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## Regular Open Council Meeting Agenda

**Monday, June 9<sup>th</sup>, 2025, at 7:00 p.m.**  
in the Council Chambers, Town Hall, 10203-105<sup>th</sup> Avenue, High Level, AB

Electronic Participation via YouTube. The YouTube link for this meeting is:  
<https://youtube.com/live/9vpghJvzcUk?feature=share>

*The Town of High Level Mayor and Council acknowledge Treaty 8 Territory - the traditional and ancestral territory of the Cree and Dene. We acknowledge that this territory is home to the Métis Settlements and the Métis Nation of Alberta, Regions 1, 4, 5 and 6 within the historical Northwest Métis Homeland.*

*We acknowledge the many First Nations, Métis and Inuit who have lived in and cared for these lands for generations.  
We are grateful for the traditional Knowledge Keepers and Elders who are still with us today and those who have gone before us.  
We make this acknowledgement as an act of reconciliation and gratitude to those whose territory we reside on or are visiting.*

1. **CALL TO ORDER**
2. **ADOPTION OF MEETING AGENDA**
  - 2.1. Adoption of Meeting Agenda

**THAT the Regular Open Council meeting agenda for June 9<sup>th</sup>, 2025, be adopted.**

**3. DELEGATIONS**

There are no delegations scheduled for this meeting.

**4. ADOPTION OF MINUTES**

4.1. Minutes of the Public Hearing – Bylaw 1053-25 held May 26<sup>th</sup>, 2025, for adoption.

**THAT the Minutes of Public Hearing – Bylaw 1053-25 held May 26<sup>th</sup>, 2025, be adopted.**

4.2. Minutes of the Public Hearing – Bylaw 1051-25 and Bylaw 1052-25 held May 26<sup>th</sup>, 2025, for adoption.

**THAT the Minutes of Public Hearing – Bylaw 1051-25 and Bylaw 1052-25 held May 26<sup>th</sup>, 2025, be adopted.**

4.3. Minutes of the Regular Open Council Meeting held May 26<sup>th</sup>, 2025, for adoption.

**THAT the Minutes of Regular Open Council meeting held May 26<sup>th</sup>, 2025, be adopted.**

**5. MAYOR'S REPORT**

5.1. Mayor McAteer's Report May 27<sup>th</sup>, 2025 – June 9<sup>th</sup>, 2025

**THAT Council receive Mayor McAteer's report for the period of May 27<sup>th</sup>, 2025, to June 9<sup>th</sup>, 2025, for information.**

**6. COUNCIL COMMITTEE REPORTS**

6.1. Council Committee Reports

**THAT Council receive the Council Committee Reports from Deputy Mayor Langford, Councillor Anderson, Councillor Lambert, Councillor Liboiron, and Councillor Welke for the period of May 27<sup>th</sup>, 2025, to June 9<sup>th</sup>, 2025, for information.**

**Deputy Mayor Langford:**

**Councillor Anderson:**

**Councillor Lambert:**

Councillor Liboiron:

Councillor Welke

**7. ADMINISTRATIVE REPORTS**

7.1. CAO Report

THAT Council receive CAO Thoss' report for the period of May 27<sup>th</sup>, 2025, to June 9<sup>th</sup>, 2025, for information.

**8. ADMINISTRATIVE ENQUIRIES**

8.1 Appointment of Returning Officer for 2025 Local Election

THAT Council rescind the appointment of Debbie McCann as the Returning Officer for the Town of High Level 2025 municipal election;

AND THAT Council appoint Keir Gervais, Director of Corporate Services as the Returning Officer for the Town of High Level 2025 municipal election.

8.2 Fire Hydrant Repair & Maintenance – Proposed Budget Amendment

THAT Council APPROVE a budget amendment of up to \$75,000 to support the repair and relocation of out-of-commission fire hydrants, with funding to be sourced from available reserves, cost savings in other operational areas, or applicable grant opportunities.

8.3 Investigation into Apex Gas Distribution System Acquisition Costs

THAT Council renew the franchise agreement with Apex Utilities Inc. (set to expire on September 30, 2025) rather than pursue the acquisition of the natural gas distribution system.

8.4 Residential Development Incentive Policy

THAT based on the June 9, 2025 report from Logan Bartholow, Planning Consultant, *Residential Development Incentive Policy*, Council consider approving one of the attached policy options.

8.5 Wayfinding Strategy & Implementation Plan – Project Update

THAT based on the June 9, 2025, report from Logan Bartholow, Planning Consultant, *Wayfinding Strategy & Implementation Plan – Project Update*, Council consider one of the presented options.

**9. OLD BUSINESS**

**10. NEW BUSINESS**

**11. CORRESPONDENCE FOR ACTION**

There were no items for correspondence for action.

**12. CORRESPONDENCE FOR INFORMATION**

**THAT the items of correspondence for information be received.**

- STIP Program LMI – 100 Avenue Road Rehabilitation
- Alberta Municipalites – Nominate a Municipal Leader in your Community

**13. NOTICES OF MOTION**

**14. QUESTION PERIOD**

**15. ADJOURNMENT**

**THAT there being no further business of the Regular Open Council meeting,  
it be adjourned.**

**CALL TO ORDER**

## **ADOPTION OF AGENDA**

# DELEGATIONS

# APPROVAL OF MINUTES



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Minutes of the Public Hearing held **May 26<sup>th</sup>, 2025, at 6:30 p.m.**  
in the Council Chambers, Town Hall, 10203-105<sup>th</sup> Avenue, High Level, AB

**In Attendance:**

**Council:** Mayor Crystal McAteer  
Deputy Mayor Boyd Langford  
Councillor Brent Anderson  
Councillor Josh Lambert  
Councillor Mark Liboiron  
Councillor Jan Welke

**Staff:** Viv Thoss, Chief Administrative Officer  
Roy Amalu, Director of Finance  
Jena-Rayé Clarke, Director of Community Services  
Bill Schnarr, Communications Coordinator  
Aya Balmores, Relief Legislative & Executive Assistant

**Regrets:** Rodney Schmidt, Director of Emergency Services  
Keith Straub, Director of Operations

**1. CALL TO ORDER**

Mayor McAteer called the Public Hearing to order at 6:42 p.m.

**2. PUBLIC HEARING**

**2.1 *Town of High Level Bylaw 1053-25 Amendment to Land Use Bylaw 1018-21***

Her worship Mayor McAtee read a brief introductory statement and then called the Public Hearing to order at 6:42 p.m.

Planning Consultant, Logan Bartholow provided a brief overview of the Town of High Level Bylaw 1053-25 Amendment to Land Use Bylaw 1018-21 for Town Council's and public's information and there were no written correspondence received from members of the public.

Her worship Mayor McAtee asked if there were members of the public that wishes to speak. There were one.

Jordan Asels, Chief Executive Officer of Ndeh Limited Partnership and the applicant, was in attendance and clarified that the outline plan submitted with their application contained inaccuracies and had been submitted in error. He explained that the proposed facility is intended to accommodate women and families transitioning from low-risk women's shelters and would not require 24-hour care. Mr. Asels also confirmed that a revised outline plan would be submitted to reflect the correct information.

Her worship Mayor McAtee asked if there were members of the public that wishes to speak. There were none.

Her worship Mayor McAtee asked a second time if there were members of the public that wishes to speak. There were none.

Her worship Mayor McAtee asked a third time if there were members of the public that wishes to speak. There were none.

Her worship Mayor McAtee asked if there were any submissions from the gallery. There were none.

3. **ADJOURNMENT**

Moved by Mayor McAtee

**134-25 THAT the Public Hearings for *Town of High Level Bylaw 1053-25 Amendment to Land Use Bylaw 1018-21* BECLOSED.**

Carried

THE PUBLIC HEARING ADJOURNED AT 07:00 P.M.

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MAYOR

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CHIEF ADMINISTRATIVE OFFICER



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Minutes of the Public Hearing held **May 26<sup>th</sup>, 2025, at 7:00 p.m.**  
in the Council Chambers, Town Hall, 10203-105<sup>th</sup> Avenue, High Level, AB

**In Attendance:**

**Council:** Mayor Crystal McAteer  
Deputy Mayor Boyd Langford  
Councillor Brent Anderson  
Councillor Josh Lambert  
Councillor Mark Liboiron  
Councillor Jan Welke

**Staff:** Viv Thoss, Chief Administrative Officer  
Roy Amalu, Director of Finance  
Jena-Rayne Clarke, Director of Community Services  
Bill Schnarr, Communications Coordinator  
Aya Balmores, Relief Legislative & Executive Assistant

**Regrets:** Rodney Schmidt, Director of Emergency Services  
Keith Straub, Director of Operations

**1. CALL TO ORDER**

Mayor McAteer called the Public Hearing to order at 7:01 p.m.

**2. PUBLIC HEARING**

**2.1 *Town of High Level Land Use Bylaw No. 1051-25 and Town of High Level Municipal Development Plan Amendment Bylaw No. 1052-25***

Her worship Mayor McAteer read a brief introductory statement and then called the Public Hearing to order at 7:01 p.m.

## Minutes of the Public Hearing held May 26<sup>th</sup>, 2025

Planning Consultant, Logan Bartholow provided a brief overview of the Town of High Level Land Use Bylaw No. 1051-25 and Town of High Level Municipal Development Plan Amendment Bylaw No. 1052-25 for Town Council's and public's information.

Her worship Mayor McAteer asked if there were members of the public that wishes to speak. There were none.

Her worship Mayor McAteer asked a second time if there were members of the public that wishes to speak. There were none.

Her worship Mayor McAteer asked a third time if there were members of the public that wishes to speak. There were none.

Her worship Mayor McAteer asked if there were any submissions from the gallery. There were none.

### **3. ADJOURNMENT**

Moved by Mayor McAteer

**135-25 THAT the Public Hearings for *Town of High Level Land Use Bylaw No. 1051-25* and *Town of High Level Municipal Development Plan Amendment Bylaw No. 1052-25* BE CLOSED.**

Carried

THE PUBLIC HEARING ADJOURNED AT 07:20 P.M.

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MAYOR

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CHIEF ADMINISTRATIVE OFFICER



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Minutes of the Regular Open Council Meeting held **May 26<sup>th</sup>, 2025**, at 7:00 p.m.  
in the Council Chambers, Town Hall, 10203-105<sup>th</sup> Avenue, High Level, AB

**In Attendance:**

<b>Council:</b>	Mayor Crystal McAteer Deputy Mayor Boyd Langford Councillor Brent Anderson Councillor Josh Lambert Councillor Mark Liboiron Councillor Jan Welke
<b>Staff:</b>	Viv Thoss, Chief Administrative Officer Jena-Ray Clarke, Director of Community Services Roy Amalu, Director of Finance Bill Schnarr, Communications Coordinator Aya Balmores, Relief Legislative & Executive Assistant
<b>Regrets:</b>	Keith Straub, Director of Operations Rodney Schmidt, Director of Emergency Services

**1. CALL TO ORDER**

Mayor McAteer called the meeting to order at 7:01 p.m.

**2. MOTION TO RECESS INTO A PUBLIC HEARING**

2.1. Motion to Recess into a Public Hearing

Moved by Councillor Liboiron

**136-25 THAT Council RECESS into a Public Hearing.**

Carried

**3. RECONVENE OPEN MEETING**

3.1. Reconvene Open Meeting

Moved by Councillor Lambert

**137-25 THAT the Regular Open Council meeting BE RECONVENED.**

Carried

**4. ADOPTION OF MEETING AGENDA**

4.1. Adoption of Meeting Agenda

Moved by Councillor Liboiron

**138-25 THAT the Regular Open Council meeting agenda for May 26<sup>th</sup>, 2025,  
BE ADOPTED as amended with the following addition:**

- Item 8.2 Town of High Level Bursary Award
- Item 9.1 CAO Report

Carried

**5. DELEGATIONS**

There were no delegations scheduled for this meeting.

**6. ADOPTION OF MINUTES**

6.1. Minutes of the Regular Open Council Meeting held May 12<sup>th</sup>, 2025, for adoption.

Moved by Deputy Mayor Langford

**139-25 THAT the Minutes of Regular Open Council meeting held May 12<sup>th</sup>, 2025,  
BE ADOPTED, as amended.**

Carried

## **7. MAYOR'S REPORT**

### **7.1. Request for Participation - Morning Star Church Grand Opening**

Council considered the invitation from Morning Star Church requesting the participation of Council members and municipal staff at their Grand Opening event. No Council members were available to attend. CAO Thoss also advised that municipal staff would not be participating in the event.

### **7.2. Mayor McAtee's Report May 13<sup>th</sup>, 2025 - May 26<sup>th</sup>, 2025**

Moved by Councillor Welke

**140-25 THAT Council RECEIVE Mayor McAtee's report for the period of May 13<sup>th</sup>, 2025, to May 26<sup>th</sup>, 2025, for information.**

Carried

## **8. COUNCIL COMMITTEE REPORTS**

### **8.1. Council Committee Reports**

Moved by Councillor Anderson

**141-25 THAT Council RECEIVE the Council Committee Reports from Deputy Mayor Langford, Councillor Anderson, Councillor Lambert, Councillor Liboiron, and Councillor Welke for the period of May 13<sup>th</sup>, 2025, to May 26<sup>th</sup>, 2025, for information.**

**Deputy Mayor Langford:**

**May 14<sup>th</sup> – Alberta Northwest Species at Risk Committee**

**May 21<sup>st</sup> – Mackenzie Regional Waste Management Commission**

**Councillor Anderson:**

**May 22<sup>nd</sup> – High School Bursary Committee**

**Councillor Lambert:**

**May 22<sup>nd</sup> – High School Bursary Committee**

**May 23<sup>rd</sup> – High School Graduation Ceremony**

**Councillor Liboiron:**

**May 21<sup>st</sup> – Mackenzie Regional Waste Management Commission**

**May 24<sup>th</sup> – Peace Library System Board**

**Councillor Welke**

**May 22<sup>nd</sup> – High School Bursary Committee**

Carried

8.2. Town of High Level Bursary Award

Moved by Councillor Liboiron

**142-25 THAT the Bursary Committee of the High Level Town Council RECOMMEND that Council select Alayna Rebong and Logan McFarlane as the recipients of the 2025 Town of High Level Bursary Program.**

Carried

**9. ADMINISTRATIVE REPORTS**

9.1. CAO Report

Moved by Councillor Welke

**143-25 THAT Council RECEIVE CAO Thoss' report for the period of May 13<sup>th</sup>, 2025, to May 26<sup>th</sup>, 2025, for information.**

Carried

**10. ADMINISTRATIVE ENQUIRIES**

10.1 Award Recommendation for MIEX Water Treatment Pre-Construction Services

Moved by Deputy Mayor Langford

**144-25 THAT Council ACCEPT the recommendation from Associated Engineering to award the contract for MIEX Water Treatment Pre-treatment Pre-Construction Services to AGS Mechanical Contractors Ltd., in the amount of \$54,000 (excluding GST), to be funded through the Alberta Municipal Water/Wastewater Partnership.**

Carried

10.2 Town of High Level MIEX Water Treatment Borrowing Bylaw No. 1055, 2025

Moved by Councillor Liboiron

**145-25 THAT Council GIVE first reading to *Town of High Level MIEX Water Treatment Borrowing Bylaw No. 1055, 2025*.**

Carried

10.3 Replacement of Community Bulletin Board

Moved by Councillor Welke

**146-25 THAT Council APPROVE funding for the replacement of the Town Bulletin board, with the expenditure to be allocated from the Council Initiatives Budget.**

Carried

10.4 Moose Meadows Phase 1 Outline Plan

Moved by Councillor Lambert

**147-25 THAT Council APPROVE the Moose Meadows Phase 1 Outline Plan as presented.**

Carried

10.5 Bylaw 1053-25, A bylaw to Establish a Direct Control District

Moved by Councillor Welke

**148-25 THAT Council GIVE 2<sup>nd</sup> reading to Bylaw 1053-25.**

Carried

Moved by Councillor Lambert

**149-25 THAT Council GIVE 3<sup>rd</sup> reading to Bylaw 1053-25.**

Carried

10.6 Bylaw 1051-25, Making Housing Easier to Build - Land Use Bylaw Replace and Repeal

Moved by Deputy Mayor Langford

**150-25 THAT Council GIVE 2<sup>nd</sup> reading to Bylaw 1051-25.**

Carried

Moved by Councillor Lambert

**151-25 THAT Council GIVE 3<sup>rd</sup> reading to Bylaw 1051-25.**

Carried

10.7 Bylaw 1052-25, Municipal Development Plan Amendment

Moved by Councillor Lambert

**152-25 THAT Council GIVE 2<sup>nd</sup> reading to Bylaw 1052-25**

Carried

Moved by Councillor Welke

**153-25 THAT Council GIVE 3<sup>rd</sup> reading to Bylaw 1052-25**

Carried

## **11. OLD BUSINESS**

There were no old business items brought forward.

## **12. NEW BUSINESS**

There were no new business items brought forward.

**13. CORRESPONDENCE FOR ACTION**

There were no items for correspondence for action.

**14. CORRESPONDENCE FOR INFORMATION**

**14.1 Correspondence for Information**

Moved by Councillor Lambert

**154-25 THAT the items of correspondence for information be RECEIVED.**

- Government of Northwest Territories - Thank You Letter to Town of High Level Support
- Alberta Transportation and Economic Corridors Letter
- AB Munis - Upcoming Dialogue on Police Funding in Alberta
- Town of High Level 2025 LGFF Funding Letter

Carried

**15. NOTICES OF MOTION**

There were no notices of motions brought forward.

**16. QUESTION PERIOD**

There were no members of the gallery in attendance who wished to speak.

**17. ADJOURNMENT**

Moved by Councillor Liboiron

**155-25 THAT there being no further business of the Regular Open Council meeting, it BE ADJOURNED.**

Carried

THE REGULAR OPEN COUNCIL MEETING ADJOURNED AT 8:22 P.M.

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MAYOR

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CHIEF ADMINISTRATIVE OFFICER

# MAYOR'S REPORT

# COUNCIL COMMITTEE REPORTS

# ADMINISTRATIVE REPORTS

# Chief Administrative Officer

## CAO Report



**Meeting Date:** June 9<sup>th</sup>, 2025

- Continue collaborating with municipal and provincial staff to reconcile grant funding and provide comprehensive updates on outstanding capital projects with approved or pending funding status from 2020 to 2023. Also addressed all in-progress or completed projects that exceeded available grant funding and had not been submitted for reimbursement.
- Continue working with consultants to finalize the Asset Retirement Obligation (ARO) report, a legal requirement related to the retirement of all tangible capital assets. Although municipalities across the province were notified of this audit standard around 2018, the Town of High Level did not begin work on it until February 2025. The report is currently undergoing the engineering firm's final quality review and is nearing completion.
- Initiated collaboration with staff and consultants to address deficiencies identified in the 2023 airport upgrade project. The upcoming remedial work includes repairing or replacing runway edge lighting, correcting pavement markings, and updating or reinstalling airfield signage to meet regulatory standards. This work is scheduled to begin later this month. Funding arrangements are still being finalized, as it appears not all deficiencies will be covered by the contractor's insurer. I am currently evaluating the extent of the funding gap and exploring appropriate measures to address any shortfall.
- Collaborated with staff to prepare agendas, minutes, and follow-up actions for Council and committee meetings. Additionally, supported senior staff in drafting and reviewing reports. Worked closely with staff to develop clear, consistent public messaging on a range of municipal priorities and initiatives.
- Reviewed and approved all financial transactions for the corporation, pending the Director of Finance receiving the necessary approvals from our financial institution. The current invoice review and payment approval process is highly manual and time-consuming. This process improvement initiative will be led by the Director of Finance.
- Assisted staff in addressing an incident involving stickleback spawn in the water reservoir, traced to a compromised intake screen at Footner Lake. Administration engaged True Depth Diving & Marine Services to investigate, and it was confirmed that the existing screen did not meet regulatory standards. A compliant screen has now been installed.

