to franchises held by ATCO;
- y) "Operate" means to operate the Natural Gas Distribution System, or to interrupt or restore service in any part of the Natural Gas Distribution System, in a safe and reliable manner;
- z) "Party" means any party to this Agreement and "Parties" means all of the parties to this Agreement;
- aa) "Plans and Specifications" means the plans, drawings and specifications reasonably



necessary to properly assess and review proposed Work prior to issuance of any approval that may be required under this Agreement;

- bb) "Term" means the term of this Agreement set out in paragraph 2;
- cc) "Terms and Conditions" means the terms and conditions contained within the Delivery Tariff in effect from time to time for the Company as approved by the Commission;
- dd) "Work" means any work to Construct or Maintain the Natural Gas Distribution System; and
- ee) "Work Around Procedures" shall have the meaning set out in paragraph 14 (c)(ii).

The words "hereof", "herein", "hereunder" and other words of similar import refer to this Agreement as a whole, including any attachments hereto, as the same may from time to time be amended or supplemented and not to any subdivision contained in this Agreement. Unless the context otherwise requires, words importing the singular include the plural and vice versa and words importing gender include all genders. References to provisions of statutes, rules or regulations will be deemed to include references to such provisions as amended, modified or re-enacted from time to time. The word "including" when used herein is not intended to be exclusive and in all cases means "including without limitation". References herein to a section, paragraph, clause, Article or provision will refer to the appropriate section, paragraph, clause, article or provision of this Agreement. The descriptive headings of this Agreement are inserted for convenience of reference only and do not constitute a part of and will not be utilized in interpreting this Agreement.

2) Term

- a) Subject to sub-paragraph 2(b), this Agreement will be for a minimum term of ten years, commencing on the later of:
 - i. 1st day of November 2016; and
 - ii. the first (1st) business day after both of the following have occurred:
 - A. the Commission has approved and acknowledged this Agreement; and
 - B. Council of the Municipality has passed third reading of the applicable adopting bylaw.
- b) This Agreement will expire on the 31st day October, 2026.
- c) It is agreed this Agreement supersedes and replaces any prior Natural Gas franchise agreements between the Municipality and the Company.



3) Expiry of Term of Agreement

- a) Provided the Company gives written notice to the Municipality not less than twelve (12) months prior to the expiration of the Term of its intention to negotiate a new franchise agreement, at any time following the expiration of the Term, and if the Municipality has not provided written notice to the Company to exercise its rights to purchase the Natural Gas Distribution System, either Party may submit any items in dispute pertaining to a new franchise agreement to binding arbitration by the Commission.
- b) Subject to subparagraph 3c) of this Agreement, upon expiry of the Term, this Agreement will continue in effect pursuant to the provisions of the MGA.
- c) Commencing one (1) year following the expiration of the Term of this Agreement, unless either Party has invoked the right to arbitration referred to in subparagraph 3a), or the Municipality has given written notice to purchase the Natural Gas Distribution System, this Agreement will be amended to provide the following:
 - i) Fifty percent (50%) of the franchise fee otherwise payable under this Agreement to the Municipality will be held back and deposited in trust in an interest bearing trust account by the Company, for the sole benefit of the Municipality. The trust money along with all accumulated interest will be paid to the Municipality immediately upon execution of another Natural Gas Franchise Agreement with the Company, or if the Municipality purchases the Natural Gas Distribution System, or if the Company transfers or sells the Natural Gas Distribution System, or upon further Order of the Commission.
 - d) In the event a franchise agreement template is approved by the Commission during the Term of this Agreement and the provisions are materially different from the provisions of this Agreement, the Parties may, by agreement in writing, amend this Agreement to conform to such franchise agreement template.

4) Grant of Franchise

- a) Subject to the terms and conditions hereof, the Municipality hereby grants to the Company the exclusive right within the Municipal Service Area to:
 - i. provide Natural Gas Distribution Service;
 - ii. Construct, Operate, and Maintain the Natural Gas Distribution System; and
 - iii. use portions of roads, rights-of-way, and other lands owned, controlled or managed by the Municipality which have been designated by the Municipality for such use and which are necessary to provide Natural Gas Distribution Service or to Construct, Operate and Maintain the Natural Gas Distribution System.



- b) Subject to subparagraph 4c) , and to the terms and conditions hereof, the Municipality agrees it will not, during the Term, grant to any other person, firm or corporation, the right to Construct, Operate and Maintain any natural gas distribution system nor the exclusive right to use the portions of the roads, rights-of-way and other lands owned, controlled or managed by the Municipality which have been designated by the Municipality for such use and which are necessary to provide Natural Gas distribution service or to Construct, Operate and Maintain a Natural Gas distribution system, for the purpose of delivering Natural Gas in the Municipal Service Area for Consumers, so long as the Company delivers the Consumers' requirements of Natural Gas.
- c) The Company agrees to:
- i. bear the full responsibility of an owner of a Natural Gas distribution system and to ensure all services provided pursuant to this Agreement are provided in accordance with the Delivery Tariff, insofar as applicable;
 - ii. Construct, Operate and Maintain the Natural Gas Distribution System;
 - iii. use designated portions of roads, rights-of-way, and other lands including other lands owned, controlled or managed by the Municipality necessary to Construct, Operate and Maintain the Natural Gas Distribution System, including the necessary removal, trimming of trees, shrubs or bushes or any parts thereof; and
 - iv. use the Municipality's roads, rights-of-way and other Municipal Property granted hereunder solely for the purpose of providing Natural Gas Distribution Service and any other service contemplated by this Agreement.

5) Franchise Fee

a) Calculation of Franchise Fee

In consideration of the rights granted pursuant to paragraph 4 and the mutual covenants herein and subject to Commission approval the Company agrees to collect from Consumers and pay to the Municipality a franchise fee. The Parties agree s. 360(4) of the *MGA*, as amended, does not apply to the calculation of the franchise fee in this Agreement. For each calendar year the franchise fee will be calculated as a percentage of the Company's actual total revenue derived from the Delivery Tariff, including without limitation the fixed charge, base energy charge, demand charge, but excluding the cost of Natural Gas (being the calculated revenues from the Natural Gas cost recovery rate rider or the deemed cost of Natural Gas and Natural Gas supply related riders) in that year for Natural Gas Distribution Service within the Municipal Service Area.



For the first (1st) calendar year or portion thereof of the Term of this Agreement, the franchise fee percentage will be Sixteen and Sixty One hundredths percent (16.60%).

By no later than September 1st of each year, the Company will:

- i. advise the Municipality in writing of the total revenues that were derived from the Delivery Tariff within the Municipal Service Area for the prior calendar year; and
- ii. with the Municipality's assistance, provide in writing an estimate of total revenues to be derived from the Delivery Tariff within the Municipal Service Area for the next calendar year.

b) Adjustment to the Franchise Fee

At the option of the Municipality and subject to Commission approval, the franchise fee percentage may be changed annually by providing written notice to the Company.

If the Municipality wishes to amend the franchise fee percentage, then the Municipality will, no later than November 1st in any year of the Term, advise the Company in writing of the franchise fee percentage to be charged for the following calendar year. Upon receipt of notice, the Company will work with the Municipality to ensure all regulatory requirements are satisfied on a timely basis and agrees to use best efforts to obtain approval from the Commission for implementation of the proposed franchise fee percentage as and from January 1st of the following calendar year.

If the Municipality provides written notice at any other time with respect to a franchise fee change, the Company will implement the new franchise fee percentage as soon as reasonably possible.

c) Notice to Change Franchise Fee

Prior to implementing any change to the franchise fee, the Municipality will notify its intent to change the level of the franchise fee and the resulting effect such change will have on an average residential Consumer's annual Natural Gas bill through publication of a notice once in the newspaper with the widest circulation in the Municipal Service Area at least forty five (45) days prior to implementing the revised franchise fee. A copy of the published notice will be filed with the Commission.

d) Payment of Franchise Fee

The Company will pay the Municipality the franchise fee amount billed to



Consumers on a monthly basis within forty-five (45) days after billing Consumers.

e) **Franchise Fee Cap**

The franchise fee percentage will not at any time exceed thirty five percent (35%) without prior Commission approval.

f) **Reporting Considerations**

Upon request, the Company will provide to the Municipality, along with payment of the franchise fee amount information on the total Delivery Tariff billed, the franchise fee percentage applied, and the derived franchise fee amount used by the Company to verify the payment of the franchise fee amount as calculated under this paragraph 5.

g) **Franchise Fees Collected from NOVA Gas Transmission Ltd. Customers**

In the event certain customers in the Municipal Service Area connected to the Company's Natural Gas Distribution System are customers of the NOVA Gas Transmission Ltd. (NGTL), a franchise fee will be collected from such customers by NGTL in accordance with NGTL's applicable tariff and such franchise fee once remitted to the Company will be aggregated with the franchise fee as calculated in paragraph 5 a) to be dealt with in accordance with paragraph 5 d).

6) **Core Services**

The Company agrees to provide to the Municipality the Core Services set forth in Schedule "A". The Company and the Municipality may amend Schedule "A" from time to time upon mutual agreement.

7) **Provision of Extra Services**

Subject to an agreement being reached, the Company agrees to provide to the Municipality the Extra Services, if any, set forth in Schedule "B"; as requested by the Municipality from time to time. The Company is entitled to receive from the Municipality a reasonable amount for full compensation for the provision of the Extra Services in accordance with Schedule "B". The Company and the Municipality may amend Schedule "B" from time to time upon mutual agreement.

Any breach by the Company in connection with the provision of any Extra Services contained in this Agreement will not constitute a breach of a material provision of this Agreement for the purposes of paragraph 9.

②

8) Municipal Taxes

Amounts payable to the Municipality pursuant to this Agreement will be (without duplication) in addition to the municipal taxes and other levies or charges made by the Municipality against the Company, its land and buildings, linear property, machinery and equipment.

9) Right to Terminate on Default

In the event either Party breaches any material provision of this Agreement, the other Party may, at its option, provide written notice to the Party in breach to remedy such breach. If the said breach is not remedied within two (2) weeks after receipt of the written notice or such further time as may be reasonably required by the Party in breach using best efforts on a commercially reasonable basis, the Party not in breach may give six (6) months notice in writing to the other Party of its intent to terminate this Agreement, and unless such breach is remedied to the satisfaction of the Party not in breach acting reasonably this Agreement will terminate six (6) months from the date such written notice is given, subject to prior Commission approval.

10) Sale of Natural Gas Distribution System

Upon the expiration of the Term of this Agreement or the termination of this Agreement pursuant to the terms and conditions hereof or by operation of law or order of a governmental authority or court of law having jurisdiction the Municipality may, subject to the approval of the Commission under Section 47 of the MGA:

- i. exercise its right to require the Company to sell to it the Natural Gas Distribution System within the Municipal Service Area pursuant to the provisions of the MGA, where applicable; or
- ii. if such right to require the Company to sell the Natural Gas Distribution System is either not applicable or has been repealed, require the Company to sell to it the Natural Gas Distribution System. If, upon the expiration of the Agreement, the parties are unable to agree on the price or on any other terms and conditions of the purchase, the unresolved matters will be referred to the Commission for determination.

11) Provision of Detailed Plans and Equipment

a) Detailed Plans

The Company agrees to provide to the Municipality for the Municipality's purposes only, the most current set of detailed plan sheets including as-built drawings and specifications showing the locations (excluding depth) and alignments of the Natural Gas Distribution System, excepting service lines and installations on private

property, according to the plan sheets in hard copy and in Electronic Format, where available, together with as many prints of the overall Natural Gas Distribution System as the Municipality may reasonably require. These plans and plan sheets will be updated by the Company on at least an annual basis.

The Municipality will, upon reasonable request, provide to the Company any subdivision development plans of the Municipality in hard copy and in Electronic Format, where available. The subdivision development plans are provided to the Company for the sole purpose of assisting the Company in delivering Natural Gas to the Consumer.

b) Provision of Equipment

The Company agrees to provide the Municipality's fire department with the equipment necessary for the operation of curb boxes and service valves. In case of fire, the service valves may be turned off by the fire department if they reach a fire before the Company's representative. The Municipality will notify one of the Company's representatives of fires which may affect the Natural Gas Distribution System and/or the operations thereof as quickly as reasonably possible or, in the event they cannot reach a Company representative, the Municipality will advise the Company's standby personnel of such fires. The Company will ensure its representatives reasonably cooperate with the Municipality in preventing, controlling and investigating fires involving or affecting the Natural Gas Distribution System.