At Administration's request, a full assessment and cleanup of the intake area, north reservoir, and clearwater transfer clearwell were completed. The Town is now in full compliance with applicable regulations, including Fisheries and Oceans Canada's freshwater intake requirements.

To prevent future issues, a regular maintenance and replacement program is being implemented for the infrastructure located at Footner Lake.

# Chief Administrative Officer

## CAO Report



- Joined Mayor McAtee in a meeting with the newly appointed Minister of Municipal Affairs, Dan Williams, to discuss several key matters impacting the Town of High Level. Topics included the Town's current inability to host evacuees, outstanding balances related to emergency services provided to various communities in 2023 and 2024, and updates on key municipal initiatives.
- Collaborated with staff and consultants to advance the Alley Drainage Improvement Project, which has been in progress since 2021 and is supported by MSI funding. The project entails excavating roadway ditches in the industrial area to remove sediment buildup that has been restricting stormwater flow. The work will be carried out through a Request for Proposal (RFP) contract. Town crews and contractors will follow behind APEX teams, who are currently completing gas line infrastructure upgrades throughout the community.
- Collaborated with staff and consultants to advance the Town Hall Generator Project, which has been in progress since 2021 and is supported by MSI funding. Administration actions included confirming that grant funding remains secured and providing the necessary information to engineering consultants to finalize the project design. Suppliers have also been contacted, and it has been confirmed that the generator system will be delivered in time to complete the project within the current year.
- Participated in a kickoff meeting with project consultants for the Joint Regional Water Study, which began in 2023. The purpose of the meeting was to establish a clear process for advancing the project toward completion. Now that the Director of Operations has returned, he will resume leadership of the initiative and continue to move it forward.
- The new Director of Corporate Services, starting today, June 9, 2025, will assist in meeting the Town's statutory and legislative obligations under the *Municipal Government Act* and other applicable legislation. He will oversee the preparation of Council agendas and minutes, support the development and administration of municipal bylaws, policies, and procedures, and lead preparations for the 2025 fall municipal election. This includes coordinating candidate nominations, as well as Council training and briefing sessions, among other duties.
- I have overseen and managed a wide range of responsibilities over the past two weeks, with these tasks representing just a portion of the key initiatives undertaken to support statutory requirements, municipal operations and community development.

I'd like to extend a heartfelt thank you to our staff for their hard work and dedication. From preparing for the Town's 60<sup>th</sup> Anniversary Celebration to managing seasonal tasks, projects and maintenance, your efforts are truly appreciated. With summer underway, we're set for a successful season ahead. Great job, Team High Level!

Respectfully submitted,

CAO Viv Thoss

# ADMINISTRATIVE ENQUIRIES



## **Town of High Level Regular Council Meeting Request for Decision**

**Meeting Date: June 9, 2025**

**Prepared By:** Viv Thoss, Chief Administrative Officer

**Subject: Appointment of Returning Officer for 2025 Local Election**

### **Recommendation:**

THAT Council rescind the appointment of Debbie McCann as the Returning Officer for the Town of High Level 2025 municipal election;

AND THAT Council appoint Keir Gervais, Director of Corporate Services as the Returning Officer for the Town of High Level 2025 municipal election.

### **CAO Comments:**

### **Background:**

In accordance with Section 13 of the [Local Authorities Election Act \(LAEA\)](#), an elected authority may, by resolution, appoint a Returning Officer and a Substitute Returning Officer to conduct elections. The Act further stipulates that such appointments must be made by June 30 of the election year.

At its regular meeting held on March 10, 2025, Council appointed Debbie McCann, an independent contractor, as the Returning Officer for the 2025 municipal election scheduled for October 20, 2025.

Subsequently, on April 14, 2025, Council appointed Jena-Ray Clerk as the Substitute Returning Officer for the same election.

## **Discussion:**

The Town of High Level will hold its next municipal election on October 20, 2025.

In February 2025, Administration engaged the services of Debbie McCann to oversee the 2025 municipal election and to support other legislative functions. This proactive measure was taken in anticipation of potential challenges in recruiting a Director of Corporate Services.

With the successful recruitment of Keir Gervais to the Director of Corporate Services position, the Town no longer requires contracted election and legislative services.

In accordance with Section 13 of the [Local Authorities Election Act \(LAEA\)](#), a Returning Officer must be appointed no later than June 30 in an election year. Administration is therefore recommending the appointment of Keir Gervais as the Returning Officer for the 2025 municipal election.

## **Alternatives:**

- Option 1: THAT Council rescind the appointment of Debbie McCann as the Returning Officer for the Town of High Level 2025 municipal election; AND THAT Council appoint Keir Gervais, Director of Corporate Services as the Returning Officer for the Town of High Level 2025 municipal election.
- Option 2: THAT Council appoint an alternative individual to serve as Returning Officer.
- Option 3: THAT Council direct Administration to take any other action deemed appropriate by Council.

Respectfully submitted,



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**CAO Viv Thoss**



## **Town of High Level Regular Council Meeting Request for Decision**

**Meeting Date: June 9, 2025**

**Prepared By: Viv Thoss, Chief Administrative Officer**

**Subject: Fire Hydrant Repair & Maintenance - Proposed Budget  
Amendment**

### **Recommendation:**

THAT Council APPROVE a budget amendment of up to \$75,000 to support the repair and relocation of out-of-commission fire hydrants, with funding to be sourced from available reserves, cost savings in other operational areas, or applicable grant opportunities.

### **CAO Comments:**

### **Background:**

As noted in the CAO report submitted to Council on May 26, 2025, in response to a concern raised by a ratepayer, Administration directed staff to compile information regarding our hydrant flushing procedures, flow testing protocols, and hydrant repair and maintenance practices.

The maintenance and repair of the waterworks utility system is a core responsibility of the Operations Department. Ensuring a reliable supply of clean water to residents and businesses is essential, as is maintaining a dependable system to support fire protection services.

The Town's Engineering and Construction Standards, developed by WSP Engineering in 2015, outline the design and specification requirements for the supply and installation of fire hydrants. Currently, the Town's water distribution system includes approximately 225 hydrants located within municipal properties.

These standards provide detailed hydrant specifications, including placement guidelines. In residential areas, hydrants are to be spaced no more than 150 metres apart, while in industrial areas, the maximum spacing is 90 metres.

Once staff compiled the requested information, Administration was advised that the absence of regular fire hydrant flushing had contributed to the non-compliance issue the Town experienced last fall. The findings also confirmed that hydrant flushing had not been part of a regularly scheduled maintenance program, an oversight that likely played a significant role in the incident.

### **Discussion:**

Since becoming aware of the deficiencies, Administration assigned responsibility for hydrant flushing to the Water Utilities Division. This division is now coordinating the work with Fire Services, who use and activate hydrants during fire training exercises.

Under the new approach, even- and odd-numbered hydrants are flushed in alternating years each spring, once the ground has thawed. This schedule ensures that any necessary repairs can be identified and completed during the summer months.

Flow testing is also being conducted as part of the maintenance program. All activities are systematically tracked through a tagging system that includes identification numbers, photographs, and GPS coordinates for each hydrant. This data is being entered into the Town's asset management database to support ongoing monitoring, planning, and long-term infrastructure management.

Ongoing annual hydrant maintenance has now been identified as a priority, and staff are actively developing and implementing a comprehensive fire hydrant maintenance and replacement program to ensure system reliability, regulatory compliance, and public safety.

Hydrants requiring repainting are currently being addressed by summer students. All hydrants will be painted in the standard red and black colour scheme to maintain consistency across the system. As pressure testing is completed, a reflective, color-coded band will be affixed to each hydrant in accordance with NFPA flow rate standards. This will indicate the available pressure at each location and enhance visibility for firefighters, particularly during nighttime operations.

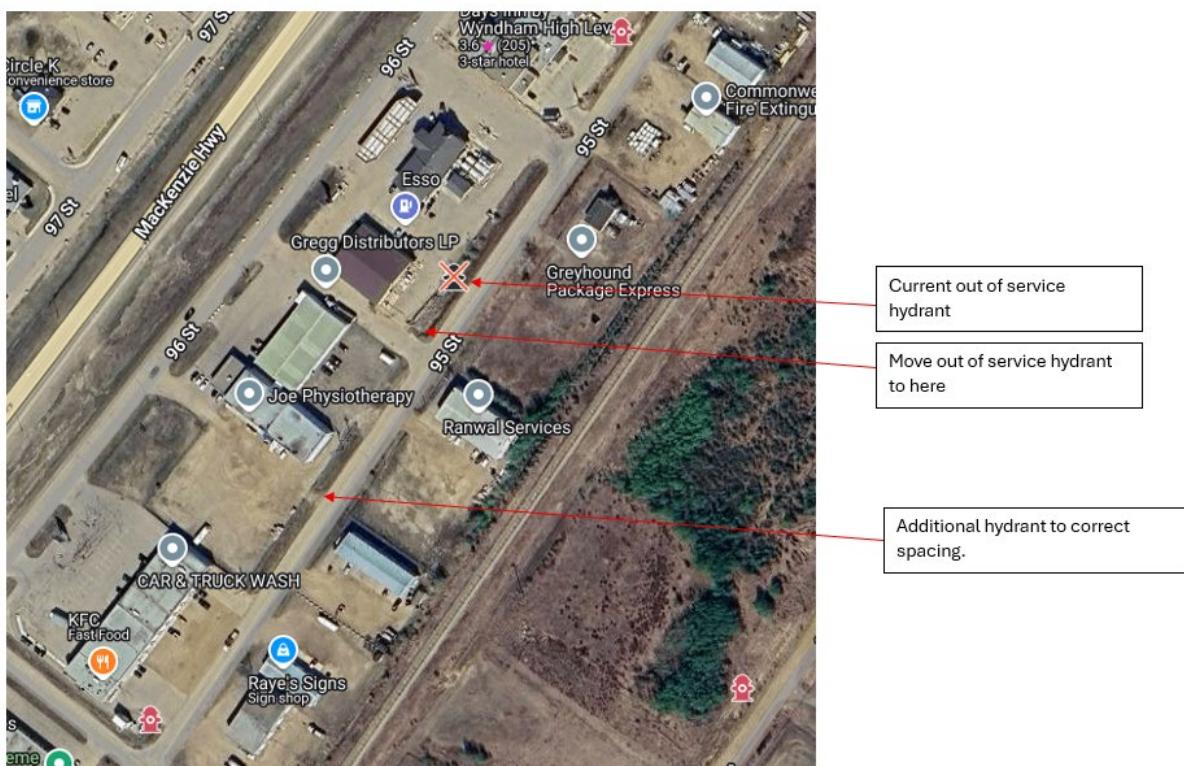
During this spring, several hydrants were identified as needing repairs, which have since been completed by Public Works crews. However, three hydrants require more extensive repair or full replacement.

One such hydrant, located on 95<sup>th</sup> Street behind the Esso bulk station at 10109 96<sup>th</sup>, needs the valve and bolts at its base replaced. Complicating the repair, a gas line, fiber optic line, and overhead utility poles have been installed in close proximity to the hydrant since its original placement, making excavation extremely difficult.

To address this, a new, more accessible location has been identified approximately 15 metres from the existing hydrant. The plan is to abandon and cap the current hydrant and install a new one using a hot tap connection to the main line, allowing installation without shutting down the water distribution system.

In addition, it has been determined that there are hydrant spacing issues in the area, with approximately 260 metres between the proposed new hydrant location and the next nearest hydrant. This exceeds the Town's spacing standards.

To address this, the installation of an additional hydrant is recommended. Completing this installation at the same time as the relocated hydrant is both practical and cost-effective, as a contractor will already be mobilized on-site. This coordinated approach will result in cost savings compared to installing the additional hydrant at a later date.



Two additional hydrants located in the industrial area on 92<sup>nd</sup> Avenue are also in need of repair. These hydrants are positioned side by side, and it appears that the hydrant barrels and spools have separated from the valves on both units. This assessment is supported by the fact that neither hydrant is currently standing upright and both leak when activated.

The issue may be related to problems with the thrust block installation, which is intended to prevent movement between the hydrant and valve. Complicating the

repair, the hydrants are situated in a challenging location across a drainage ditch. Access options are currently being evaluated, but it is likely that a track hoe will be required to complete the necessary work.



It appears that there is only one local contractor qualified and experienced to perform this type of work. Initial estimates indicate a cost of approximately up to \$75,000 to complete the necessary repairs for the four identified hydrants. The award of this work qualifies as a sole-source procurement under the provisions of the Town's Procurement Policy 269-22.

At the time the 2025 budget was prepared, the need for these significant repairs had not yet been identified. Consequently, Administration will explore the use of reserve funds, reallocation of funds from other areas, and potential grant opportunities to fully cover the cost of the repairs.

### **Alternatives:**

Option 1: THAT Council APPROVE a budget amendment of up to \$75,000 to support the repair and relocation of out-of-commission fire hydrants, with funding to be sourced from available reserves, cost savings in other operational areas, or applicable grant opportunities.

Option 2: THAT Council NOT APPROVE a budget amendment at this time for the repair and relocation of out-of-commission fire hydrants, and instead

DIRECT Administration to include the required work in the upcoming budget cycle for further consideration and prioritization.

Option 3: THAT Council direct Administration to take any other action deemed appropriate by Council.

Respectfully submitted,



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**CAO Viv Thoss**



## **Town of High Level Regular Council Meeting Request for Decision**

**Meeting Date: June 9, 2025**

**Prepared By: Roy Amalu, Director of Finance**

**Subject: Investigation into Apex Gas Distribution System  
Acquisition Costs**

### **Recommendation:**

THAT Council renew the franchise agreement with Apex Utilities Inc. (set to expire on September 30, 2025) rather than pursue the acquisition of the natural gas distribution system.

### **CAO Comments:**

I support the recommendation.

### **Background:**

At its regular open council meeting held on March 24, 2025, Town Council considered correspondence from Apex Utilities regarding the renewal of the natural gas distribution franchise agreement originally signed between the Town and Apex Utilities Inc. on October 1, 2015, and set to expire on September 30, 2025. In response, Council passed the following resolution:

**THAT Council DIRECT Administration to table the 2025 Apex Utilities - Renewal of Natural Gas Distribution System Franchise Agreement to the next council meeting.**

Due to competing priorities, Administration was unable to contact Apex Utilities Inc. in time to gather the necessary information for Council's consideration at the upcoming meeting scheduled for April 14, 2025. At that meeting, Administration respectfully requested additional time to obtain the required information. In response, Council passed the following resolution:

**THAT Council DIRECT Administration to table the investigation into the costs associated with acquiring the Apex gas distribution system to a later date.**

On April 17, 2025, Administration contacted representatives from Apex Utilities to request a preliminary cost estimate for the potential purchase of the Town of High Level's Natural Gas Distribution System. Additionally, Administration invited the representatives to attend an upcoming Council meeting to provide a presentation and address any questions from Council or Administration regarding the proposed acquisition.

On April 22, 2025, Administration received a response from representatives of Apex Utilities Inc., who advised that compiling the requested information would be a complex and time-consuming process. They explained that multiple departments, including their engineering team, would need to be involved, and estimated that it could take a month or so to gather and prepare the necessary details, potentially extending the timeline to the end of May.

### **Discussion:**

Once a completion date for the valuation report was confirmed, Administration scheduled the attendance of Apex Utilities Inc. representatives at the Regular Council Meeting on June 9, 2025. During this meeting, they will present the system valuation they have prepared for the Town of High Level's gas distribution system and will be available to respond to any questions or concerns that Council or Administration may have regarding the information presented.

Administration has included the valuation report received from Apex Utilities Inc., which estimates the total system valuation at \$21,959,048 in this Request for Decision for Council's consideration.

It is noted that the valuation provided is valid until August 31, 2025. After this date, Apex Utilities Inc. anticipates that the valuation may increase by approximately \$15 million.

### **Recommendation: Reject Acquisition Proposal**

Following a comprehensive financial review, it is strongly recommended that the Town of High-Level **decline** Apex Utilities Inc.'s acquisition proposal due to excessive tax burden, prolonged negative cash flow projections, and significant operational risks.

### **Key Financial and Operational Concerns:**

- **Unmanageable Financial Burden:** The substantial upfront costs and long-term debt obligations required for acquisition would strain municipal finances, leading to unsustainable tax increases for residents.

- **Prolonged Negative Cash Flow:** Financial modeling indicates that net deficits would persist for over a decade, making this acquisition economically unviable.
- **Operational and Infrastructure Uncertainties:** The lack of comprehensive data on critical municipal assets prevents an accurate evaluation of competing infrastructure priorities. Without this information, it is impossible to determine whether acquiring the gas utility aligns with long-term capital planning objectives.
- **Alternative Governance Strategies:** Instead of acquisition, the municipality should focus on securing a franchise renewal with Apex to preserve financial stability and avoid excessive debt exposure.

#### **Final Recommendation:**

Given these significant financial and operational risks, the municipality should not pursue further negotiations or acquisition efforts. Renewing the franchise agreement will ensure continued service reliability while safeguarding municipal fiscal health and protecting taxpayers from unnecessary financial strain.

### **Financial & Tax Impact Analysis**

#### **1. Overview**

This report critically assesses the financial viability and tax implications of acquiring the Town of High-Level Natural Gas Distribution System from Apex Utilities Inc. (“Apex”). Given the high upfront costs, long-term debt burden, and significant risk exposure, this analysis strongly advises against further negotiations or acquisition.

The projected **negative cash flow** for more than a decade, substantial tax increases for residents, and operational complexities make municipal ownership financially unsustainable and burdensome.

#### **2. Key Financial & Tax Implications**

##### **2.1 Capital Costs & Debt Burden**

- Minimum purchase price: \$21.9M
- Projected post-upgrade valuation: \$36.9M
- Estimated annual debt servicing (if financed): \$1.2M–\$2M

If financed via municipal debt, the town would require a significant tax increase to fund acquisition costs, placing additional financial stress on residents.

##### **2.2 Tax Impact on the Community**

To finance this acquisition, the municipality would likely need to increase property taxes and gas utility rates.

Scenario	Projected Tax Increase
<b>Minimal Debt Scenario (\$21.9M Acquisition)</b>	5%–8% increase in municipal property taxes
<b>Full Infrastructure Upgrade Scenario (\$36.9M)</b>	12%–15% increase in municipal property taxes
<b>Utility Rate Adjustment for Cost Recovery</b>	20%–30% increase in residential gas fees

#### Key Concerns:

- The tax burden for residents would rise significantly, making utility costs less affordable for low-income households.
- Potential business impact: Higher operational costs could discourage investment in High Level.
- Public opposition likely—rate hikes may face resistance from taxpayers.