12) Right of First Refusal to Purchase

- a) If during the Term of this Agreement, the Company receives a bona fide arm's length offer to operate, take control of, or purchase the Natural Gas Distribution System within the Municipal Service Area, which the Company is willing to accept, then the Company will promptly give written notice to the Municipality of the terms and conditions of such offer and the Municipality will during the next one hundred and twenty (120) days, have the right of first refusal to operate, take control of or purchase the Natural Gas Distribution System, as the case may be, for the same price and upon the terms and conditions contained in the said offer.

Notwithstanding the foregoing, in the event the Municipality fails or refuses to exercise its right of first refusal, the Municipality will retain the right to withhold its consent to an assignment of this Agreement in accordance with paragraph 20 below. For the purposes of this paragraph 12, "operate, take control" will not be construed as including the subcontracting by the Company of only some portions of its operations where the Company continues to be responsible for the performance of this entire Agreement;

- b) If the Municipality does not exercise its right of first refusal and the said bona fide offer the Company is willing to accept does not proceed to closure, the Municipality retains its right of first refusal on any other offer.

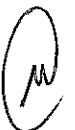


- c) This right of first refusal applies where the offer pertains only to the entire Natural Gas Distribution System. The right of first refusal does not apply to offers that include any other distribution systems or distribution facilities of the Company located outside of the Municipal Service Area. If such offer includes other distribution systems of the Company, the aforesaid right of first refusal will be of no force and effect and will not apply.
- d) Where the Municipality exercises its rights to purchase the Natural Gas Distribution System from the Company and thereby acquires the Natural Gas Distribution System, the Municipality agrees, should it no longer wish to own the Natural Gas Distribution System within five (5) years after it acquires the said system and the Municipality receives any bona fide offer from an arms-length third party to purchase the Natural Gas Distribution System, which it is willing to accept, then it will promptly give written notice to the Company of the terms and conditions of such offer. The Company will during the next one hundred and twenty (120) days have the first right of refusal to purchase the Natural Gas Distribution System for the same price and upon the same terms and conditions as contained in the said offer.
- e) The Municipality's right of first refusal will not apply where the Company has agreed to transfer the Natural Gas Distribution System to a third party utility company in exchange for certain other assets provided all of the following conditions are met:
 - i. the third party utility can demonstrate to the reasonable satisfaction of the Municipality that it meets the necessary technical and financial requirements to own and operate the Natural Gas Distribution System;
 - ii. the only consideration that will be exchanged between the Company and the third party utility company is the transfer and exchange of assets and monetary consideration limited to a maximum of 49% of the net book value of the Natural Gas Distribution System;
 - iii. there is no adverse impact to the Municipality resulting from the transfer and exchange above referenced as determined by the Commission;
 - iv. the Company and the third party utility company obtain all the requisite regulatory requirements prior to completing the transfer and exchange; and
 - v. full compensation is paid to the Municipality for all reasonable costs including administrative and legal costs incurred by the Municipality in ensuring all of the conditions i) through iv) above are satisfied.

13) Construction and/or Maintenance of Natural Gas Distribution System

- a) Municipal Approval

Before undertaking any Major Work, or in any case in which the Municipality



specifically requests any Major Work, the Company will submit to and obtain the written approval from the Municipality, or its authorized officers, of the Plans and Specifications for the proposed Major Work and its location. Approval by the Municipality granted in accordance with this paragraph will be limited to an approval of the location and alignment of the Major Work only, and will not signify approval of the structural design or the ability of the work to perform the function for which it was intended.

Prior to commencing the Work, the Company will obtain such other applicable permits as are required by the Municipality. The Company will notify the Municipality of all Work done within the Municipal Service Area prior to commencing the Work where reasonably practicable. However, only Major Work is subject to a formal approval process.

The Company will obtain prior written approval from the Municipality for any traffic lane or sidewalk closures required to be made at least forty-eight (48) hours prior to the commencement of the proposed Work.

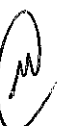
For the purposes of obtaining the approval of the Municipality for Major Work under this Agreement, the Company will provide the Municipality with the Plans and Specifications for the proposed Major Work in Electronic Format (or upon request, the Company will provide the Municipality with a hard copy of the materials). The Plans and Specifications will include a description of the project and drawings of a type and format generally used by the Company for obtaining approvals from municipalities and will illustrate the proposed changes to the Natural Gas Distribution System.

b) Restoration of Municipal Property

The Company agrees when it or any agent employed by it undertakes any Work on any Municipal Property, the Company will complete the said Work promptly and in a good and workmanlike manner and, where applicable, in accordance with the approved Plans and Specifications. Further, and unless otherwise agreed to by the Parties, the Company will forthwith restore the Municipal Property to the same state and condition, as nearly as reasonably possible, in which it existed prior to the commencement of such Work, subject to reasonable wear and tear and to the satisfaction of the Municipality acting reasonably.

The Company will, where reasonably practicable and prudent, locate its pipelines and related equipment in lanes and alleys rather than in the streets and main thoroughfares.

The Company further covenants it will not unduly interfere with the works of others or the works of the Municipality. Where reasonable and in the best interests of both the Municipality and the Consumer, the Company will cooperate with the Municipality and coordinate the installation of the Natural Gas Distribution System along the designated rights-of-way pursuant to the direction of the Municipality.



During the performance of the Work, the Company will use commercially reasonable efforts to not interfere with existing Municipal Property and to cause as little damage as possible to the property of others (including the Municipality Property). If the Company causes damage to any existing Municipal Property during the performance of any Work, it will cause such damage to be repaired at its own cost.