### 3. Cash Flow Projection: Acquisition vs. Retaining Apex

#### Scenario 1: Municipal Acquisition – Long-Term Deficit

Year	Revenue	Operating Costs	Debt Service	Net Cash Flow
2025	\$2.50M	\$1.80M	\$1.38M	-\$0.68M
2026	\$2.58M	\$1.85M	\$1.38M	-\$0.65M
2027	\$2.66M	\$1.90M	\$1.38M	-\$0.62M
2028	\$2.74M	\$1.95M	\$1.38M	-\$0.59M
2029	\$2.82M	\$2.00M	\$1.38M	-\$0.56M
2030	\$2.91M	\$2.05M	\$1.38M	-\$0.52M
2031	\$3.00M	\$2.10M	\$1.38M	-\$0.48M
2032	\$3.09M	\$2.15M	\$1.38M	-\$0.44M
2033	\$3.18M	\$2.21M	\$1.38M	-\$0.41M
2034	\$3.28M	\$2.27M	\$1.38M	-\$0.37M
2035	\$3.38M	\$2.33M	\$1.38M	-\$0.33M

#### Scenario 2: Retaining Apex – Positive Surplus

Year	Revenue	Service Fees to Apex	Net Cash Flow
2025	\$2.50M	\$1.50M	\$1.00M
2026	\$2.58M	\$1.55M	\$1.03M
2027	\$2.66M	\$1.60M	\$1.06M
2028	\$2.74M	\$1.65M	\$1.09M
2029	\$2.82M	\$1.70M	\$1.12M
2030	\$2.91M	\$1.75M	\$1.16M
2031	\$3.00M	\$1.80M	\$1.20M
2032	\$3.09M	\$1.86M	\$1.23M
2033	\$3.18M	\$1.91M	\$1.27M
2034	\$3.28M	\$1.97M	\$1.31M
2035	\$3.38M	\$2.03M	\$1.36M

**Key Findings:**

- Acquisition would result in deficits for over a decade—requiring reserve depletion, tax increases, and debt management.
- Retaining Apex ensures long-term financial stability without disrupting tax rates.

**4. Recommendation: Reject Acquisition Proposal**

**4.1 Financial Sustainability Concerns**

- Long-term debt obligation and negative cash flow projections make municipal ownership highly risky.
- Projected tax increases and utility rate hikes create financial strain for residents and local businesses.

**4.2 Operational Risks & Limited Control**

- Co-ownership complexities of Northern Lights Pipeline (NLPL) would limit municipal autonomy over supply and pricing.
- Regulatory oversight and staffing needs would increase administrative costs significantly.

**4.3 Alternative Strategy: Retain Apex for Stability**

- Preserving the current service structure avoids disruptive tax increases.
- Municipality can negotiate better service agreements with Apex without full acquisition.

**Final Recommendation: Decline Acquisition & Avoid Further Negotiations**

Given the unmanageable tax burden, prolonged negative cash flow, and operational risks, the municipality should reject Apex's proposal and focus on alternative governance strategies that ensure financial stability without long-term debt exposure.

**Council Options:**

Option 1: THAT Council renew the franchise agreement with Apex Utilities Inc. (set to expire on September 30, 2025) rather than pursue the acquisition of the natural gas distribution system.

Option 2: THAT Council direct Administration to pursue the acquisition of the natural gas distribution system.

Option 3: THAT Council direct Administration to take any other action deemed appropriate by Council.

**Attachments:**

Attachment 1 - Correspondence from Apex Utilities Inc. *"Renewal of Natural Gas Distribution System Franchise Agreement"*

Attachment 2 - Franchise Renewal Process

Attachment 3 - Apex Utilities - Franchise Agreement Template - High Level 2025

Attachment 4 - Correspondence from Apex Utilities Inc. *“Request for Purchase Costs for Town of High Level Natural Gas Distribution System”*

Attachment 5 - Apex Utilities Presentation to High Level Council June 9, 2025

**Approvals:**



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**CAO, Viv Thoss**



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**Author: Roy Amalu,  
Director of Finance**

March 21, 2025

**Town of High Level**  
**10511-103 Street**  
**High Level AB, T0H 1Z0**

Dear Mayor Crystal McAteer and Council,

**RE: Renewal of Natural Gas Distribution System Franchise Agreement**

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Apex Utilities Inc. (AUI) currently holds the natural gas franchise for Town of High Level under an agreement effective October 1, 2015. This agreement, with a term of ten (10) years, is set to expire on September 30, 2025.

AUI invites the Town of High Level to discuss the renewal of this agreement and looks forward to continuing our collaboration.

Attached for your review are the following documents:

- A copy of the current franchise agreement.
- A copy of the Alberta Utilities Commission approved template.
- A summary of the renewal process.

Should you have any questions or concerns in the interim, please contact Irv Richelhoff at 780-980-7305 or via email at [businessdevelopment@apexutilities.ca](mailto:businessdevelopment@apexutilities.ca).

Sincerely,



Irv Richelhoff  
Supervisor, Business Development

**NATURAL GAS DISTRIBUTION SYSTEM FRANCHISE AGREEMENT**

2014

**BETWEEN:**

**Town of High Level**

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**- AND -**

**AltaGas Utilities Inc.**

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## **NATURAL GAS DISTRIBUTION SYSTEM FRANCHISE AGREEMENT**

BETWEEN:

**Town of High Level,**

a municipality located in the Province of Alberta  
(the “**Municipality**”)

OF THE FIRST PART

– and –

**AltaGas Utilities Inc.,**

a corporation having its head office at the City of Leduc,  
in the Province of Alberta  
(the “**Company**”)

OF THE SECOND PART

**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 Fifty thousand (\$50,000) 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 Service Area”** means the geographical area within the legal boundaries of the Municipality where the Company has been granted rights hereunder in connection with, among other matters, Natural Gas Distribution Service, as altered from time to time;
- 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) 1<sup>st</sup> day of October, 20 15; and
  - ii) the first (1<sup>st</sup>) 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 30<sup>th</sup> day of September, 20 25.
- 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 (1<sup>st</sup>) calendar year or portion thereof of the Term of this Agreement, the franchise fee percentage will be 30 percent (30%).

By no later than September 1<sup>st</sup> 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 1<sup>st</sup> 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 1<sup>st</sup> 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.

## **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 wilful 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 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.

- 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, licensees, 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, 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:
  - i) To the Company:

- ii) To the Municipality:
- 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 (7<sup>th</sup>) 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 (7<sup>th</sup>) 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.

#### **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).

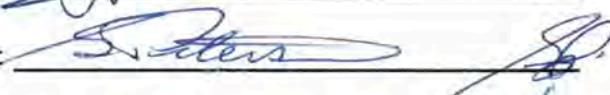
### 31) Confidentiality

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

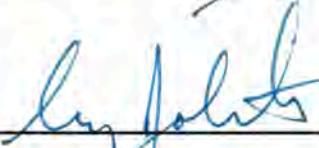
IN WITNESS WHEREOF the Parties hereto have executed these presents as of the day and year first above written.

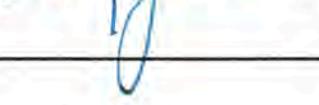
#### Town of High Level

PER:  (M)

PER:  (S)

#### AltaGas Utilities Inc.

PER: 

PER: 

## 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 (w) 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 in (insert paragraph number from Schedule B) of this Schedule.

**NATURAL GAS DISTRIBUTION SYSTEM FRANCHISE AGREEMENT**

2025

**BETWEEN:**

**Town of High Level**

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**- AND -**  
**Apex Utilities Inc.**

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## **NATURAL GAS DISTRIBUTION SYSTEM FRANCHISE AGREEMENT**

BETWEEN:

**Town of High Level,**

a municipality located in the Province of Alberta  
(the “**Municipality**”)

OF THE FIRST PART

– and –

**Apex Utilities Inc.,**

a corporation having its head office at the City of Leduc,  
in the Province of Alberta  
(the “**Company**”)

OF THE SECOND PART

**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 \_\_\_\_\_ (\$) \_\_\_\_\_ 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 Service Area**” means the geographical area within the legal boundaries of the Municipality where the Company has been granted rights hereunder in connection with, among other matters, Natural Gas Distribution Service, as altered from time to time;
- 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) \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_; and
  - ii) the first (1<sup>st</sup>) 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 \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.
- 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 (1<sup>st</sup>) calendar year or portion thereof of the Term of this Agreement, the franchise fee percentage will be \_\_\_\_ percent (\_\_\_\_ %).

By no later than September 1<sup>st</sup> 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 1<sup>st</sup> 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 1<sup>st</sup> 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.

## **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 wilful 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 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.

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, licensees, 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, 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:

i) To the Company:

Apex Utilities Inc.  
5509 45<sup>th</sup> Street  
Leduc, AB T9E 6T6  
Email: [businessdevelopment@apexutilities.ca](mailto:businessdevelopment@apexutilities.ca)  
Attention: Business Development

ii) To the Municipality:

Town of High Level  
10511 103 Street  
High Level, AB T0H 1Z0

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 (7<sup>th</sup>) 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 (7<sup>th</sup>) 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.

## **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).

## **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.

### **Town of High Level**

PER: \_\_\_\_\_

PER: \_\_\_\_\_

### **Apex Utilities Inc.**

PER: \_\_\_\_\_

PER: \_\_\_\_\_

## 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 in (insert paragraph number from Schedule B) of this Schedule.

## **Natural Gas Distribution System Franchise Agreement - Renewal Process**

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As the Alberta Utilities Commission (“AUC”) has approved **Rule 029 *Municipal Franchise Agreements, effective September 12, 2024***. Apex Utilities Inc. (“AUI”) provides the following steps as a useful guide in the franchise renewal application process. If you have any questions or concerns as we move through the application process please do not hesitate to contact the undersigned directly.

**1.** AUI provides the municipality with:

- A copy of the current franchise agreement.
- A copy of the AUC approved gas franchise agreement template.
- A document outlining the steps to the renewal process.

**2.** AUI may provide additional documents if requested:

- Copy of the Franchise Fee Revenue for 5 years.
- Sample of the by-law given for first reading.

**3.** Following, at minimum, the first reading given to the bylaw, the following information is needed by AUI to continue with the renewal process:

- Information regarding how the municipality would like to have the Notice issued.
  - (i) published in the newspaper having the widest circulation in the municipality;
  - (ii) direct mail-out or emailed to utility customers in the municipality;
  - (iii) posted on the municipality’s website, social media pages, and office notice board (as available); or
  - (iv) an alternative method that best meets the objectives under Section 4.1(b) if permission is granted by the Commission in advance.
- Name and contact information of the Municipal Contact for the Notice of Application to be published in the newspaper provided above.
- Copy of the by-law given first reading.
- A copy of the finalized Agreement. (initialled but not necessarily signed)

**4.** Application Notice:

- AUI will calculate the effect of the proposed franchise fee chosen by the Municipality on a typical residential customer.
- AUI will create and publish the Notice of Application in the newspaper provided by the municipality.

**5. Objections:**

- Both AUI and the municipality must record a copy or summary of all written and oral objections or concerns received from interested parties, and a copy or summary of all responses provided to those parties.

**6. Submission**

- If no objections are received, or if objections are received and satisfied, AUI will electronically submit the application to the AUC.

**7. The AUC will:**

- Issue an order authorizing the Franchise Agreement is for the public convenience and properly conserves the public interest.
- Indicate via email that they have approved the Franchise Agreement and AUI will save a copy of the Disposition.

**8. AUI will notify the municipality of the decision, sign two copies of the Franchise Agreement, and send back to the municipality for execution.**

**9. The municipality, once notified of the AUC's decision, can proceed to:**

- Give second and third reading to the by-law, if not already completed.
- Sign two (2) Franchise Agreements provided by AUI.
- Send one (1) copy of the certified by-law and one (1) fully executed Franchise Agreement to AUI.

If you have any questions, or require clarification of anything presented above, please don't hesitate to contact Irv Richelhoff at (780) 980-7305 or by email at [irichelh@apexutilities.ca](mailto:irichelh@apexutilities.ca).

Sincerely,

**APEX UTILITIES INC.**



Irv Richelhoff  
Supervisor, Business Development

## **Natural Gas Distribution System Franchise Agreement - Renewal Process**

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As the Alberta Utilities Commission (“AUC”) has approved **Rule 029 *Municipal Franchise Agreements, effective September 12, 2024***. Apex Utilities Inc. (“AUI”) provides the following steps as a useful guide in the franchise renewal application process. If you have any questions or concerns as we move through the application process please do not hesitate to contact the undersigned directly.

**1.** AUI provides the municipality with:

- A copy of the current franchise agreement.
- A copy of the AUC approved gas franchise agreement template.
- A document outlining the steps to the renewal process.

**2.** AUI may provide additional documents if requested:

- Copy of the Franchise Fee Revenue for 5 years.
- Sample of the by-law given for first reading.

**3.** Following, at minimum, the first reading given to the bylaw, the following information is needed by AUI to continue with the renewal process:

- Information regarding how the municipality would like to have the Notice issued.
  - (i) published in the newspaper having the widest circulation in the municipality;
  - (ii) direct mail-out or emailed to utility customers in the municipality;
  - (iii) posted on the municipality’s website, social media pages, and office notice board (as available); or
  - (iv) an alternative method that best meets the objectives under Section 4.1(b) if permission is granted by the Commission in advance.
- Name and contact information of the Municipal Contact for the Notice of Application to be published in the newspaper provided above.
- Copy of the by-law given first reading.
- A copy of the finalized Agreement. (initialled but not necessarily signed)

**4.** Application Notice:

- AUI will calculate the effect of the proposed franchise fee chosen by the Municipality on a typical residential customer.
- AUI will create and publish the Notice of Application in the newspaper provided by the municipality.

**5. Objections:**

- Both AUI and the municipality must record a copy or summary of all written and oral objections or concerns received from interested parties, and a copy or summary of all responses provided to those parties.

**6. Submission**

- If no objections are received, or if objections are received and satisfied, AUI will electronically submit the application to the AUC.

**7. The AUC will:**

- Issue an order authorizing the Franchise Agreement is for the public convenience and properly conserves the public interest.
- Indicate via email that they have approved the Franchise Agreement and AUI will save a copy of the Disposition.

**8. AUI will notify the municipality of the decision, sign two copies of the Franchise Agreement, and send back to the municipality for execution.**

**9. The municipality, once notified of the AUC's decision, can proceed to:**

- Give second and third reading to the by-law, if not already completed.
- Sign two (2) Franchise Agreements provided by AUI.
- Send one (1) copy of the certified by-law and one (1) fully executed Franchise Agreement to AUI.

If you have any questions, or require clarification of anything presented above, please don't hesitate to contact Irv Richelhoff at (780) 980-7305 or by email at [irichelh@apexutilities.ca](mailto:irichelh@apexutilities.ca).

Sincerely,

**APEX UTILITIES INC.**



Irv Richelhoff  
Supervisor, Business Development

**NATURAL GAS DISTRIBUTION SYSTEM FRANCHISE AGREEMENT**

2025

**BETWEEN:**

**Town of High Level**

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**- AND -**  
**Apex Utilities Inc.**

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## **NATURAL GAS DISTRIBUTION SYSTEM FRANCHISE AGREEMENT**

BETWEEN:

**Town of High Level,**

a municipality located in the Province of Alberta  
(the “**Municipality**”)

OF THE FIRST PART

– and –

**Apex Utilities Inc.,**

a corporation having its head office at the City of Leduc,  
in the Province of Alberta  
(the “**Company**”)

OF THE SECOND PART

**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 \_\_\_\_\_ (\$) \_\_\_\_\_ 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 Service Area**” means the geographical area within the legal boundaries of the Municipality where the Company has been granted rights hereunder in connection with, among other matters, Natural Gas Distribution Service, as altered from time to time;
- 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) \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_; and
  - ii) the first (1<sup>st</sup>) 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 \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.
- 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 (1<sup>st</sup>) calendar year or portion thereof of the Term of this Agreement, the franchise fee percentage will be \_\_\_\_ percent (\_\_\_\_ %).

By no later than September 1<sup>st</sup> 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 1<sup>st</sup> 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 1<sup>st</sup> 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.

## **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 wilful 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 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.

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, licensees, 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, 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:

i) To the Company:

Apex Utilities Inc.  
5509 45<sup>th</sup> Street  
Leduc, AB T9E 6T6  
Email: [businessdevelopment@apexutilities.ca](mailto:businessdevelopment@apexutilities.ca)  
Attention: Business Development

ii) To the Municipality:

Town of High Level  
10511 103 Street  
High Level, AB T0H 1Z0

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 (7<sup>th</sup>) 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 (7<sup>th</sup>) 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.

## **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).

## **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.

### **Town of High Level**

PER: \_\_\_\_\_

PER: \_\_\_\_\_

### **Apex Utilities Inc.**

PER: \_\_\_\_\_

PER: \_\_\_\_\_

## 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 in (insert paragraph number from Schedule B) of this Schedule.

June 4, 2025

Viv Thoss  
Chief Administrative Officer  
Town of High Level  
10511 – 103 Street  
High Level, AB T0H 1Z0

Attention: Viv Thoss and Myron Thompson

**RE: Request for Purchase Costs for Town of High Level Natural Gas Distribution System**

This letter is in response to the request made to Apex Utilities Inc. (“Apex”) on April 17<sup>th</sup>, 2025 to provide a potential purchase cost for the Town of High Level Natural Gas Distribution System (“System”). The information provided in this letter is in conjunction with a presentation to be held as part of a High Level Council meeting planned for June 9<sup>th</sup>, 2025.

As per previous practice with developing a potential purchase cost for a natural gas system, Apex uses a replacement cost new minus depreciation methodology to value assets. This model includes assessing each individual asset, its replacement value based on current costs, then reducing that cost by accumulated depreciation based on asset age.

The total System valuation is estimated at \$21,959,048, detailed in Appendix A – Town of High Level System Valuation Breakdown. This number reflects the minimum purchase cost Apex would consider if the system were sold. As there is considerable replacement work planned for the System over the next two years, the valuation provided in this letter is valid until August 31, 2025. Once the replacement projects are completed, Apex expects the valuation to increase by approximately \$15 million.

In addition to the distribution and transmission assets considered as part of the System, any sale would require consideration of the Northern Lights Pipeline (“NLPL”), a co-owned transmission system that is the sole source of natural gas supply to the Town of High Level. As the NLPL is co-owned by Apex and another party, Apex is not able to discuss a potential purchase without the other party’s involvement and consent. However, any purchase decision regarding the System will need to include consideration of the future ownership and operation of the NLPL.

We look forward to discussing this matter further with Council and are happy to answer any questions that may arise from the information provided. Although we understand Council's request to provide a purchase cost, we hope Apex continues to serve the Town of High Level for many, many years to come.

Sincerely,



Apex Utilities Inc.  
Dan Paquette  
Vice President, Corporate Services and Stakeholder Relations

## APPENDIX A – Town of High Level System Valuation Breakdown

Town of High Level System				
Asset	Quantity	Asset Value	Accumulated Depreciation	Net Value
<b>Distribution - Mains (m)</b>	49,467	\$ 23,387,716	\$ (11,897,447)	\$ 11,490,269
<b>Services (m)</b>	34,947	\$ 16,508,613	\$ (9,501,878)	\$ 7,006,736
<b>Regulators (ea)</b>	1,736	\$ 233,648	\$ (42,116)	\$ 191,532
<b>Meters (ea)</b>	1,736	\$ 1,596,143	\$ (522,217)	\$ 1,073,926
<b>Land &amp; Buildings</b>	-	\$ 270,010	\$ (85,620)	\$ 184,390
<b>Transmission - Mains</b>	7,855	\$ 2,674,149	\$ (940,061)	\$ 1,734,089
<b>Transmission - Measuring &amp; Regulating Structures</b>	5	\$ 47,777	\$ (10,025)	\$ 37,752
<b>Transmission - Measuring &amp; Regulating Equipment</b>	-	\$ 366,584	\$ (126,230)	\$ 240,354
<b>TOTAL</b>		\$ 45,084,641	\$ (23,125,593)	\$ 21,959,048



reliable.  
safe.  
affordable.