Upon default by the Company or its agent to repair damage caused to Municipal Property as set out above, the Municipality may provide written notice to the Company to remedy the default. If the default is not remedied within two (2) weeks after receipt of the written notice or such further time as may be reasonably required and requested by the Company using best efforts on a commercially reasonable basis to remedy the default, the Municipality may undertake such repair work and the Company will be liable for the reasonable costs thereof.

c) Urgent Repairs and Notification to Municipality

If any repairs or maintenance required to be made to the Natural Gas Distribution System are of an urgent nature where the operation or reliability of the Natural Gas Distribution System is materially compromised or potentially materially compromised, the Company will be entitled to conduct such repairs or maintenance as are commercially reasonable without prior notice to the Municipality and, unless otherwise specified by the Municipality, the Company will provide notice to the Municipality as soon as practicable and, in any event, no later than seventy-two (72) hours after the repairs are commenced.

d) Company to Obtain Approvals from Other Utilities

The Company will be solely responsible for locating, or causing to be located, all existing utilities or utility mains, pipes, valves and related facilities in, on or adjacent to the Work site. The Company will notify all other utility operators and ensure utilities and utility mains, pipes, valves and related facilities are staked prior to commencement of construction. Unless the Municipality has staked the location for the utility property, staking will not be deemed to be a representation or warranty by the Municipality the utility or utility property are located as staked. The Municipality will not be responsible for any damage caused by the Company to any utility or any third party as a result of the Company's Work, unless the Municipality has improperly staked the utility property. Approval must be obtained by the Company from the owner of any third party utility prior to relocation of any facility owned by such third party utility.

e) Revised Plans and Specifications

Following completion of the Major Work, the Company will provide the Municipality with the revised Plans and Specifications, updated after construction, in Electronic Format, where available and upon request, the Company will provide the Municipality with a hard copy of the materials within three (3) months of the request. The Company will provide the Municipality with copies of any other revised Plans and Specifications as reasonably requested by the Municipality. For the purposes of this paragraph and



paragraph 11, the Company may satisfy its obligations to provide revised Plans and Specifications in Electronic Format by:

- i. advising the Municipality the revised Plans and Specifications are posted to a web-based forum that contains such information; and
- ii. allowing the Municipality access to such web-based forum.

f) Approvals

Where any approvals are required to be obtained from either Party under this paragraph, such approvals will not be unreasonably withheld.

The Company will ensure all Work is performed in accordance with the requirements of all applicable legislation, rules and regulations. The Company will immediately notify the Municipality of any lien, claim of lien or other action of which it has or reasonably should have knowledge, and will cause the same to be removed within thirty (30) days (or such additional time as the Municipality may allow in writing), failing which the Municipality may take such action as it reasonably deems necessary to remove the same and the entire cost thereof will be immediately due and payable by the Company to the Municipality.

14) Responsibilities For Cost of Relocations

- a) Upon receipt of one (1) year's notice from the Municipality, the Company will, at its own expense, relocate to Municipal Property such part of the Natural Gas Distribution System that is located on Municipal Property as may be reasonably required by the Municipality due to planned municipal construction. In order to encourage the orderly development of Municipal facilities and the Natural Gas Distribution System, the Municipality and the Company agree they will meet regularly to:
 - i. review the long-term facility plans of the Municipality and the Company; and
 - ii. determine the time requirements and costs for final design specifications for each relocation. Providing the Municipality is not the developer requesting the relocation for commercial or residential resale to third parties, the Company will bear the expenses of the required relocation.
- b) Notwithstanding the foregoing, the Company will not be required to move any part of the Natural Gas Distribution System after receipt of notice from the Municipality in accordance with this paragraph where:
 - i. the Company has illustrated to the satisfaction of the Municipality, acting reasonably, an appropriate Alternative Course of Action is available;
 - ii. the Municipality has provided the Company with its written approval of the



Alternative Course of Action (which approval may not be unreasonably withheld by the Municipality); and

- iii. the Company has provided its written undertaking to carry out the Alternative Course of Action promptly and within a sufficiently short period of time so as to ensure the Municipality will be left with sufficient time to complete the said planned municipal construction within the Intended Time Frame (taking into account any delays which the Municipality may encounter as a result of the Company utilizing the Alternative Course of Action).
- c) For the purposes of this paragraph 14, the term "Alternative Course of Action" will mean any course of action that will enable the Municipality to complete the said Municipal construction and will result in a net cost savings to the Company (taking into account all additional costs incurred by the Company in carrying out the Alternative Course of Action and any additional costs which the Municipality may incur and which the Company will be required to pay in accordance with this paragraph 14 and "Intended Time Frame" will mean the period of time within which the Municipality would have reasonably been able to complete the said Municipal construction if the Company would have relocated the Natural Gas Distribution System in accordance with this paragraph 14.

If the Municipality agrees to permit the Company to utilize an Alternative Course of Action, the Company will pay any and all costs incurred in carrying out the Alternative Course of Action and will pay on demand to the Municipality (on a full indemnity basis) any and all costs incurred by the Municipality:

- i. in conducting a review of the Alternative Course of Action to determine whether the Alternative Course of Action is acceptable to the Municipality;
 - ii. in modifying any plans the Municipality may have prepared in respect of the said municipal construction ("Modified Plans") or in preparing or developing plans and procedures ("Work Around Procedures") to work around the Natural Gas Distribution System or any improvement, thing, or component utilized by the Company in effecting the Alternative Course of Action; and
 - iii. in the course of conducting the said planned municipal construction where such costs would not have been incurred by the Municipality if the Company had relocated the Natural Gas Distribution System in accordance with this paragraph 14 (including any reasonable additional cost the Municipality may incur in completing the said municipal construction in accordance with the Modified Plans or in effecting any Work Around Procedures).
- d) The following example illustrates the intended application of the foregoing provisions:

Where:



- i. The Municipality requires the Company to move a Natural Gas line so the Municipality can replace its own sewer lines. The cost of moving the Natural Gas line is \$10,000. The cost of carrying out the replacement of the sewer line after moving the Natural Gas line is \$40,000;
- ii. The Company proposes to simply brace the Natural Gas line (at a cost of \$2,000) and the Municipality, acting reasonably, approves of this as an Alternative Course of Action;
- iii. As a result of having to prepare Modified Plans and to prepare and implement Work Around Procedures to work around the braces, the actual cost incurred by the Municipality in replacing the sewer line is \$45,000 (being a net increase in cost of \$5,000); the Company is required to pay the \$2,000 cost of the bracing together and the additional cost of \$5,000 incurred by the Municipality (resulting in a net savings of \$3,000 to the Company).

In cases of emergency, the Company will take all measures that are commercially reasonable and necessary to ensure public safety with respect to relocating any part of the Natural Gas Distribution System that may be required in the circumstances.

If the Company fails to complete the relocation of the Natural Gas Distribution System or fails to repair or do anything else required by the Company pursuant to this subparagraph without valid justification and in a timely and expeditious manner to the satisfaction of the Municipality's representative, acting reasonably, the Municipality may, but is not obligated to, complete such relocation or repair and the Company will pay the reasonable costs of such relocation or repair forthwith to the Municipality. If the Municipality chooses to complete such relocation or repair the Municipality will ensure such work is completed using the Company's design specifications and standards, as provided by the Company, including the use of good and safe operating practices.