# Welcome to Apex Utilities

Keeping the *heart* of Alberta warm.

**Town of High Level  
Presentation  
June 2025**

# Agenda

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- Our Mission
- Who We Are
- What We Do
- High Level System
- 2025/2026 Replacement Projects
- Purchase Cost Review
- Purchase Considerations

# Our Mission

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## Our Mission

We keep customers warm by safely and reliably delivering energy.



## Our Vision

To provide exceptional customer value through investment in people, innovation, and infrastructure.



## Values

Safe & *Reliable*

Communication & *Integrity*

Our People, Customers & *Community*

Responsible *Solutions*

# A Quick History

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**1951**

Athabasca, Calmar, Leduc, Morinville, St Paul, and Weslock Utilities combine to form Alberta Consolidated Gas Ltd.



**1955**

Plains-Western Gas & Electric Co. Ltd. acquires all assets.



**1979**

Plains-Western Gas & Electric Co. Ltd. is renamed Inter-City Gas Utilities (ICG) Ltd. and the Town of High Level is converted from propane vapour to Natural Gas.



**1991**

ICG Utilities Alberta is acquired by Westcoast Energy Inc. and renamed Centra Gas Alberta Inc.



# A Quick History

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1999

Centra Gas Alberta Inc. is acquired by AltaGas Services Inc. and renamed AltaGas Utilities Inc.



2018

AltaGas Utilities Inc. is acquired by AltaGas Canada Inc.

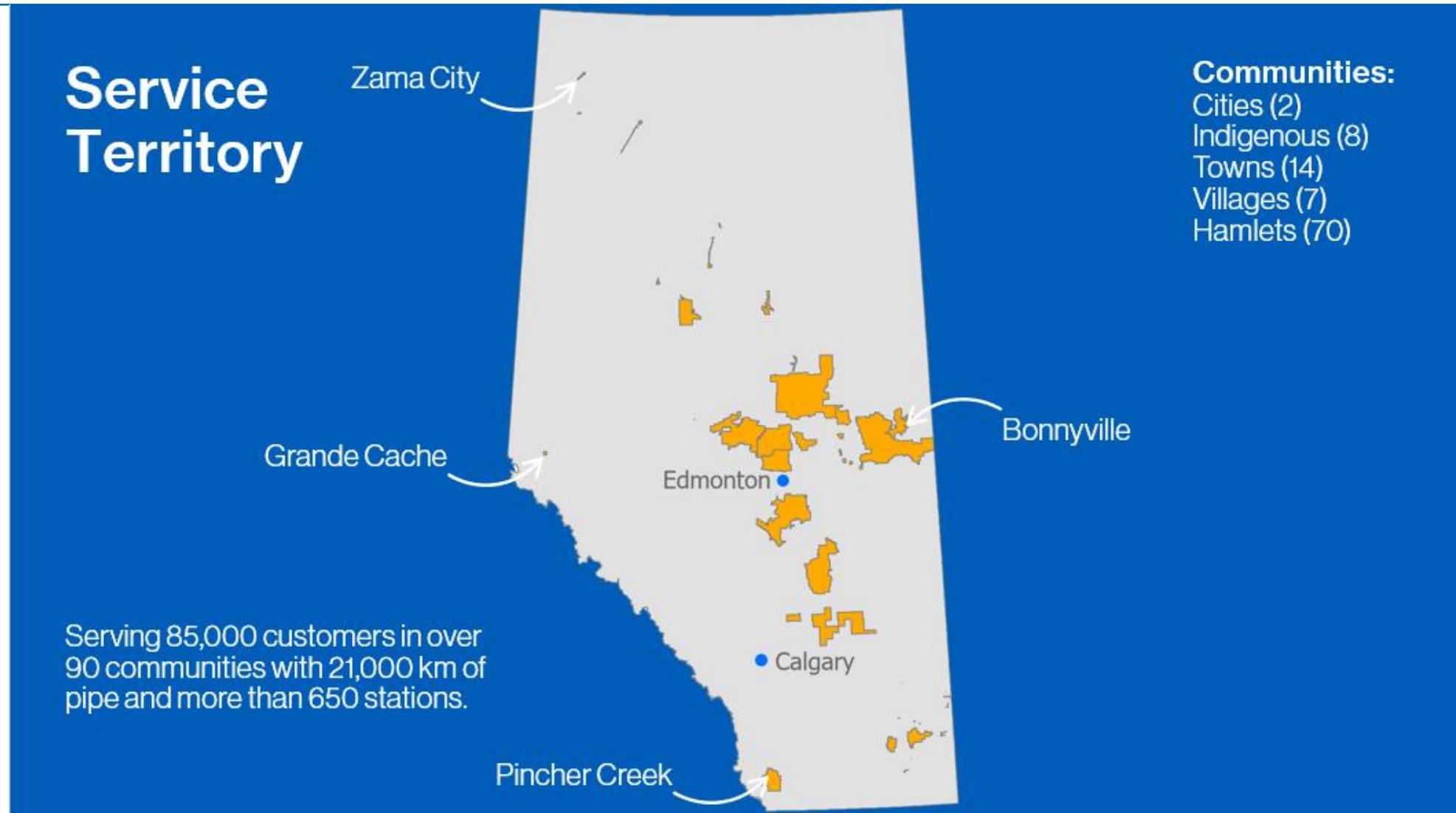


2020

AltaGas Canada Inc. becomes TriSummit Utilities Inc. and AltaGas Utilities Inc. becomes **Apex Utilities Inc.**



# Where We Serve



# What We Do

---

- Field Operations
  - 24/7 Emergency Response
    - Suspected and actual gas leaks
    - Pipeline Damages
    - Carbon monoxide complaints
    - No heat investigations
    - Non-gas related emergencies (e.g., fires, floods, etc.)
  - Line Locating
    - Founding member of Alberta One-Call (Utility Safety Partners)
  - Measurement and Regulation
    - Aerial meter reading
    - Regulating station operation and maintenance
    - Odorization
  - Construction
    - New mains and services
    - Replacement of aging infrastructure
    - Leak and pipeline damage repairs
    - Full engineering support
  - Technical Requirements and Regulations
    - Ensure full legal and regulatory compliance



# What We Do

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- Customer Support
  - Billing
    - Budget billing program
  - Call Centre located in Leduc Alberta
  - Customer satisfaction levels average 95% over the past five years
- Regulated and Deregulated Gas Supply Services
  - Default gas supply and delivery by Apex
  - AUI distribution of retailer secured natural gas
  - Gas purchasing and settlement

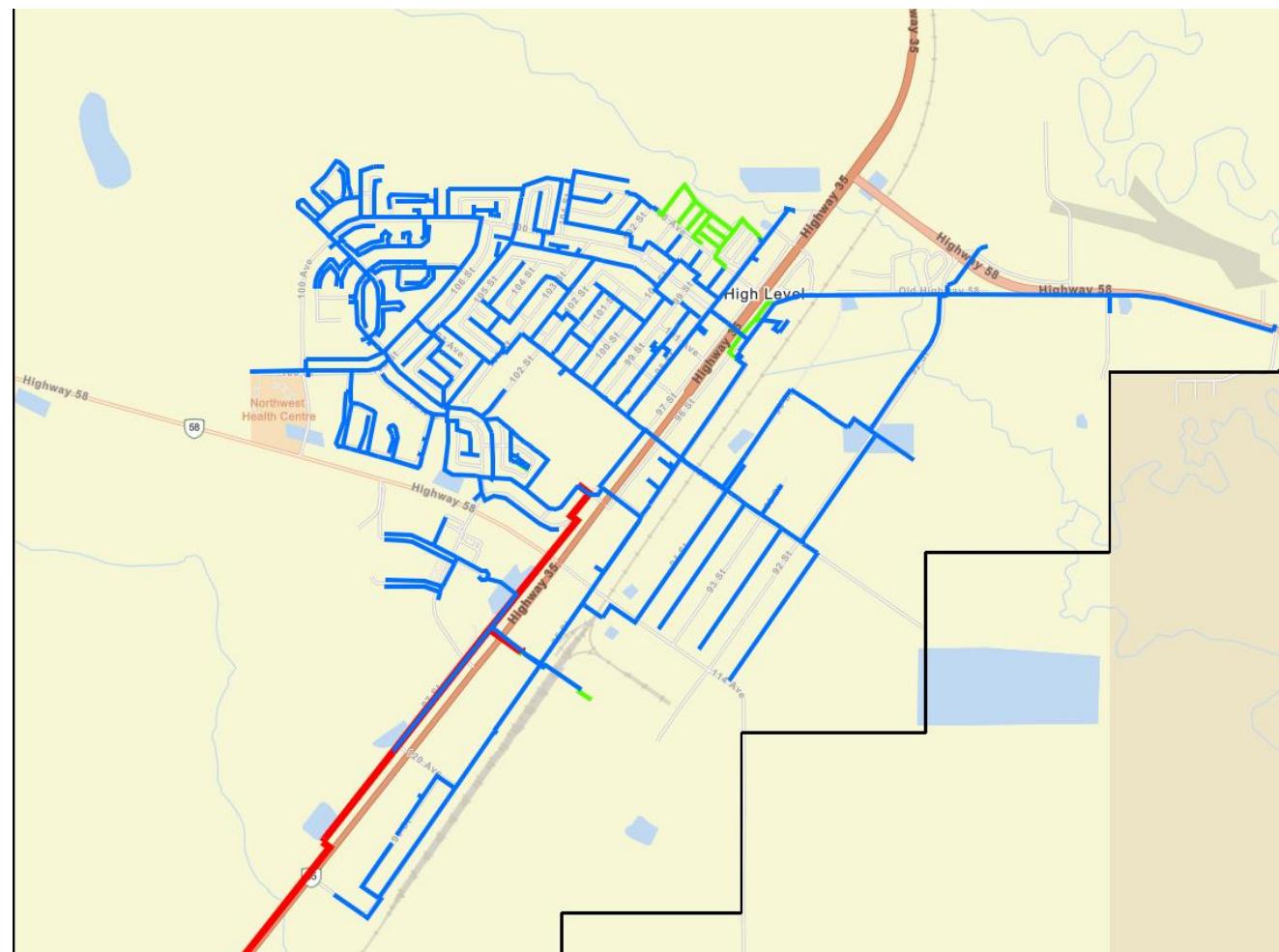


**We take responsibility for the delivery of safe and reliable natural gas service to your community.**

# High Level System

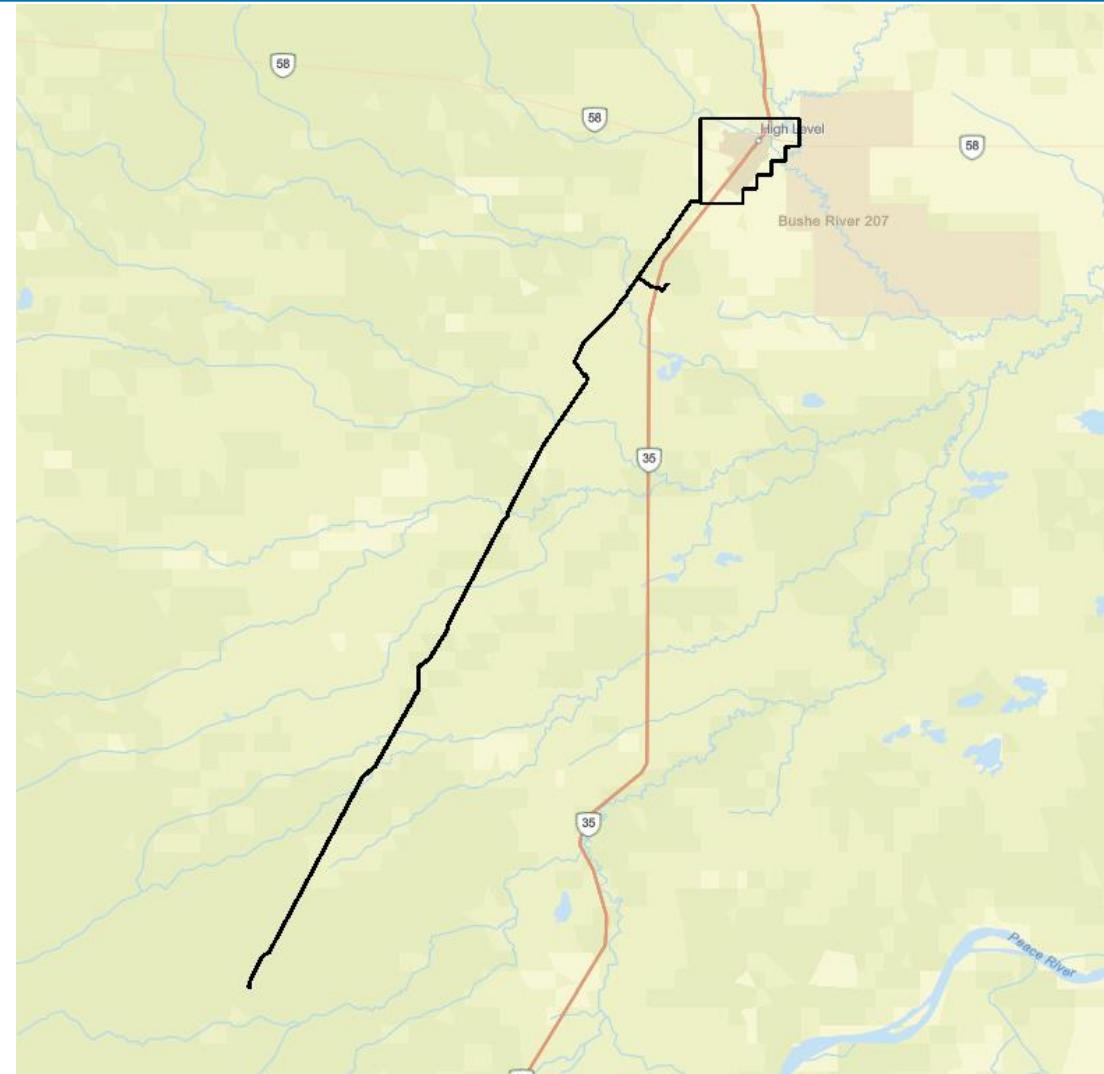
- Converted to natural gas in 1979

Asset	Quantity
Distribution - Mains	49 km
Services	35 km
Regulators	1,736
Meters	1,736
Transmission - Mains	8 km
Transmission - Measuring & Regulating Structures	5



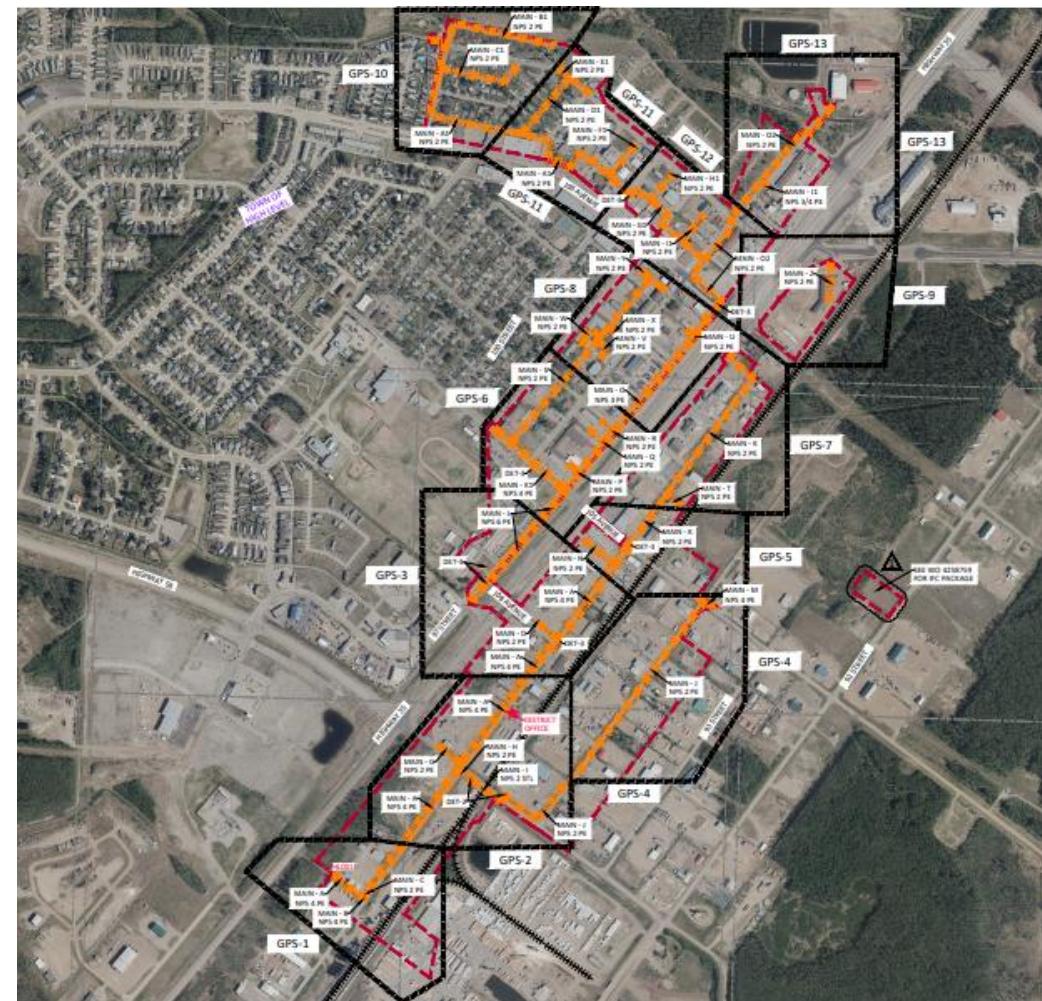
# High Level System

- Northern Lights Pipeline (NLPL) is the single source of supply to the Town of High Level
- NLPL is co-owned between Apex Utilities and Northern Lights Gas Co-op



# Replacement Projects

- 2025 High Level Replacements - \$7.5 million
- 2026 High Level Replacements - \$8.1 million
- Represents the largest investment in High Level's natural gas distribution system since it was installed.



# System Valuation Review

Town of High Level System				
Asset	Quantity	Asset Value (000s)	Accumulated Depreciation (000s)	Net Value (000s)
<b>Distribution - Mains (m)</b>	49,467	\$ 23,387	\$ (11,897)	\$11,490
<b>Services (m)</b>	34,947	\$ 16,508	\$ (9,501)	\$ 7,006
<b>Regulators (ea)</b>	1,736	\$ 233	\$ (42)	\$ 191
<b>Meters (ea)</b>	1,736	\$ 1,596	\$ (522)	\$ 1,073
<b>Land &amp; Buildings</b>	-	\$ 270	\$ (85)	\$ 184
<b>Transmission - Mains</b>	7,855	\$ 2,674	\$ (940)	\$ 1,734
<b>Transmission - Measuring &amp; Regulating Structures</b>	5	\$ 47	\$ (10)	\$ 37
<b>Transmission - Measuring &amp; Regulating Equipment</b>	-	\$ 366	\$ (126)	\$ 240
<b>TOTAL</b>		\$ 45,084	\$ (23,125)	<b>\$ 21,959</b>

**Total system valuation of \$21,959,048**

# Purchase Considerations

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- NLPL purchase or operating costs
- System operating costs
  - Estimate at ~\$475,000 / year
  - Not including gas transportation costs or insurance
- Lost franchise fees and tax revenue
  - Franchise fees - \$945,234 (inc GST)
  - Property tax - \$66,795

# Other Purchase Considerations

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- What's lost
  - Access to investment in your natural gas system
  - Socialized costs over a wider customer base
  - Your constituents will lose access to the competitive retail market
  - 24/7 emergency support from around the province
  - Best in Canada training and expertise

**Apex is committed to continuing to serve and foster a strong, lasting partnership with the Town of High Level.**

reliable.  
safe.  
affordable.



Thank You



## **Town of High Level Regular Council Meeting Request for Decision**

**Meeting Date:** **June 9, 2025**

**Prepared By:** **Logan Bartholow, Planning Consultant**

**Subject:** **Residential Development Incentive Policy**

### **Recommendation:**

THAT based on the June 9, 2025 report from Logan Bartholow, Planning Consultant, *Residential Development Incentive Policy*, Council consider approving one of the attached policy options.

### **CAO Comments:**

I believe the per-unit grant structure is the stronger option for encouraging residential development. It offers a clear, fixed financial impact that makes budgeting straightforward and eliminates the uncertainty associated with fluctuating property tax assessments. Compared to the tax cancellation model, it also reduces administrative complexity. Funds are distributed directly and predictably, without requiring developers to pay taxes upfront and wait for reimbursement. This model not only simplifies the process for both the municipality and applicants but also minimizes financial risk and enhances transparency. It's a practical, efficient, and fiscally responsible approach to supporting new housing.

### **Background:**

#### June 2024

- On June 10<sup>th</sup>, Council directs Administration to complete a Housing Needs Assessment and to prepare a new Housing Accelerator Fund (HAF) application for an expected future round.

#### September 2024

- On September 9<sup>th</sup>, Council directs Administration to submit an application to the second round of the HAF as presented by Administration (Attachment 3).

#### December 2024

- The Canada Mortgage and Housing Corporation (CMHC) informs the Town of High Level that they were successful in their application and is offered \$1,672,139.90 in funding over the next 4 years to complete the submitted action plan.

#### January 2025

- On January 13<sup>th</sup>, Council directs Administration to enter into a formal funding agreement with CMHC.

#### **Discussion:**

- Within the Town's Housing Accelerator Fund (HAF) Action Plan, the Town committed to implementing an incentive program aimed at encouraging the development of secondary suites and missing middle housing options (Attachment 3 - Initiative #5).
- The initiative proposes providing \$10,000 to individuals developing secondary suites. Those with existing, non-compliant (illegal) suites would be eligible for reimbursements of up to \$10,000 to bring their units up to code. New developments that include a secondary suite would be eligible for an additional \$5,000 in grant funding.
- The initiative also includes a proposed tax cancellation for the year of development and the year following occupancy for multi-family projects (Attachment 1). Alternatively, Administration has presented another option for Council's consideration that would offer a per-unit (\$/door) incentive for multi-family projects (e.g., townhomes, plex-style developments, and apartments) (Attachment 2).
- Both versions of the proposed policy are identical in structure but differ in the form of the financial incentive for Stream B; either a tax cancellation-style grant or a per-unit (\$/door) grant:
  - Attachment 1 - Tax Cancellation Grant
  - Attachment 2 - \$15,000/Unit Grant
- Administration believes the \$15,000 per unit grant would be easier to manage and implement, as it is a simple and easily calculated amount that can be consistently applied. While the property tax-based grant also provides an incentive for new housing, it involves more administrative steps and may be confusing for applicants.

- It is important to note that, to avoid complications associated with "cancelling" property taxes, Administration is instead proposing to issue a grant equal to the estimated property taxes for eligible properties for option 1. This approach would require the landowner to pay their taxes as usual, but they would receive a grant in the equivalent amount. This method is intended to streamline the process and reduce administrative complications.
- Due to staff turnover and competing priorities, implementation of this incentive program has been slightly delayed relative to the timelines outlined in the Town's Action Plan.

### **Financial:**

- Within the policy, Administration recommends that the total value of grants awarded not exceed \$125,000 annually, aligning with the planned HAF funding disbursements.
- Additionally, Administration recommends that no single project receive more than \$50,000, unless otherwise approved by Council, to maximize the number of projects supported. A further restriction of \$50,000 per applicant is proposed to prevent any individual or company from receiving the entire funding allocation.
- To expedite the approval process, it is proposed that the CAO be authorized to approve grant amounts of \$25,000 and under, provided the applications are eligible and contribute positively to the housing situation in High Level.

### **Council Options:**

1. THAT Council approve Policy 277-25 – Residential Development Incentive Policy as described in Attachment 1.
2. THAT Council approve Policy 277-25 – Residential Development Incentive Policy as described in Attachment 2.
3. THAT Council provide alternative direction.

### **Attachments:**

**Attachment 1 – 277-25 Residential Development Incentive Policy V1**

**Attachment 2 – 277-25 Residential Development Incentive Policy V2**

**Attachment 3 – Town of High Level HAF Action Plan Summary**

### **Approvals:**



**CAO, Viv Thoss**



**Author: Logan Bartholow,  
Planning Consultant**



## **Town of High Level Policy 277-25**

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<b>Title:</b>	Residential Development Incentive Policy
<b>Authority:</b>	Council
<b>Council Motion:</b>	Resolution # 277-25
<b>Date:</b>	2025/06/09
<b>Rescinds</b>	

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### **1.0 Purpose of Policy**

The Residential Development Incentive Policy has been created to guide the Town of High Level's Residential Development Incentive supported by the Housing Accelerator Fund. Its objectives are to increase the supply of residential housing, promote affordability, and encourage the compliance of non-conforming backyard units and secondary suites.

### **2.0 Applicability**

This policy applies to property owners, developers, and other contractors of the Town of High Level who may be interested in applying for the Town's Residential Development Incentive.

### **3.0 Guiding Principles**

- 3.1 Funds available for the Residential Development Incentive are allocated annually through the budget of the Planning and Development Department, as approved by Council, or through alternative sources allocated by Council.

## **Residential Development Incentive**

- 3.2** Council reserves the right to fund or discontinue the Residential Development Incentive at its discretion.
- 3.3** Grants are awarded based on an objective evaluation of submitted applications and are reviewed and distributed on a first-come, first-served basis.
- 3.4** All funding applications are reviewed by the Planning and Development Department prior to being submitted to the CAO for final approval.

## **4.0 Policy Statement**

- 4.1** The Residential Development Incentive is established to provide financial support to developers, builders, and property owners who wish to increase the availability of legal residential units in the Town of High Level through new construction or compliance upgrades.
- 4.2** The Incentive's objectives are to:
  - 4.2.1** Support the construction of back yard and secondary suites.
  - 4.2.2** Encourage the development of multi-family housing projects with a focus on affordability;
  - 4.2.3** Assist property owners in bringing non-compliant suites built prior to 2024 into compliance with applicable building and safety codes;
  - 4.2.4** Enhance long-term housing affordability and availability in the Town of High Level;
  - 4.2.5** Develop a permanent housing incentive framework that Council may continue beyond the 2024–2028 Housing Accelerator Fund period.
- 4.3** All applicants must be either:
  - 4.3.1** Property owners, using a qualified contractor; or
  - 4.3.2** Qualified developers or contractors who hold a valid Town of High Level business license.
- 4.4** The Planning and Development Department will review all applications to the incentive and recommend allocations to the Chief Administrative Officer or

## **Residential Development Incentive**

Council, as authorized. The Department reserves the right to assess the reasonableness of costs and feasibility of any applications.

**4.5** In considering an application, the Department will have general regard for, but not be bound by, the following:

- 4.5.1** A detailed project description and an explanation of how the project will contribute to the increase or improvement of housing in the community.
- 4.5.2** The extent to which the project aligns with local planning policies and housing goals.
- 4.5.3** Whether the development meets the criteria for affordable housing as defined by the Canada Mortgage and Housing Corporation (CMHC), where applicable.
- 4.5.4** Reasonableness of estimated project costs.

## **5.0 Stream A – Backyard Units and Secondary Suites**

- 5.1** Stream A is open to both new and existing secondary suite projects and will be administered as a grant-only incentive.
- 5.1.1** Property owners or developers must use qualified contractors who hold valid Town of High Level Business Licences.
- 5.1.2** All required permits must be obtained before funding will be released.
- 5.1.3** The property must be located within the Town of High Level.
- 5.2** There will be two categories available under Stream A:
- 5.2.1** New Backyard Units and Secondary Suites will be able to access the following funding:
  - i) A grant of \$10,000 per unit
  - ii) An additional \$5,000 per unit when the backyard or secondary suite is developed as part of a new principal dwelling construction.
- 5.2.2** Existing (non-compliant) Backyard and Secondary Suites Built Prior to 2024:

## **Residential Development Incentive**

- i) Eligible for up to \$10,000 in reimbursements towards bringing the unit into full code compliance.

### **6.0 Stream B – Multi-Family Developments**

- 6.1 Stream B applies to multi-family residential developments and is open to all property owners, provided the applicant engages a qualified developer or contractor holding a valid Town of High Level Business Licence.
- 6.2 Applicants under Stream B with eligible multi-family residential projects may receive a grant equivalent to the estimated property tax value, as determined or estimated by the Finance Department, for the following periods:
  - 6.2.1 All municipal taxes during the construction period.
  - 6.2.2 The first full calendar year following occupancy.
- 6.3 Preference for approval under this stream will be given to developments that meet the CMHC definition of affordable housing.

### **7.0 Application Requirements**

- 7.1 Applicants are encouraged to consult with the Planning and Development Department prior to submitting an application.
- 7.2 Completed applications must be submitted to the Planning and Development Department, which will acknowledge receipt and record the application date.
- 7.3 Grant applications may be submitted throughout the calendar year and are reviewed and awarded in the order in which they are received.
- 7.4 Application forms will be designed by the Planning and Development Department, and may be updated from time to time to facilitate improved processing.
- 7.5 All applications are reviewed by the Planning and Development Department to ensure completeness and compliance with this policy. This includes an evaluation of eligibility criteria, scope of the project, and proposed costs/expenses. Complete and eligible applications will be forwarded to the Chief Administrative Officer (CAO) for further consideration. The CAO May:

## **Residential Development Incentive**

- 7.5.1** Render a final decision on the application for grant amounts of \$25,000 and under.
- 7.5.2** Recommend that the application be presented to Council for consideration.
- 7.6** The Planning and Development Department will inform applicants of the final decision and will manage the agreement process for successful applications.
- 7.7** All approvals are based on each application's alignment with this policy. There is no appeal process for decisions made by the Planning and Development Department, the CAO, or the Council.

## **8.0 Granting Allocations**

- 8.1** The maximum amount available under each grant is as follows:
- 8.1.1** \$10,000 per Backyard and Secondary Suite; an additional \$5,000 per unit is available when the suite is developed as part of a new principal dwelling construction for applicants of Stream A.
- 8.1.2** Estimated property tax for the year of construction and the first full calendar year following occupancy for applicants of Stream B.
- 8.2** Successful applicants will be required to enter and abide by a binding Agreement.
- 8.3** The Agreement must be signed and returned to the Town by the applicant within thirty (30) working days of notification of approval.
- 8.4** Grant funding will only be provided as a one-time lump sum reimbursement as per the Agreement once:
- 8.4.1** For new residential construction, the approved building permit receives a completed framing inspection.
- 8.4.2** For Backyard and Secondary suites, the approved building permit has received a completed and positive final inspection.

## **9.0 General Conditions**

- 9.1** The Chief Administrative Officer, as authorized by Council, has the discretion to approve Residential Development Incentive applications for amounts of

## Residential Development Incentive

\$25,000 and under. Projects requesting more than \$25,000 must be submitted to Council for approval.

- 9.2 The total amount of grants awarded shall not exceed \$125,000 annually, unless otherwise reviewed by the Council.
- 9.3 The total grant amount per applicant and/or project shall not exceed \$50,000, unless otherwise approved by Council.
- 9.4 Applicants are encouraged to use locally sourced supplies and materials, where feasible. When the CAO or Council makes a decision on projects, they may prioritize projects that use locally sourced materials.
- 9.5 This policy is intended to survive beyond the Housing Accelerator Fund period as a long-standing municipal incentive. After 2028, future funding may be provided through the Town's annual operating budget as approved by Council, and Council may continue beyond the 2024–2028 Housing Accelerator Fund period.
- 9.6 Funds must be used for new residential construction or upgrades required for legal compliance. Funds cannot be used for general maintenance or upgrades required by a development permit that do not increase housing availability in the Town of High Level.
- 9.7 All submissions must be complete and legible. The Planning and Development Department may request additional information, over and above base application requirements, as needed to support an application.
- 9.8 All application and funding decisions are at the discretion of the CAO or Council, as authorized, and may be refused or adjusted for any reason. The Planning and Development Department may also impose conditions on any agreements it deems appropriate.
- 9.9 Applicants may apply for projects that have started before the implementation of the policy but only if that project received a development permit no later than January 1, 2025. Application decisions on these retroactive projects will be at the discretion of the CAO or Council.

## Residential Development Incentive

### 10.0 Definitions

**Building Permit** is a permit issued by the Town of High Level upon submission of an application, assessed by a Safety Codes Officer for compliance with the National Building Code – Alberta Edition.

**Chief Administrative Officer (CAO)** is the individual appointed by Council to the position of Chief Administrative Officer as per the Municipal Government Act.

**Council** shall mean the elected Council of the Town of High Level, as defined in Part 5, Division 1 of the Municipal Government Act.

**Development Permit** is a document issued by the Town of High Level authorizing a development in accordance with the applicable land use bylaw.

**Dwelling – Backyard Unit** is a subordinate dwelling unit that is detached from and located behind a Dwelling – Single Detached, Dwelling – Duplex, or Dwelling – Townhouse. It may be attached to or located above an accessory building or garage.

A backyard unit includes one or more bedrooms, a bathroom, cooking facilities, and a private entrance that provides direct access to the unit without requiring passage through a garage.

**Multi-Family Residential** for the purposes of this policy, multi-family residential shall mean Dwelling - Multiple Units or Dwelling - Townhouses.

**Dwelling – Multiple Unit** is a building located entirely within a single site that contains three (3) or more attached dwelling units. These units may be arranged in a variety of configurations, including but not limited to “plex” or apartment formats. Entrances may be independent, shared through a common area, or a combination of both.

**Dwelling – Secondary Suite** is a self-contained dwelling unit located within, and accessory to, a Dwelling – Single Detached, Dwelling – Duplex, or Dwelling – Townhouse. A secondary suite includes one or more bedrooms with egress-compliant windows, a separate bathroom, separate cooking facilities, and a private entrance that provides direct access to the suite without requiring passage through the principal dwelling unit.

**Dwelling – Townhouse** means a minimum of three (3) Dwelling Units arranged side-by-side in a row, each with independent entrances at the Ground Floor level. A Dwelling – Townhouse may be located entirely on a single Lot or may span multiple Lots, with Party Walls aligned with Lot Lines.

## **Residential Development Incentive**

**Dwelling – Duplex** means a Building containing two (2) Dwelling Units, arranged either side-by-side or stacked. Each Dwelling Unit may also include a Dwelling – Secondary Suite, where permitted. A Dwelling – Duplex may be located entirely on a single Lot or may straddle two Lots, with a Party Wall aligned along the shared Lot Line. A Dwelling – Single Detached with a Dwelling – Secondary Suite is not considered a Dwelling – Duplex.

**Town** shall mean Town of High Level.



## **Town of High Level Policy 277-25**

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<b>Title:</b>	Residential Development Incentive Policy
<b>Authority:</b>	Council
<b>Council Motion:</b>	Resolution # 277-25
<b>Date:</b>	2025/06/09
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---

### **1.0 Purpose of Policy**

The Residential Development Incentive Policy has been created to guide the Town of High Level's Residential Development Incentive supported by the Housing Accelerator Fund. Its objectives are to increase the supply of residential housing, promote affordability, and encourage the compliance of non-conforming backyard units and secondary suites.

### **2.0 Applicability**

This policy applies to property owners, developers, and other contractors of the Town of High Level who may be interested in applying for the Town's Residential Development Incentive.

### **3.0 Guiding Principles**

- 3.1 Funds available for the Residential Development Incentive are allocated annually through the budget of the Planning and Development Department, as approved by Council, or through alternative sources allocated by Council.

## **Residential Development Incentive**

- 3.2** Council reserves the right to fund or discontinue the Residential Development Incentive at its discretion.
- 3.3** Grants are awarded based on an objective evaluation of submitted applications and are reviewed and distributed on a first-come, first-served basis.
- 3.4** All funding applications are reviewed by the Planning and Development Department prior to being submitted to the CAO for final approval.

## **4.0 Policy Statement**

- 4.1** The Residential Development Incentive is established to provide financial support to developers, builders, and property owners who wish to increase the availability of legal residential units in the Town of High Level through new construction or compliance upgrades.
- 4.2** The Incentive's objectives are to:
  - 4.2.1** Support the construction of back yard and secondary suites.
  - 4.2.2** Encourage the development of multi-family housing projects with a focus on affordability;
  - 4.2.3** Assist property owners in bringing non-compliant suites built prior to 2024 into compliance with applicable building and safety codes;
  - 4.2.4** Enhance long-term housing affordability and availability in the Town of High Level;
  - 4.2.5** Develop a permanent housing incentive framework that Council may continue beyond the 2024–2028 Housing Accelerator Fund period.
- 4.3** All applicants must be either:
  - 4.3.1** Property owners, using a qualified contractor; or
  - 4.3.2** Qualified developers or contractors who hold a valid Town of High Level business license.
- 4.4** The Planning and Development Department will review all applications to the incentive and recommend allocations to the Chief Administrative Officer or

## **Residential Development Incentive**

Council, as authorized. The Department reserves the right to assess the reasonableness of costs and feasibility of any applications.

**4.5** In considering an application, the Department will have general regard for, but not be bound by, the following:

- 4.5.1** A detailed project description and an explanation of how the project will contribute to the increase or improvement of housing in the community.
- 4.5.2** The extent to which the project aligns with local planning policies and housing goals.
- 4.5.3** Whether the development meets the criteria for affordable housing as defined by the Canada Mortgage and Housing Corporation (CMHC), where applicable.
- 4.5.4** Reasonableness of estimated project costs.

## **5.0 Stream A – Backyard Units and Secondary Suites**

- 5.1** Stream A is open to both new and existing secondary suite projects and will be administered as a grant-only incentive.
- 5.1.1** Property owners or developers must use qualified contractors who hold valid Town of High Level Business Licences.
- 5.1.2** All required permits must be obtained before funding will be released.
- 5.1.3** The property must be located within the Town of High Level.
- 5.2** There will be two categories available under Stream A:
- 5.2.1** New Backyard Units and Secondary Suites will be able to access the following funding:
  - i) A grant of \$10,000 per unit
  - ii) An additional \$5,000 per unit when the backyard or secondary suite is developed as part of a new principal dwelling construction.
- 5.2.2** Existing (non-compliant) Backyard and Secondary Suites Built Prior to 2024:

## **Residential Development Incentive**

- i) Eligible for up to \$10,000 in reimbursements towards bringing the unit into full code compliance.

### **6.0 Stream B – Multi-Family Developments**

- 6.1 Stream B applies to multi-family residential developments and is open to all property owners, provided the applicant engages a qualified developer or contractor holding a valid Town of High Level Business Licence.
- 6.2 Applicants under Stream B with eligible multi-family residential projects may receive a lump sum grant equal to \$15,000 per unit.
- 6.3 Preference for approval under this stream will be given to developments that meet the CMHC definition of affordable housing.