The Municipality is not responsible, either directly or indirectly, for any damage to the equipment which forms part of the Natural Gas Distribution System which may occur during its installation, maintenance or removal by the Company, nor is the Municipality liable to the Company for any losses, claims, charges, damages and expenses whatsoever suffered by the Company including claims for loss of revenue or loss of profits, on account of the actions of the Municipality, its agents or employees, working in, under, over, along, upon and across its highways and rights-of- ways or other Municipal Property other than direct loss or damage to the Company caused by the negligence or willful misconduct of the Municipality, its agents or employees.

In the event the relocation or any part thereof requires the approval of a third party, the Municipality will use reasonable efforts to assist the Company in any negotiation with such third party to obtain the necessary approval(s).

In the event the relocation results from the demand or order of an authority having jurisdiction, other than the Municipality, the Municipality will not be responsible for any



of the costs of such relocation.

15) Natural Gas Distribution System Expansion

Subject to the Terms and Conditions, and at no cost to the Municipality unless otherwise provided for under the Terms and Conditions, the Company will, on a timely basis, use its best efforts on a commercially reasonable basis to meet the Natural Gas Distribution System expansion requests of the Municipality or a Consumer and provide the requisite facilities for connections for new Consumers to the Natural Gas Distribution System.

16) Increase in Municipal Boundaries

Where the Municipality increases its geographical area, through annexation or amalgamation, as understood under the MGA, by the greater of 640 acres and twenty five (25%) percent of the current area or more, the Municipality will have the option to:

- a) terminate this Agreement provided the Municipality gives notice in writing to the Company of its intention to do so; or
- b) add the increased area to the Municipal Service Area already served by the Company so that the rights and obligations contained in this Agreement will apply in respect of the Municipal Service Area, including the increased area.

For all other increases to the Municipal Service Area through annexation or amalgamation as understood under the MGA, the rights and obligations contained in this Agreement will apply in respect of the whole Municipal Service Area, including the increased area.

17) Joint Use of Municipal Rights-of-Way

- a) Municipal Use

The Municipality will upon written notice to the Company have, for any reasonable municipal purpose, the right to make use of any municipal rights-of-way granted to the Company by the Municipality, provided such use complies with good and safe operating practices, as determined by the Company acting reasonably, applicable legislation, and does not unreasonably interfere with the Company's use thereof, at no charge to the Municipality. The Municipality is responsible for its own costs and any necessary and reasonable costs incurred by the Company including the costs of any alterations that may be required in using municipal rights-of-way.

- b) Third Party Use and Notice

If any third party, including other utilities, desire to jointly use the municipal rights-



of-way, the Company agrees it will not grant the third party joint use except in accordance with this paragraph, or unless otherwise directed by any governmental authority or court of law having jurisdiction.

The Company agrees the following procedure will be used in granting permission to third parties desiring joint use of the municipal rights-of-way:

- i. first, the third party will be directed to approach the Company to initially request conditional approval from the Company to use that part of the municipal rights-of-way it seeks to use;
- ii. second, upon receiving written conditional approval from the Company, the third party will be directed to approach the Municipality to obtain its written approval to jointly use that part of the municipal rights-of-way. As a condition of granting its consent, the Municipality may require such third party enter into an agreement with the Municipality, and such agreement may require such third party pay compensation to the Municipality; and
- iii. third, upon receiving written conditional approval from the Municipality, the third party will be directed to obtain final written approval from the Company to jointly use that part of the municipal rights-of-way. Once a joint use agreement has been entered into between the Company and the third party, it will not be subsequently amended without the written consent of the Municipality (which consent will not be unreasonably withheld).

c) Cooperation

The Company and the Municipality agree they will use reasonable efforts to cooperate with each other in encouraging the use of joint trenching and in any negotiations with third parties desiring joint use of any part of the municipal rights-of-way located on Municipal Property.

d) Payment

The compensation paid or to be paid by such third party to the Municipality for the use of the Municipal Property including its rights-of-way, will be determined between the Municipality and the third party.

The compensation paid or to be paid by such third party to the Company for the joint use of any portion of the municipal rights-of-way will be determined between the Company and the third party, subject to the jurisdiction of any governmental authority over the matter and the Municipality's right to intervene in any related regulatory proceeding.

e) Provision of Agreements



Upon reasonable request by the Municipality, copies of these agreements will be updated by the Company and provided to the Municipality at no cost to the Municipality.

18) Municipality as a Retailer

The provisions of this Agreement will not in any way restrict the right of the Municipality to become a retailer within the meaning of the GUA.

19) Reciprocal Indemnification and Liability

- a) The Company will indemnify and save the Municipality, its servants, agents, employees, licensees, contractors and invitees, harmless from and against any and all liability, actions, demands, claims, damages, losses and expenses (including all legal costs and disbursements), including indemnity from and against any claim, loss, cost, demand and legal or other expense, whether in respect of any lien, encumbrance or otherwise, arising out of any Work performed by or for the Company, which may be brought against or suffered, sustained, paid or incurred by the Municipality, its servants, agents, employees, contractors, licensees and invitees, arising from, or otherwise caused by:
- i. any breach by the Company of any of the provisions of this Agreement; or
 - ii. the negligence or willful misconduct of the Company, or any of its servants, agents, employees, licensees, contractors or invitees in carrying on its business within the Municipal Service Area.
- b) The Municipality will indemnify and save the Company, its servants, agents, employees, licensees, contractors and invitees, harmless from and against any and all liability, actions, demands, claims, damages, losses and expenses (including all legal costs and disbursements) which may be brought against or suffered, sustained, paid or incurred by the Company, its servants, agents, employees, licenses, contractors and invitees, arising from, or otherwise caused by:
- i. any breach by the Municipality of any of the provisions of this Agreement; or
 - ii. the negligence or willful misconduct of the Municipality, or any of its servants, agents, employees, licensees, contractors or invitees, in carrying on the business of the Municipality.
- c) Notwithstanding anything to the contrary herein contained, in no event will the Municipality or the Company be liable under this Agreement, in any way, for any reason, for any indirect, special or consequential damages (including damages for pure economic loss, loss of profits, loss of earnings or loss of contract), howsoever caused or contributed to.



20) Assignment

In the event the Company agrees to sell the Natural Gas Distribution System to a third party purchaser, the Company will comply with paragraph 10 above. In addition, the Company will request the third party purchaser confirm in writing it will agree to all the terms and conditions of this Agreement between the Company and the Municipality. The Company agrees it will provide to the Municipality a copy of the third party purchaser's confirmation letter.

The Company agrees to provide the Municipality with reasonable prior written notice of a sale of the Natural Gas Distribution System to a third party purchaser. The Parties will thereafter meet to discuss the technical and financial capabilities of the third party purchaser to perform and satisfy all terms and conditions of the Agreement, and the compensation payable to the Municipality for all costs including administrative and legal costs relating to providing its written consent to the Assignment ("Municipal Compensation").

The Municipality has thirty (30) days from the meeting date with the Company to provide written notice to the Company of its intention to consent or withhold its consent to the assignment of the Agreement to the third party purchaser. The Company agrees the Municipality may provide notice of its intention to withhold its consent to the assignment of this Agreement to the third party purchaser if the Municipal Compensation is inadequate or if the third party purchaser fails to covenant, in favour of the Municipality, to perform and observe all of the covenants and obligations of the Company to be performed and observed under this Agreement and otherwise solely on the basis of reasonable and material concerns regarding the technical capability or financial wherewithal of the third party purchaser to perform and satisfy all terms and conditions of the Agreement. In this case, such notice to the Company must specify in detail the Municipality's concern.

Should the Municipality not reply within the thirty (30) day period, it is agreed the Municipality will be deemed to have consented to the assignment. The Company further agrees when it applies to the Commission for approval of the sale, it will include in the application any notice received from the Municipality, including the reasons given by the Municipality for withholding its consent. The Municipality will have the right to make its own submissions to the Commission.

Subject to the Company having fulfilled the obligations outlined in the preceding three paragraphs, the Company will be entitled to assign this Agreement to an arm's length third party purchaser of the Natural Gas Distribution System without the consent of the Municipality, subject to paying the Municipal Compensation for the assignment, and having obtained the Commission's approval for the sale of the Natural Gas Distribution System and, the third party purchaser's confirmation in writing that it agrees to all the terms and conditions of this Agreement.

Where the Commission approves such sale of the Natural Gas Distribution System to a



third party and the third party provides written confirmation to assume all liabilities and obligations of the Company under this Agreement, then upon the assignment of this Agreement and the payment of the Municipal Compensation for its consent to the Assignment subject to Commission approval, the Company will be released from all its liabilities and obligations thereunder.

The Company will be entitled to assign this Agreement to a subsidiary or affiliate of the Company without the Municipality's written consent. Where the Company assigns this Agreement to a subsidiary or affiliate, the Company will remain jointly and severally liable.

Further, it is a condition of any assignment that the subsidiary, affiliate or third party purchaser, as the case may be, will provide written notice to the Municipality indicating it will assume all liabilities and obligations of the Company under this Agreement.

Any disputes arising under the operation of this paragraph will be submitted to the Commission for determination.

21) Notices

- a) All notices, demands, requests, consents, or approvals required or permitted to be given pursuant to the terms of this Agreement will be in writing and will be deemed to have been properly given if personally served, sent by registered mail or sent in Electronic Format to the Municipality or to the Company as the case may be, at the addresses set forth below:

To the Company:

ATCO GAS AND PIPELINES LTD.
Attention: Vice President, Edmonton Region Operations
240 Portage Close
Sherwood Park, Alberta T8H-2R6

Phone (780) 420-7500 Fax (780) 420-5565

To the Municipality:

TOWN OF LEGAL
Attention: Chief Administrative Officer
PO Box 390
Legal, Alberta T0G-1L0

Phone (780) 961-3773 Fax (780) 961-4133

- b) The date of receipt of any such notice as given above, will be deemed to be as follows:



- i. In the case of personal service, the date of service;
- ii. In the case of registered mail, the seventh (7th) business day following the date of delivery to the Post Office, provided, however, in the event of an interruption of normal mail service, receipt will be deemed to be the seventh (7th) day following the date on which normal service is restored; or
- iii. In the case of delivery in Electronic Format, the date the notice was actually received by the recipient or, if not a business day, then the next business day.

22) Interruptions or Discontinuance of Delivery Service

Subject to its Delivery Tariff, the Company will use its best efforts on a commercially reasonable basis to avoid and minimize any interruption, reduction or discontinuance of Natural Gas Distribution Service to any Consumer. However, the Company reserves the right to do so for any one of the following reasons:

- a) Where the Company is required to effect necessary repairs or changes to the Natural Gas Distribution System;
- b) On account of or to prevent fraud or abuse of the Natural Gas Distribution System;
- c) On account of defective aspects of the Natural Gas Distribution Systems which in the opinion of the Company, acting reasonably, may become dangerous to life or property;
- d) Where required, under the Terms and Conditions, due to a Consumer's non-payment of Natural Gas bills.

To the extent the Company has any planned major interruptions, reductions or discontinuances in Natural Gas Distribution Service, it will notify the Municipality in writing as soon as practicable in the circumstances. For any other major interruption, reductions or discontinuances in Natural Gas Distribution Service, the Company will provide notice (in a format acceptable to the Municipality) as soon as is practicable in the circumstances.

23) Dispute Settlement

- a) If any dispute or controversy of any kind or nature arises relating to this Agreement or the Parties' rights or obligations hereunder, the Parties agree such dispute or controversy will be resolved by negotiation, and where such negotiation does not result in the settlement of the matter within thirty (30) days of notice of such dispute being provided by one Party to the other Party, and to the extent permitted by law, the Company and Municipality agree that unresolved disputes pertaining to this Agreement, other than those contemplated in paragraphs 3 and



20 and Section 3 of Schedule "A", or those related to the sale of the Natural Gas Distribution System as contemplated in paragraphs 10 and 12 hereof, or any other matter within the exclusive jurisdiction of a governmental authority having jurisdiction, will be submitted to arbitration for determination and may be commenced by either Party providing written notice to the other Party stating the dispute to be submitted to arbitration.

The Parties will attempt to appoint a mutually satisfactory arbitrator within ten (10) business days of the said notice. In the event the Parties cannot agree on a single arbitrator within the ten (10) business days, the dispute will be forwarded to the Commission for resolution or determination.

In the event the Commission declines to assist in resolving the dispute or declines to exercise or claim jurisdiction respecting the dispute, both Parties agree to have the dispute resolved by an arbitration panel in accordance with the following procedure.