### **7.0 Application Requirements**

- 7.1 Applicants are encouraged to consult with the Planning and Development Department prior to submitting an application.
- 7.2 Completed applications must be submitted to the Planning and Development Department, which will acknowledge receipt and record the application date.
- 7.3 Grant applications may be submitted throughout the calendar year and are reviewed and awarded in the order in which they are received.
- 7.4 Application forms will be designed by the Planning and Development Department, and may be updated from time to time to facilitate improved processing.
- 7.5 All applications are reviewed by the Planning and Development Department to ensure completeness and compliance with this policy. This includes an evaluation of eligibility criteria, scope of the project, and proposed costs/expenses. Complete and eligible applications will be forwarded to the Chief Administrative Officer (CAO) for further consideration. The CAO May:
  - 7.5.1 Render a final decision on the application for grant amounts of \$25,000 and under.
  - 7.5.2 Recommend that the application be presented to Council for consideration.

## **Residential Development Incentive**

- 7.6** The Planning and Development Department will inform applicants of the final decision and will manage the agreement process for successful applications.
- 7.7** All approvals are based on each application's alignment with this policy. There is no appeal process for decisions made by the Planning and Development Department, the CAO, or the Council.

## **8.0 Grant Allocation and Agreement**

- 8.1** The maximum amount available under each grant is as follows:
  - 8.1.1** \$10,000 per Backyard and Secondary Suite; an additional \$5,000 per unit is available when the suite is developed as part of a new principal dwelling construction for applicants of Stream A.
  - 8.1.2** A grant of \$15,000 per residential principle unit for applicants of Stream B.
- 8.2** Successful applicants will be required to enter and abide by a binding Agreement.
- 8.3** The Agreement must be signed and returned to the Town by the applicant within thirty (30) working days of notification of approval.
- 8.4** Grant funding will only be provided as a one-time lump sum reimbursement as per the Agreement once:
  - 8.4.1** For new residential construction, the approved building permit receives a completed framing inspection.
  - 8.4.2** For Backyard and Secondary suites, the approved building permit has received a completed and positive final inspection.

## **9.0 General Conditions**

- 9.1** The Chief Administrative Officer, as authorized by Council, has the discretion to approve Residential Development Incentive applications for amounts of \$25,000 and under. Projects requesting more than \$25,000 must be submitted to Council for approval.
- 9.2** The total amount of grants awarded shall not exceed \$125,000 annually, unless otherwise reviewed by the Council.

## **Residential Development Incentive**

- 9.3** The total grant amount per applicant and/or project shall not exceed \$50,000, unless otherwise approved by Council.
- 9.4** Applicants are encouraged to use locally sourced supplies and materials, where feasible. When the CAO or Council makes a decision on projects, they may prioritize projects that use locally sourced materials.
- 9.5** This policy is intended to survive beyond the Housing Accelerator Fund period as a long-standing municipal incentive. After 2028, future funding may be provided through the Town's annual operating budget as approved by Council, and Council may continue beyond the 2024–2028 Housing Accelerator Fund period.
- 9.6** Funds must be used for new residential construction or upgrades required for legal compliance. Funds cannot be used for general maintenance or upgrades required by a development permit that do not increase housing availability in the Town of High Level.
- 9.7** All submissions must be complete and legible. The Planning and Development Department may request additional information, over and above base application requirements, as needed to support an application.
- 9.8** All application and funding decisions are at the discretion of the CAO or Council, as authorized, and may be refused or adjusted for any reason. The Planning and Development Department may also impose conditions on any agreements it deems appropriate.
- 9.9** Applicants may apply for projects that have started before the implementation of the policy but only if that project received a development permit no later than January 1, 2025. Application decisions on these retroactive projects will be at the discretion of the CAO or Council.

## **10.0 Definitions**

**Building Permit** is a permit issued by the Town of High Level upon submission of an application, assessed by a Safety Codes Officer for compliance with the National Building Code – Alberta Edition.

**Chief Administrative Officer (CAO)** is the individual appointed by Council to the position of Chief Administrative Officer as per the Municipal Government Act.

## **Residential Development Incentive**

**Council** shall mean the elected Council of the Town of High Level, as defined in Part 5, Division 1 of the Municipal Government Act.

**Development Permit** is a document issued by the Town of High Level authorizing a development in accordance with the applicable land use bylaw.

**Dwelling – Backyard Unit** is a subordinate dwelling unit that is detached from and located behind a Dwelling – Single Detached, Dwelling – Duplex, or Dwelling – Townhouse. It may be attached to or located above an accessory building or garage.

A backyard unit includes one or more bedrooms, a bathroom, cooking facilities, and a private entrance that provides direct access to the unit without requiring passage through a garage.

**Multi-Family Residential** for the purposes of this policy, multi-family residential shall mean Dwelling - Multiple Units or Dwelling - Townhouses.

**Dwelling – Multiple Unit** is a building located entirely within a single site that contains three (3) or more attached dwelling units. These units may be arranged in a variety of configurations, including but not limited to “plex” or apartment formats. Entrances may be independent, shared through a common area, or a combination of both.

**Dwelling – Secondary Suite** is a self-contained dwelling unit located within, and accessory to, a Dwelling – Single Detached, Dwelling – Duplex, or Dwelling – Townhouse. A secondary suite includes one or more bedrooms with egress-compliant windows, a separate bathroom, separate cooking facilities, and a private entrance that provides direct access to the suite without requiring passage through the principal dwelling unit.

**Dwelling – Townhouse** means a minimum of three (3) Dwelling Units arranged side-by-side in a row, each with independent entrances at the Ground Floor level. A Dwelling – Townhouse may be located entirely on a single Lot or may span multiple Lots, with Party Walls aligned with Lot Lines.

**Dwelling – Duplex** means a Building containing two (2) Dwelling Units, arranged either side-by-side or stacked. Each Dwelling Unit may also include a Dwelling – Secondary Suite, where permitted. A Dwelling – Duplex may be located entirely on a single Lot or may straddle two Lots, with a Party Wall aligned along the shared Lot Line. A Dwelling – Single Detached with a Dwelling – Secondary Suite is not considered a Dwelling – Duplex.

**Town** shall mean Town of High Level.

## HAF Initiative Summary

### Initiative 1: Zoning Reform of Residential Land Use Districts

#### Commitment/Description:

The proposed initiative aims to increase housing flexibility and density across residential districts by broadening permitted uses and reducing restrictions. The following zoning changes will be made, contingent upon approval through the processes legislated by the Municipal Government Act:

#### R-1 Low Density:

- Make DWELLING – DUPLEX and SECONDARY SUITES a permitted use. Clarify the SECONDARY SUITE definition to explicitly allow basement suites, garage suites, and garden suites.
- Make Townhouses and multi-unit developments permitted up to 4-units on all corner lots.
- Allow DWELLING – MULTI UNITS to have a shared entrance rather than require separate entrances for each unit

#### R-2 Medium Density:

- Make SECONDARY SUITES a permitted use. Clarify the SECONDARY SUITE definition to explicitly allow basement suites, garage suites, and garden suites.
- Remove the unit cap on Townhouses in the R-2 land use district
- Make DWELLING – MULTIPLE UNIT a permitted use up to 8 units per lot
- Allow DWELLING – MULTI UNITS to have a shared entrance rather than require separate entrances for each unit

#### R-3 High Density:

- Remove the unit cap on apartment buildings
- Change building height maximum from 4 stories to 6 stories
- Allow DWELLING – MULTI UNITS to have a shared entrance rather than require separate entrances for each unit

#### Milestones/Deadlines:

Milestone Name	Estimated Start Date	Estimated Completion Date ↑	Description
Project Initiated	2025-01-01	2025-02-15	This milestone will involve internal reviews and drafting of the amendment to the Town's Land Use Bylaw.
Council Approval Process	2025-02-17	2025-06-12	Amending the Land Use Bylaw requires 1st, 2nd, and 3rd reading, as well as a public hearing. To support this public hearing, public engagement will be conducted to tailor the approach as needed.

## Initiative 2: Making Building Easier

### **Commitment/Description:**

The town will reduce minimums and increase maximums of various metrics in all residential land use districts to create greater flexibility. The Town is committed to at least a 25% relaxation in all of the following regulations and will explore further relaxations for each land use district and use as appropriate:

- Parking minimums for multi-family developments
- Lot area minimums for all types of developments, with greater flexibility for multi-family developments
- Lot width minimums
- Setback minimums
- Specifically reduce setback minimums for garden and garage suites by at least 50% and to 1m when abutting a rear lane.
- Minimum floor area
- Maximum lot coverage
- Density Maximums
- Sight triangle distances along low-volume roads

This will make the rules around site layout and composition more flexible resulting in more units per lot for multi-family developments, and greater density in lower density residential neighbourhoods.

### **Milestones/Deadlines:**

Milestone Name	Estimated Start Date	Estimated Completion Date ↑	Description
Project Initiation	2025-01-01	2025-02-28	A consultant will be procured to analyze the development requirements currently within the Town's Land Use Bylaw and then suggest relaxations as committed to within this initiative, and in alignment with the Alberta Building Codes.
Council Approval	2025-02-28	2025-06-14	Amending the Town's Land Use Bylaw ultimately requires 1st, 2nd, and 3rd reading as well as a public hearing. A public engagement process will be implemented to support the public hearing.

## Initiative 3: Improving Development & Approval Processes

### **Commitment/Description:**

The initiative aims to streamline the permitting process with e-permitting, fee reductions, and pre-application consultations to support multi-unit and affordable housing projects. It also seeks to simplify applications, provide clear regulatory information, and facilitate approvals through quick-guides and pre-approval for federal design catalogue projects.

Specifically, the town is committed to implementing the following:

- An e-permitting process for all development permits with priority review for multi-unit developments and affordable housing providers.
- Improve permit application forms to only require the exact information needed.
- Implement an optional development inquiry process where developers can meet with staff to discuss their proposed projects prior to them submitting a development permit to help them understand the Town's regulations. Those that meet with the Town prior to submitting a development permit application will receive a 25% reduction in permit fees.
- Reduce permit fees for permitted uses that do not require variances.
- Create quick-guides for various types of residential development so that developers can more easily find the information they're looking for regarding Town regulations.
- Create a pre-approval process for developers utilizing the federal design catalogue.

### **Milestones/Deadlines:**

Milestone Name	Estimated Start Date	Estimated Completion Date ↑	Description
Improvement of Internal Processes	2025-01-01	2025-04-30	Specific actions such as implementing an e-permitting process, improving permit application forms, implementing a development inquiry process and creating quick-guides can be completed internally without needing Council approval. All of these changes should be completed by early 2025.
Updated Fees Bylaw	2025-01-01	2025-04-30	Updating the Town's Fees Bylaw occurs each year during the budget process and is often completed by the end of January 2025.
Create Pre-Approval Process with Pre-Approved Designs Available for Public Use.	2025-01-01	2025-09-15	As the federal design catalogue becomes available, Town staff will work on pre-approving the designs for the appropriate land use districts. Pre-approval can be completed quickly once the designs are publicly available, and the Town will advertise on its website, and during development inquiry meetings, that these designs are available and pre-approved.

## Initiative 4: Improving Data Access & Development Knowledge

### **Commitment/Description:**

The Town is committed to completing the following:

- Revamp the Town's Planning & Development webpages to improve navigation.
- Implement an open data portal for developers seeking public planning documents and GIS data such as infrastructure locations, cadastral data, and more.
- Additional GIS work will be done to improve understanding around various utilities within the Town's boundaries as well as water table/soil quality, and flood mapping to better pinpoint where new development may or may not be suitable. These findings will then be utilized for future work, including updating the Town's Municipal Development Plan and Land Use Districts.
- Update the Town's GIS WebMap to improve accuracy and measurements to improve application timelines and public knowledge. Provide a how-to-guide on how to utilize the Town's WebMap.

The goals and objectives are to improve access to planning information and GIS data through more readily available data, enhanced GIS data accuracy, and update planning frameworks.

### **Milestones/Deadlines:**

Milestone Name	Estimated Start Date	Estimated Completion Date ↑	Description
Town Webpage Improvement	2025-01-01	2025-03-15	Work through the later part of December will be completed to improve the Town's Planning & Development webpages and a data portal will be created for developers.
Review and Implement GIS Improvements	2025-03-01	2025-12-14	A consultant will be brought on to review the Town's current GIS data, and will then be tasked with further improving this by cleaning up outdated files, identifying missing information and obtaining that from utility providers and/or other levels of government. Data that is not readily available will be captured through field work, or scoped for future projects. Following this work the Town will upload this data to the Town's webmap in a user friendly way, and a link will be clearly displayed on the Town's website and made available to the public and general public alike.

## Initiative 5: Multi-Unit and Secondary Suite Incentive Program

### **Commitment/Description:**

The Town will create two incentive programs with the goal of incentivizing the development of additional secondary suites and missing middle housing options. These incentive programs will directly benefit the other initiatives included within the Town's application and jumpstart development in the Town.

#### Secondary Suite Incentive:

- The town will create a new incentive program where secondary suites can receive \$10,000 per unit (owners of illegal suites built prior to 2024 can also apply to bring the unit into compliance, owners can have costs reimbursed up to \$10,000). New developments containing a secondary suite can receive an additional \$5,000 per unit.

#### Missing Middle Tax Incentive:

- The town will create a new incentive program where multi-family projects over 10 units can receive a tax cancellation for the year in which development occurs and the year following occupancy. Preference for the tax cancellation program will be given to those developing affordable housing, as defined by CMHC.

The intent is to make both of these incentives long-standing programs past the program period with funding after the program being provided through the municipal budget.

### **Milestones/Deadlines:**

Milestone Name	Estimated Start Date	Estimated Completion Date ↑	Description
Development and Implementation of Incentives	2025-03-01	2025-05-15	Creation of policies to guide the incentives and development of application materials will be created through January and February. In late February the 2025 programs will open for applications. These programs will then be offered annually with the goal to extend the programs past the life of the HAF program.

## Initiative 6: Renewal of Statutory Plans

### **Commitment/Description:**

The Town's statutory planning documents are currently outdated. This initiative aims to fully renew all statutory plans, including the Municipal Development Plan, which has not been significantly updated in over 15 years. Additionally, the initiative will replace outdated Area Structure Plans and create new Area Redevelopment Plans as needed over the next three years.

This is a crucial step for the Town's long-term success. Each plan will be developed with a focus on housing to ensure that regulations, processes, and activities are continuously improved. This approach will help identify and address housing challenges early. After the review and renewal of the statutory plans, the Town will implement a continuous improvement process to keep the plans current and adaptable to changes in the housing market.

Another key aspect of these updates will be infrastructure planning and asset management. The initiative will ensure that the Town's infrastructure assets are properly repaired and upgraded as needed, preventing future development from being slowed or delayed due to inadequate infrastructure.

### **Milestones/Deadlines:**

Milestone Name	Estimated Start Date	Estimated Completion Date ↑	Description
Initial Assessment	2024-10-01	2024-12-31	Evaluate current statutory plans and identify areas needing updates, including the Municipal Development Plan, Area Structure Plans, and Area Redevelopment Plans. Related non-statutory plans will also be evaluated depending on their level of impact to the Town's statutory plans.
Public Engagement	2025-01-01	2025-06-30	To kick the project off and ensure the public not only is informed about the project, but also has a voice in improving their community, the Town will procure a consultant to conduct extensive public engagement with both the general public, municipal staff, council, and targeted stakeholders such as indigenous groups, developers, realtors, affordable housing operators, and more.
Creation and Approval of Plans	2025-09-01	2027-09-01	With an assessment done and a bulk of the engagement completed, the Town will then work towards updating all of the Town's statutory plans over the next 2 years. There will be aspects of research, drafting, public consultation, and Council meetings for each of the Town's statutory plans, though a set schedule can not be identified until the initial assessment (first milestone) has been completed. All statutory plans will require 1st, 2nd, and 3rd reading, as well as a public hearing.



## **Town of High Level Regular Council Meeting Request for Decision**

**Meeting Date:**

**June 9, 2025**

**Prepared By:**

**Logan Bartholow, Planning Consultant**

**Subject:**

**Wayfinding Strategy & Implementation Plan –  
Project Update**

### **Recommendation:**

THAT based on the June 9, 2025, report from Logan Bartholow, Planning Consultant, *Wayfinding Strategy & Implementation Plan – Project Update*, Council consider one of the presented options.

### **CAO Comments:**

I support the recommendation.

### **Background:**

- In 2024, the Town of High Level received a Northern and Regional Economic Development (NRED) grant of \$81,200 to complete a Wayfinding Strategy & Implementation Plan. This is a 50% matching program, with the Town contributing an equal amount through both cash and in-kind contributions.
- Through the procurement process, the actual cost of the project was lower than initially estimated. This resulted in savings for both the Town and the NRED program; however, the unused portion of the grant will need to be returned to the province.

## **Discussion:**

- Through an initial round of engagement, the hired consultant considered public input and designed three draft signage options (Attachment 1: pages 31–34). The public engagement webpage received a total of 181 views, with 49 contributors participating in the first round of engagement.
- A second round of engagement was conducted to determine which signage design the public preferred (Attachment 1). During this round, the engagement webpage received 210 views, with 19 contributors.
- In this second engagement, respondents were asked to choose their favourite design. The results were as follows:
  - Design Option 1a: 35%
  - Design Option 1b: 18%
  - Design Option 2: 47%
- While Option 2 received the most individual support, Options 1a and 1b are similar in design. When their support is combined, they account for 53%, indicating an even split in preference between the Option 1 variations and Option 2.
- Administration is now seeking Council's direction on which design option they wish to move forward with for the finalization of the Wayfinding Strategy & Implementation Plan.

## **Financial:**

- At this time, there is no additional financial request. The next phase of the project will involve high-level cost estimates for each type of sign, as well as fabrication-ready design documents.
- This project has experienced significant delays due to related delays in the Town's branding update. Further delays in selecting a signage design option may result in the Town missing its grant reporting deadlines and potentially being required to repay the NRED grant.
- Once cost estimates are complete, Administration will bring a final report forward for Council's consideration. Funding for some or all of the signage could be included in future Capital budgets at Council's discretion, and grants may be available to reduce the cost burden on the municipality.

### **Council Options:**

1. THAT Council direct Administration to move forward one of the design options for further refinement and finalization.
2. THAT Council provide alternative direction to Administration.

### **Attachments:**

**Attachment 1 – Wayfinding Strategy & Implementation Plan \_ Engagement Report 2**

### **Approvals:**



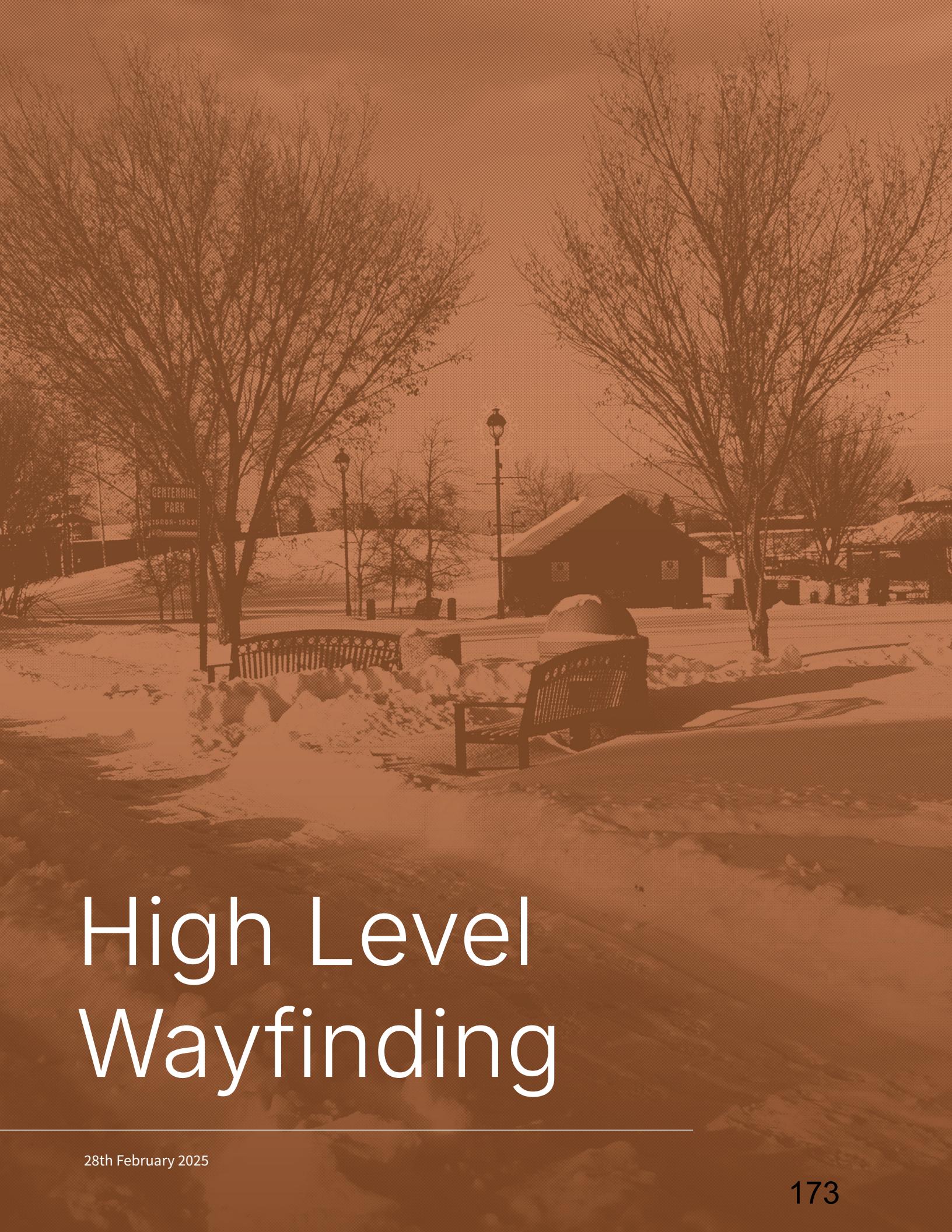
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**CAO, Viv Thoss**



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**Author: Logan Bartholow,  
Planning Consultant**



# High Level Wayfinding

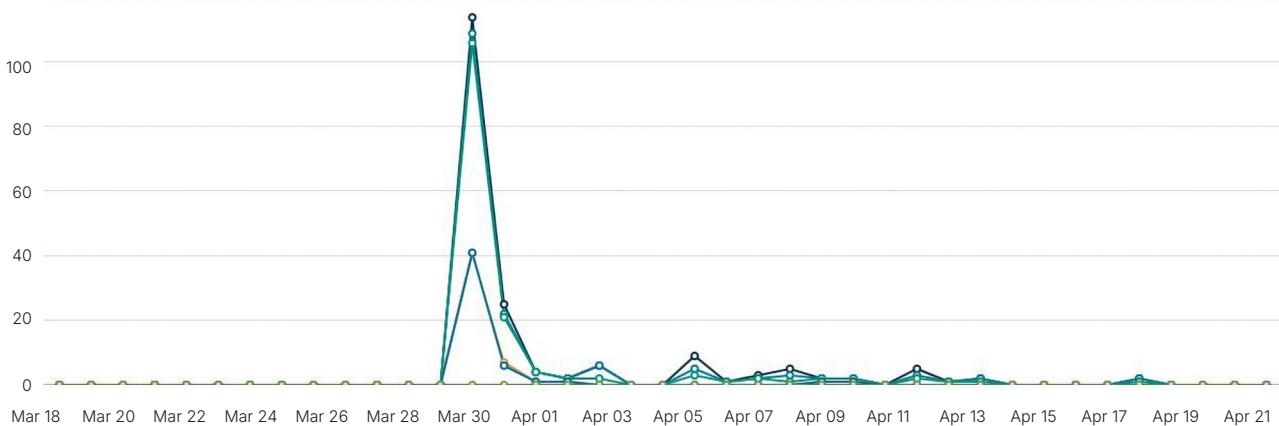
# Public Survey Summary

The Town of High Level conducted a public engagement survey for the Wayfinding Strategy Implementation Plan between March 17, 2025 and April 21, 2025. The survey was hosted on the ShapeHighLevel.ca platform and gathered community input to inform the development of the town's wayfinding system.

## Engagement Overview

- **Survey Duration:** 36 days
- **Platform:** ShapeHighLevel.ca
- **Total Views:** 181
- **Total Visits:** 164
- **Unique Visitors:** 140
- **Total Contributions:** 52
- **Number of Contributors:** 49
- **Participation Rate:** 31.1% (contributors as percentage of visits)

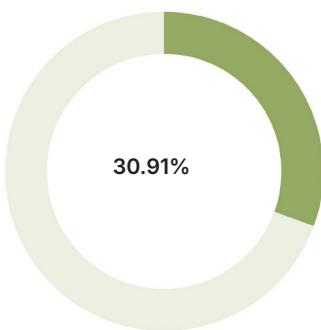
The engagement data shows a significant peak in participation around March 31, with smaller spikes of activity around April 7 and April 15. This pattern suggests that promotional efforts or reminders during these periods effectively drove survey participation.



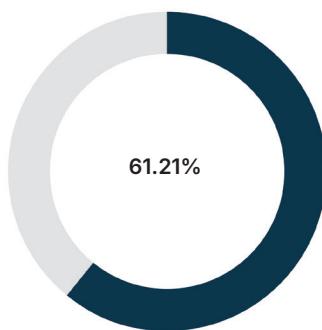
## Engagement Quality

The following metrics demonstrate the quality of engagement:

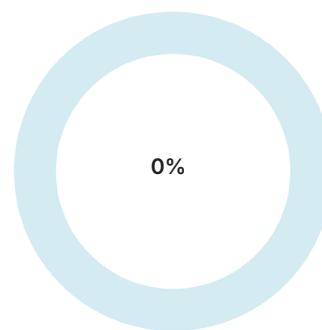
- 30.91% of visits resulted in at least one contribution, showing good conversion from visitors to active participants
- 61.21% of visits lasted at least 1 active minute, indicating participants took time to carefully review and respond to the survey
- The Wayfinding Strategy & Implementation Plan was the only active project during this period, receiving 100% of the engagement focus



Percentage of visits where at least 1 contribution was made.



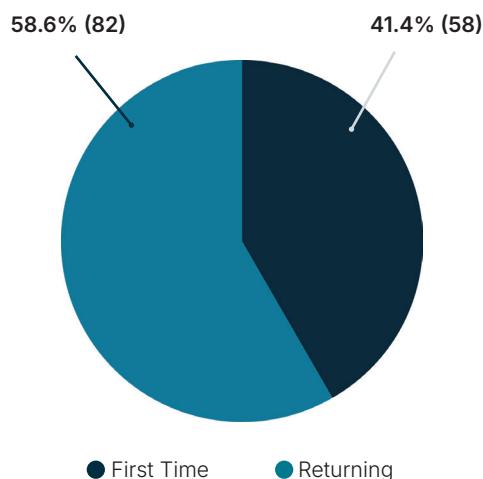
Percentage of visits that lasted at least 1 active minute.



Percentage of visits where at least 2 actions were performed.

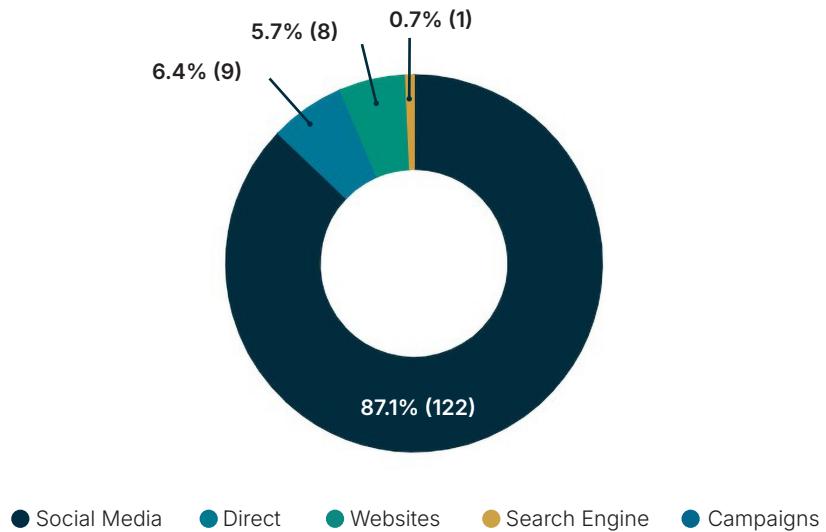
## Visit Profile

The visitor profile data indicates a healthy mix of first-time (41.4%, 58 visitors) and returning visitors (58.6%, 82 visitors), demonstrating both new interest and sustained engagement throughout the survey period. This balanced participation suggests the survey successfully captured input from diverse community members, with a slight majority being repeat visitors who showed continued interest in the wayfinding project.



## Traffic Sources

The referral data shows that the majority of visitors accessed the survey through social media (87.1%, 122 responses), with smaller portions coming from direct links (6.4%, 9 responses), the Town's website (5.7%, 8 responses), and search engines (0.7%, 1 response). This distribution highlights the effectiveness of the Town's social media strategy in driving community participation.

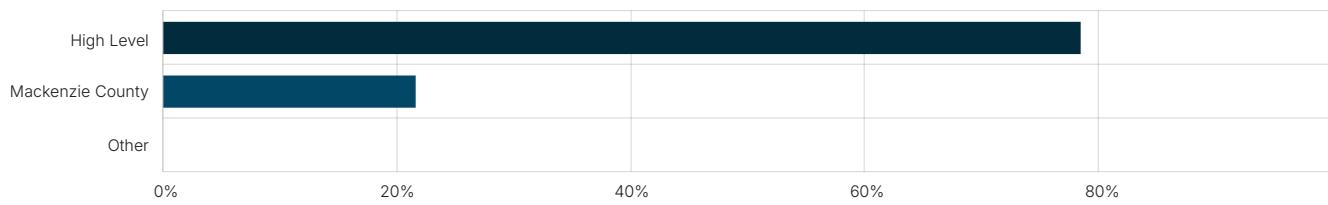


# Public Survey Report

A total of 52 community members participated in the survey, providing valuable insights into how people navigate High Level and what improvements they would like to see. The feedback collected highlights key priorities, common challenges, and preferences that will help shape a more effective and welcoming wayfinding system for the town.

## Who Responded to the Survey?

- 78% of respondents live in High Level
- 22% live in Mackenzie County



## Visitation Frequency (for non-residents)

Of those who live outside of High Level, their visitation frequency was:

- 72.7% of non-residents visit daily
- 9.1% visit weekly
- 18.2% visit monthly

A strong majority of non-residents visit regularly, showing that signage impacts more than just town residents.

## Transportation Habits

Respondents ranked how they usually travel around High Level. Driving was by far the most common method, followed by walking, biking, and other options.

- Driving – Average rank: 3.90 | Selected as top choice by 79% of respondents
- Walking – Average rank: 1.96 | Top choice for 15.8%
- Biking – Average rank: 0.83 | Top choice for 4.1%
- Other – Average rank: 0.22 | Top choice for 1%

While driving is clearly the most common way people get around, walking and biking still play a meaningful role in how some navigate the community. As a result, the wayfinding strategy will prioritize signage that is clear, legible, and easy to read at driving speeds, with large text and minimal clutter. At the same time, it will also consider the needs of pedestrians and cyclists by ensuring signs are accessible and visible at a slower pace.

## Current Satisfaction with Signage

When asked to rate the current quality of signage in town, respondents answered:

- Excellent – 8%
- Good – 17%
- Fair – 48%
- Poor – 17%
- Very Poor – 8%
- Don't Know – 2%

Notably, 65% of respondents rated the signage as “Fair” or worse, highlighting a clear need for improvement. These results directly inform the development of the final wayfinding signage strategy. They indicate that existing signage may be lacking in visibility, clarity, consistency, or overall usability. As we move forward, the strategy will prioritize improving these areas by introducing a more cohesive visual system, clear messaging hierarchy, and consistent sign placement. We will also explore materials, colors, and typography that enhance readability and ensure the signs stand out in the environment.

## Has Signage Caused Confusion?

- Yes – 32%
- No – 68%

While the majority of respondents indicated they have not experienced confusion due to town signage, nearly one-third (32%) reported that signage has caused difficulty in navigating High Level. This is a significant portion, and it signals that the current wayfinding system is not fully meeting the needs of all users. This feedback underscores the importance of improving both the clarity and usability of signage throughout town. Though the survey did not specifically identify which user groups are most affected, we believe that new residents, visitors, and those unfamiliar with local landmarks are likely experiencing the most difficulty. To address this, the final wayfinding strategy will prioritize intuitive navigation by enhancing sign placement, improving orientation cues, and designing signage that communicates direction and destination clearly and quickly.

Special attention will be paid to ensuring consistency in design language, logical sequencing of signage, and the strategic use of maps and symbols to support both vehicular and pedestrian navigation. The goal is to reduce ambiguity and make navigation seamless for all users, regardless of how familiar they are with the area.

## Where Signage is most needed?

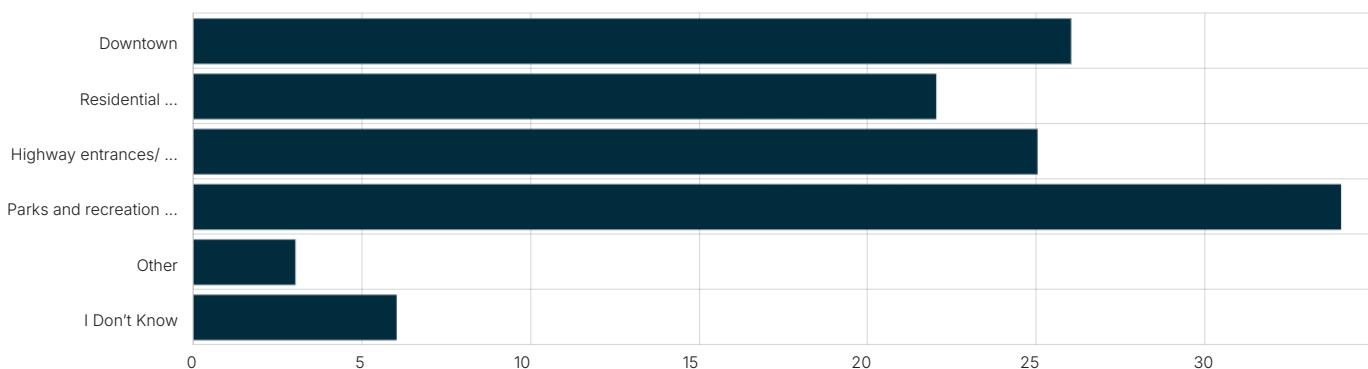
Respondents were asked to identify areas where additional signage is needed. These were the top choices (multiple selections allowed):

- Parks and Recreation – 67%
- Downtown – 51%
- Highway Entrances/Exits – 49%
- Residential Areas – 43%

These results point to a need for improved wayfinding in high-traffic, high-visibility locations—particularly in parks and recreation areas, the downtown core, and along major entry and exit points from the highway. These are key navigational touchpoints for both residents and visitors, where a lack of clear signage can lead to disorientation or missed destinations.

The final wayfinding signage strategy will use this input to prioritize signage placement in these critical zones. For parks and recreation, this could include trailhead signage, directional markers, and facility identifiers. In the downtown area, we will emphasize pedestrian-scale signage that supports walkability, while also introducing consistent branding elements that strengthen the district's identity. At highway entrances and exits, we will focus on clear, legible signs that provide early guidance for approaching destinations, helping drivers make informed navigation decisions at speed.

Additionally, the strategy will address signage needs in residential areas, especially those that may lack clear street identification or directional cues for community facilities, enhancing the overall ease of movement throughout town.



## Most Important Types of Signage

Respondents selected the kinds of signage they believe are most valuable:

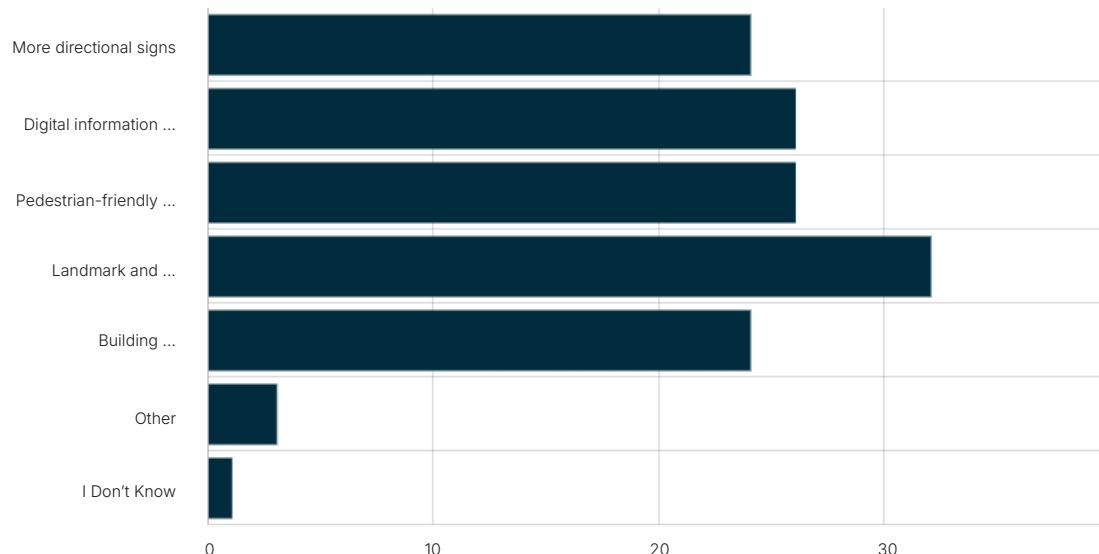
- Landmark/Historical Signs – 63%
- Pedestrian-Friendly Signs – 51%
- Digital Boards – 51%
- Directional Signs – 47%
- Building Identification Signs – 47%

Landmark and historical signage emerged as the top priority, underscoring the community's strong interest in celebrating and interpreting local heritage. This includes both physical landmarks and narrative signage that tells the story of High Level's history.

Pedestrian-friendly signage and digital boards were equally valued, even in a car-oriented town. This highlights the importance of designing a flexible system that supports all modes of movement. The final strategy will ensure that signage is legible and effective for both drivers and pedestrians, using appropriate scaling, placement, and messaging. Digital signage will be integrated into prominent locations, including the North and South highway gateways, to provide real-time updates, community information, and event promotion in a modern, engaging format.

Directional and building identification signage, though slightly lower in ranking, remain essential components of a complete wayfinding system. These elements will help people navigate efficiently to key destinations, such as public facilities, schools, and businesses, and reinforce consistency across the town's signage network.