Each Party will appoint an arbitrator within the ten (10) business days thereafter by written notice, and the two arbitrators will, together, appoint a third arbitrator within twenty-five (25) business days of written notice for arbitration. The dispute will be heard by the arbitration panel within forty-five (45) business days of the written notice for arbitration unless extended by mutual agreement between the Parties. The arbitration panel will render a decision within twenty (20) business days of the last day of the hearing.

Except, as otherwise expressly provided in this Agreement, the provisions of the Arbitration Act (Alberta) (as amended from time to time) will apply to any arbitration undertaken under this Agreement subject always to the Commission's jurisdiction over any matter submitted to arbitration. Pending resolution of any dispute, the Municipality and the Company will continue to perform their respective obligations hereunder.

- b) The Company will advise the Commission of any dispute submitted to arbitration within ten (10) business days of it being submitted and will advise the Commission of the results of arbitration within ten (10) business days following receipt of the decision of the arbitrator(s).

24) Application of Water, Gas and Electric Companies Act

This Agreement will be deemed to operate as consent by the Municipality to the exercise by the Company of those powers which may be exercised by the Company with the consent of the Municipality under and pursuant to the provisions of the *Water, Gas and Electric Companies Act* (Alberta), as amended.

C

25) Force Majeure

If either Party fails to meet its obligations hereunder within the time prescribed, and such failure is caused or materially contributed by an event of "force majeure", such failure will be deemed not to be a breach of the obligations of such Party hereunder, but such Party will use its best efforts on a commercially reasonable basis to put itself in a position to carry out its obligations hereunder. The term "force majeure" will mean any acts of God, strikes, lock-outs, or other industrial disturbances, acts of the Queen's enemies, acts of terrorism (either foreign or domestic), sabotage, war, blockades, insurrections, riots, epidemics, lightening, earthquakes, storms, fires, wash-outs, nuclear and radiation activity or fall-out, restraints of rulers and people, orders of governmental authorities or courts of law having jurisdiction, the inability to obtain any necessary approval from a governmental authority (excluding the Municipality) having jurisdiction, civil disturbances, explosions, mechanical failure, and any other causes similar in nature not specifically enumerated or otherwise specified herein that are not within the control of such Party, and all of which by the exercise of due diligence of such Party could not have been prevented. Lack of finances will be deemed not to be an event of "force majeure".

26) Terms and Conditions

The Terms and Conditions applicable to the Company and approved by the Commission, as revised or amended from time to time by the Commission, will apply to the Municipality. Nothing in this Agreement is intended to supersede the Terms and Conditions.

27) Not Exclusive Against Her Majesty

Notwithstanding anything to the contrary herein contained, it is mutually understood and agreed the rights, powers and privileges conferred and granted by this Agreement will not be deemed to be exclusive against Her Majesty in right of the Province of Alberta.

28) Severability

If for any reason any covenant or agreement contained in this Agreement, or the application thereof to any Party, is to any extent held or rendered invalid, unenforceable or illegal, then such covenant or agreement will be deemed to be independent of the remainder of this Agreement and to be severable and divisible from this Agreement. The invalidity, unenforceability or illegality will not affect, impair or invalidate the remainder of this Agreement or any part thereof. The intention of the Municipality and the Company is that this Agreement would have been executed without reference to any portion which may, for any reason or to any extent, be declared or held invalid, unenforceable or illegal.



29) Amendments

This Agreement may only be amended by written agreement of the Parties, such amendments to be subject to any regulatory approvals required by law.

30) Waiver

A waiver of any default, breach or non-compliance under this Agreement is not effective unless in writing and signed by the Party to be bound by the waiver. No waiver will be inferred from or implied by any failure to act or delay in acting by a Party in respect of any default, breach or non-observance or by anything done or omitted to be done by the other Party.

The waiver by a Party of any default, breach or non-compliance under this Agreement will not operate as a waiver of that Party's rights under this Agreement in respect of any continuing or subsequent default, breach or non-compliance under this Agreement (whether of the same nature or any other nature).

10.4

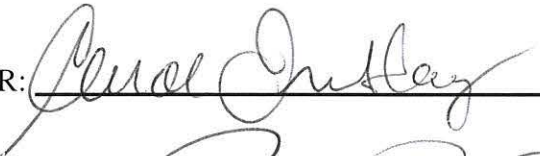


31) Confidentiality

The Company acknowledges the Municipality is governed by the provisions of the *Freedom of Information and Protection of Privacy Act* (Alberta).

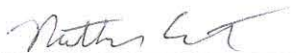
IN WITNESS WHEREOF the Parties hereto have executed these presents as of the day and year first above written.

(Municipality)

PER: 

PER: 

(Company)

PER: 
Vice President, Edmonton Region Operations

PER: 
Senior Manager, Edmonton Region Operations

SCHEDULE "A" Core Services

The Company will provide to the Municipality the following basic services as Core Services:

- 1) The Company will deliver Natural Gas to the Consumers in accordance with the Company's Terms and Conditions, the Company's Distribution Tariff, the GUA, any regulations thereto, and any Commission orders and decisions.
- 2) The Company will install all Natural Gas facilities required to provide service to the Consumers in accordance with all applicable regulations, codes, applicable standards and common industry practices.
- 3) As required by legislation, the Company will provide and install all necessary regulators and meters necessary for measuring the Natural Gas supplied to each Consumer.
- 4) The Company agrees to collaborate with the Municipality's emergency response services in an effort to mutually develop emergency response procedures relating to Natural Gas emergencies.
- 5) The Company will provide personnel twenty-four (24) hours a day to investigate and make safe any suspected gas leak inside or outside the Consumer's premises.
- 6) The Company will utilize the services of qualified personnel for designing all Natural Gas facilities to satisfy all applicable regulatory codes and standards, preparing necessary work order plans and monitoring the distribution network pressures to ensure the Company's facilities will satisfy the Consumer's current and future Natural Gas delivery requirements.
- 7) The Company will provide to the Municipality, on request, copies of any and all Natural Gas Distribution Service related written or electronic, where available information or reports required to be filed with the Commission by the Company.
- 8) The Company will provide to the Municipality, upon request and to the extent the information is available, an annual report on the following standards:
 - a) **System Reliability** - will be measured by:
 - i. The number of major outages resulting in a loss of service to Consumers;
 - ii. The number of Consumers affected by each major outage; and
 - iii. The duration of each major outage.
 - b) **Consumer Satisfaction** - will be measured by:



- i. Company-wide call centre targets and statistics (wait times, abandoned calls, call volumes, etc.); and
 - ii. any Consumer complaints received by the Commission.
- c) **Public Safety** - will be measured by:
 - i. the number of customer injuries and/or damages due to Natural Gas Distribution System failure;
 - ii. the number of line hits per total locates completed;
 - iii. the number of line hits as a result of inaccurate locates;
 - iv. the percentage of the area of the Municipality surveyed for leaks and yearly cathodic protection measures;
 - v. the number and nature of calls received from the Municipality and any of its Municipal agencies (including fire department, police department etc.) regarding the Natural Gas Distribution System.
- 9) Once per year, upon request and subject to any applicable privacy legislation, the GUA Code of Conduct Regulation or other rules prohibiting or restricting such disclosure, the Company will provide to the Municipality:
 - a) The total number of sites billed within the Municipal Service Area, by Company rate class, per revenue month, for each of the last two (2) years;
 - b) The total gigajoules (GJ) of Natural Gas consumed by Consumers billed within the Municipal Service Area, by Company rate class, per revenue month, for each of the last two (2) years;
 - c) The franchise fee revenue billed to Consumers within the Municipal Service Area, by Company rate class, per revenue month, for each of the last two (2) years;
 - d) Where the Municipality is the customer of record and the Municipality provides a list of those sites to the Company on the form provided by the Company:
 - i. The total number of those sites billed within the Municipal Service Area, by Company rate class, per revenue month, for each of the last two (2) years;
 - ii. The total gigajoules (GJ) of Natural Gas at those sites billed within the Municipal Service Area, by Company rate class, per revenue month, for each of the last two (2) years;
 - iii. The franchise fee revenue billed to those sites within the Municipal Service Area,



by Company rate class, per revenue month, for each of the last two (2) years; and

e) Such other information as may be agreed upon by the Parties from time to time.

Where privacy legislation, the GUA Code of Conduct Regulation or other rules prohibiting such disclosure prevent the Company from providing the information above, the Company will make reasonable attempts to aggregate the information so as to comply with the applicable rules. The Company will not be obligated to provide such aggregated information if it believes such aggregation will not allow the Company to comply with the applicable rules.

10) Upon request by either Party, the Company will meet with the Municipality. Through a mutual exchange of information the Company will keep the Municipality apprised of the Company's construction and upgrading programs planned for the Municipal Service Area and the Municipality will advise the Company of any issues or plans relating to, or potentially impacting, the Natural Gas Distribution System.

SCHEDULE "B" Extra Services

Nothing in this Agreement precludes the Parties from contracting for Extra Services outside the provisions of this Agreement. In the event the Parties do elect to contract for the provision of Extra Services within the provisions of this Agreement and unless otherwise agreed upon by the Parties, nothing in this Agreement will preclude the Company from sub-contracting with third parties for the provision of Extra Services.

Subject to Commission approval, as may be required, any payments from the Municipality to the Company for Extra Services, if agreed to by the Municipality, may be deducted from the Franchise Fee collected from Consumers and otherwise remitted to the Municipality pursuant to paragraph 5 of this Agreement. The timing and quantum of such payments will be as agreed upon by the Parties and set forth as an amendment to this Schedule.

TOWN OF LEGAL

Report to Council

- Request for Decision
- Request for Direction
- For Council Information

Meeting:	Regular Council
Meeting Date:	September 16, 2024
Presented By:	Robert Proulx, Chief Administrative Officer
Title:	Northern Lights Library System 2025 Levy
Agenda Item No:	10.5

BACKGROUND / PROPOSAL:

At the September 5, 2023 Council meeting, the Town of Legal joined the Northern Lights Library System (NLLS) and signed the Northern Lights Library System Agreement and appointed Councillor Hills as a representative from the Town of Legal to sit on the NLLS Board.

On September 11, 2024, the Northern Lights Library System Board unanimously approved, in principle, the upcoming 2025 budget. The budget includes a 1.5% levy increase for Municipalities and/or their Library Boards.

NLLS is requesting a Council motion accepting or rejecting the presented NLLS Board 2025 Budget with its 1.5% levy increase.

DISCUSSION / OPTIONS / BENEFITS / DISADVANTAGES:

The NLLS mission is to provide members with access to training, tools, and resources that one would expect from a large municipal library while allowing members to enjoy the close-knit small community library and lifestyle.

Northern Lights Library System's agreement stipulates that we use the same population list to assess the membership levy that the provincial government uses to calculate library operating grants.

Therefore, your population for purposes of the 2025 library system levy is 1345.

COSTS / SOURCE OF FUNDING (if applicable):

2025 Levies:

\$5.47 per capita	Municipality
\$10.94 per capita	Municipality without Library Board

The total levy for 2025 equals \$7,357.15 from the Town of Legal (1345 x \$5.47).

RECOMMENDED ACTION (by originator):

It is recommended that Council accept the presented Northern Lights Library System Board 2025 Budget, with the 1.5% levy increase.

10.5

Initials show support – Reviewed by:

CAO: Original Signed – RP



5616 – 48 St, Postal Bag 8, Elk Point, AB, T0A 1A0
Tel 780-724-2596 Fax 780-724-2597

September 11, 2024

Mr. Robert Proulx
Town of Legal
PO Box 390
Legal, AB
T0G 1L0
rproux@legal.ca

Dear Mr. Proulx

The Northern Lights Library System Board unanimously approved, in principle, the upcoming 2025 budget. The budget includes a 1.5% levy increase for Municipalities and/or their Library Boards.

Northern Lights Library System's agreement stipulates that we use the same population list to assess the membership levy that the provincial government uses to calculate library operating grants. Therefore, your population for purposes of the 2025 library system levy is **1345**.

Please send a copy of your council motion accepting or rejecting the presented Northern Lights Library System Board 2025 Budget, with its 1.5% levy increase.

2025 Levies:

\$5.47 per capita	Municipality
\$10.94 per capita	Municipality without Library Board

The total levy for 2025 equals **\$7,357.15** from the Town of Legal. (1345x \$5.47) Do NOT remit payment, the invoice will follow in December.

You may contact your Northern Lights Library Board member representative if you have any questions. A copy of the budget is available from your Northern Lights Library Board member representative.

Regards,

Jennifer Anheliger
Chairman
Northern Lights Library System Board

James MacDonald
Executive Director
Northern Lights Library System