By aligning the final wayfinding signage strategy with these community priorities, we aim to create a system that is informative, inclusive, and reflective of High Level's identity.



## Preferred Visual Style

Participants were shown five different example sign styles and asked to select their favorite:

This feedback will directly inform the visual direction of the final wayfinding signage package. The system will embrace a contemporary, uncluttered design language that reflects the evolving identity of the Town of High Level, ensuring signs are not only functional but also visually appealing and cohesive across various locations and sign types.

Key design features will include strong typographic clarity, simplified icons, and high-contrast color schemes to maximize legibility. Accent colors will be used purposefully to draw attention to key messages or destinations, while maintaining a consistent visual tone across the network. This clean, modern approach will allow the signage to stand out without overwhelming the surrounding environment, supporting both quick recognition at driving speeds and ease of reading at pedestrian level.

By aligning the visual style with community preferences, the final wayfinding system will offer a unified, recognizable presence that enhances navigation and reinforces civic identity.



31% (most popular)



29%



18%



13%



9%

## Cultural Representation in Signage

**Respondents were asked whether signage should reflect local cultural elements, including Indigenous heritage:**

- Yes = 78%
- No = 22%

This response clearly signals a desire from the community to see High Level's cultural identity represented throughout its public spaces, particularly through the wayfinding system.

In response, the final signage strategy will be designed with flexibility in mind, creating space for the integration of Indigenous language, symbols, and cultural motifs. While this inclusion requires meaningful and respectful collaboration, we recognize that this cannot be done without direct input and leadership from local Indigenous communities.

A future project should be undertaken to incorporate leadership and guidance from local Indigenous communities. This should be done through a dedicated consultation process in partnership with Indigenous representatives to ensure that cultural elements—such as language, iconography, and design—are integrated in an authentic, respectful manner aligned with community goals.

In the meantime, the base signage design should be developed with flexibility in mind, allowing for the seamless addition of these cultural elements once consultation is complete.

This recommendation supports the broader goals of Truth and Reconciliation by embedding Indigenous perspectives and presence into the visual landscape of High Level in a meaningful and lasting way.

## Wayfinding Goals – What Matters Most

**Respondents ranked four major goals for a wayfinding system, from most to least important:**

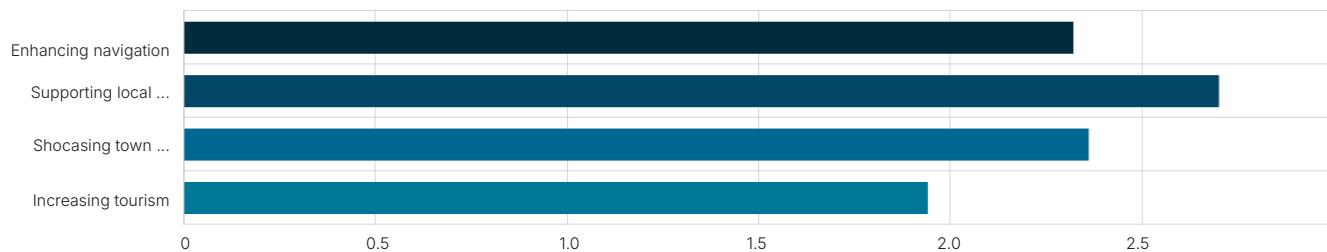
- Support Local Businesses – 2.7 → ~84%
- Showcase Town Identity – 2.36 → ~79%
- Improve Navigation – 2.40 → ~78%
- Increase Tourism Appeal – 1.95 → ~68%

The results show that the community sees wayfinding as more than just directional signage; it is also a tool for economic development and civic pride. Supporting local businesses and showcasing the town's unique identity emerged as the highest priorities, closely followed by improving navigation. Increasing tourism appeal, while still important, ranked slightly lower. These insights will shape the final wayfinding signage strategy in several key ways:

- First, signage will be designed to direct both residents and visitors to local businesses and commercial areas, especially the downtown core. This will include clear vehicular and pedestrian signage that highlights retail zones, dining options, and other points of interest, helping stimulate local commerce and foot traffic.

- Second, the system will intentionally reflect and reinforce the Town of High Level's identity through visual style, place names, and thematic consistency. This will create a sense of place and pride for residents, while helping newcomers and visitors connect with the town's character and story.
- Finally, navigation and tourism goals will be addressed through intuitive sign placement, inclusion of landmarks, and potential integration of maps or digital elements that enhance the visitor experience.

By balancing these goals, the final wayfinding system will do more than help people get from point A to B, it will actively support the vitality, visibility, and identity of the community.



## Key Takeaways

- Most participants are residents of High Level, but even non-residents visit often and rely on town signage.
- Driving is the dominant travel method, but walking and biking are still important to accommodate.
- Most respondents believe current signage is only “fair” or “poor,” and a third have had trouble finding places.
- Signage improvements are most needed in parks, downtown, highways, and residential neighbourhoods.
- There is strong support for historic, pedestrian-friendly, and digital signs, with clear design preferences.
- Cultural representation and supporting local businesses are critical to the community’s vision of wayfinding.

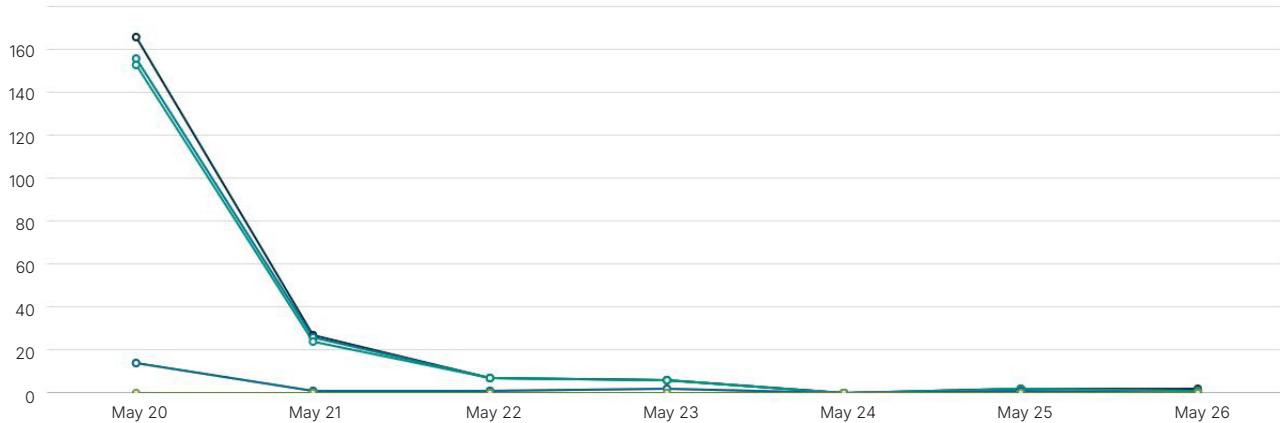
# Public Survey Summary: Design Options

The Town of High Level conducted a follow-up public engagement survey for the Wayfinding Strategy Design Options between May 20 and May 26, 2025. This survey was hosted on the ShapeHighLevel.ca platform and gathered community input on three specific design options developed based on feedback from the initial wayfinding survey conducted March 17 - April 21, 2025.

## Engagement Overview

- **Survey Duration:** 7 days
- **Platform:** ShapeHighLevel.ca
- **Total Views:** 210
- **Total Visits:** 198
- **Unique Visitors:** 190
- **Total Contributions:** 19
- **Number of Contributors:** 19
- **Participation Rate:** 9.6% (contributors as percentage of visits)

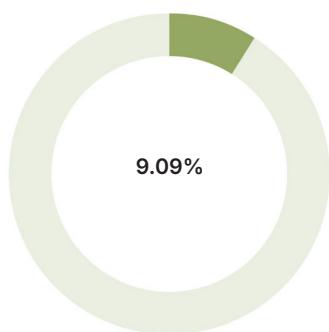
The engagement data reveals concentrated participation primarily on May 20, with minimal activity on other days throughout the survey period. This concentrated response pattern indicates that community members responded quickly once they became aware of the design options survey, resulting in focused but intensive participation during a shorter timeframe.



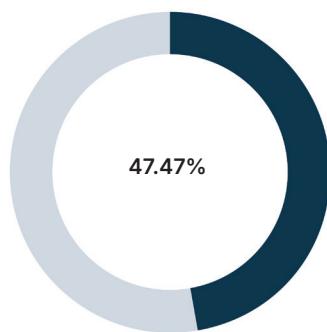
## Engagement Quality

The following metrics demonstrate the quality of engagement:

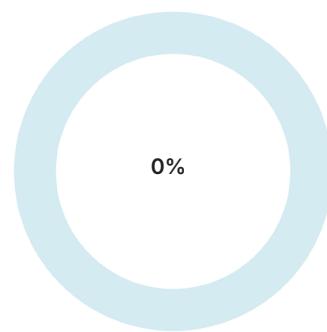
- 9.09% of visits resulted in at least one contribution, showing good conversion from visitors to active participants
- 47.47% of visits lasted at least 1 active minute, indicating participants took time to carefully review and respond to the survey
- The Wayfinding Design Options survey was the primary focus during this engagement period



Percentage of visits where at least 1 contribution was made.



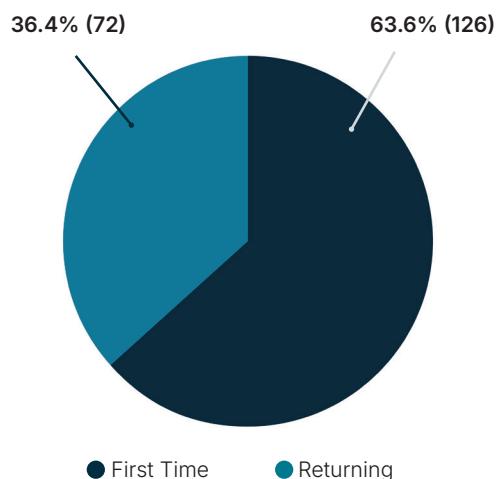
Percentage of visits that lasted at least 1 active minute.



Percentage of visits where at least 2 actions were performed.

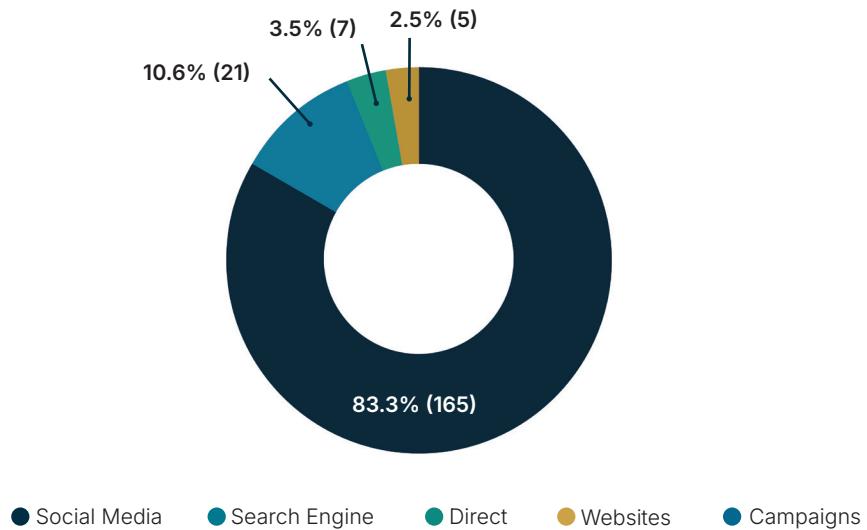
## Visit Profile

The visitor profile data indicates 63.6% first-time visitors and 36.4% returning visitors. This distribution suggests interest in the follow-up survey.



## Traffic Sources

The referral data shows that the majority of visitors accessed the survey through social media (83.3 %, 165 responses), with smaller portions coming from direct links (3.5%, 7 responses), the Town's website (2.5%, 5 responses), and search engines (10.6%, 21 response). This distribution highlights the effectiveness of the Town's social media strategy in driving community participation.



# Public Survey Report: Design Options

A total of 19 community members participated in the design options survey, providing feedback on three proposed wayfinding design options. The feedback collected from the public and City Council will inform the final design selection and refinement to the final design that will constitute the final design standards for the Town of High Level Wayfinding Signage Strategy.

## Design Options Survey

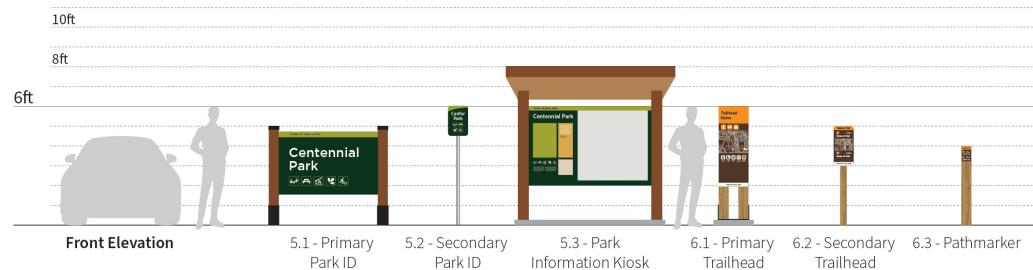
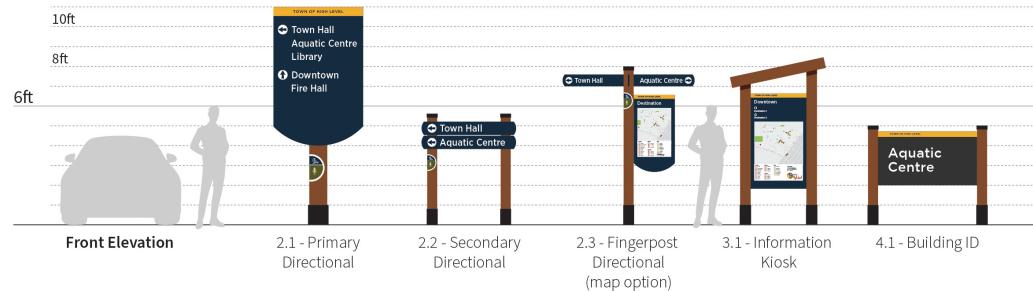
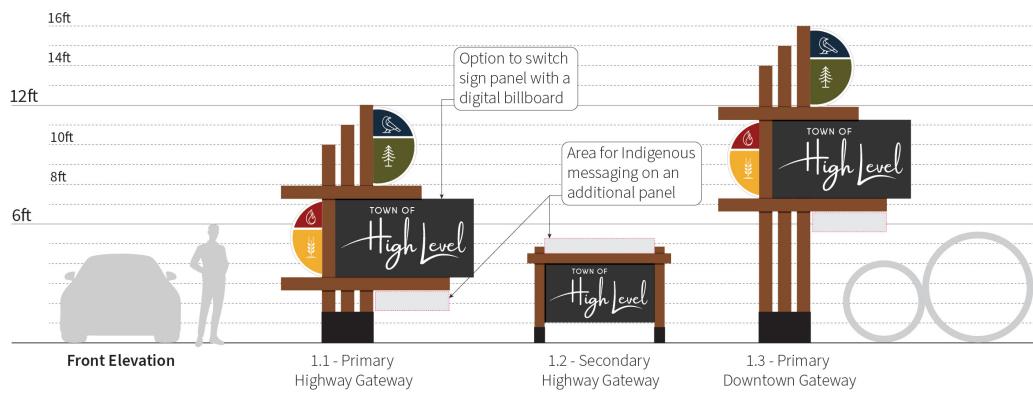
Respondents were asked to review and comment on the designs (likes and dislikes) of each of the three design options. Participants were then asked to choose their preference. Based on community feedback, the level of support for each option was as follows:

### Design Option 1a

**Design Option 1a received support from 35.29% of respondents.**

This option was praised for its visual warmth, modern sensibility, and effective integration with the natural environment. Community members highlighted the aesthetic appeal of the timber elements, describing them as striking features that naturally draw attention and evoke a strong sense of place. The comprehensive approach to signage, including highway gateway signs, downtown entrance markers, and interior directional signage, was seen as a thoughtful and complete design solution. Several respondents noted that these elements contributed to a more artistic and sophisticated appearance compared to the town's existing signage. The downtown gateway and primary highway signs were called out as distinctive and visually compelling.

In addition to design appeal, some feedback focused on the durability of materials. A few respondents suggested substituting the timber supports with wood-look metal, maintaining the aesthetic while enhancing resilience against weather conditions and fire hazards. This input reflects a practical interest in preserving the design's intent while adapting it for longevity and local environmental realities.

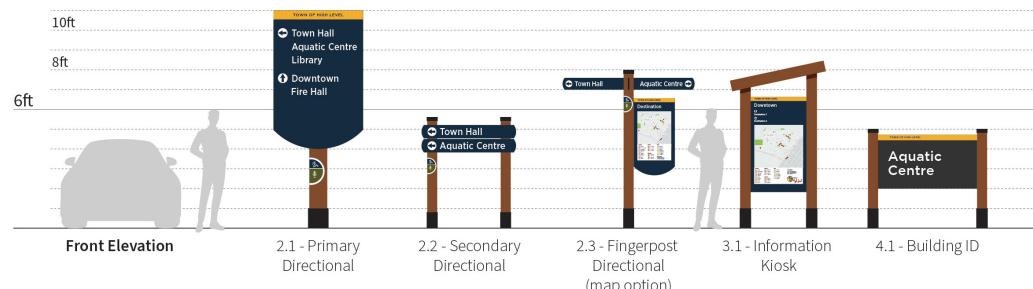
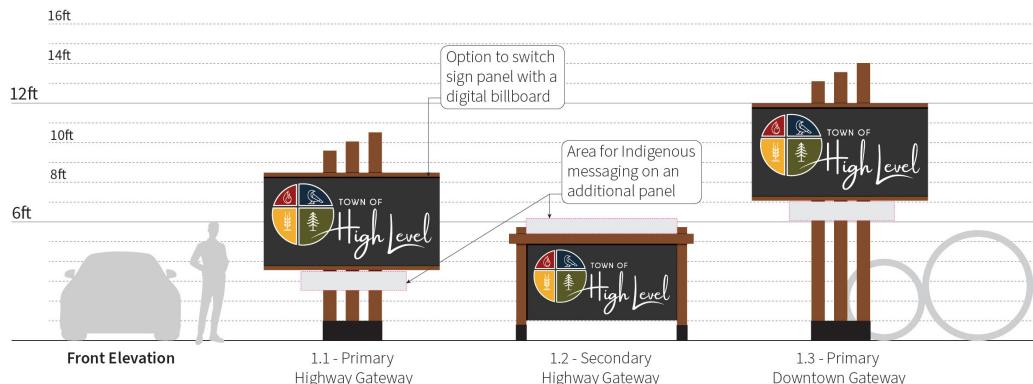


## Design Option 1b

Design Option 1b received support from 17.65% of respondents.

This option appealed to respondents who valued clean lines, simplicity, and the preservation of the updated logo design in its full form rather than as a fragmented visual element. Several comments expressed appreciation for the timber supports and the placement of the logo within the 1.1, 1.2, and 1.3 sign types, viewing this layout as structurally strong and visually balanced. Participants also highlighted the inclusion of information kiosks and mapping signage as functional strengths of this option. These features were seen as helpful for visitors navigating the town, while also adding clarity and a sense of modern utility.

While some felt Option 1b was more plain compared to 1a, others found its minimalism refreshing. Several respondents noted that the more straightforward structure of the gateway signage could offer advantages in withstanding heavy winds or snow loads. A few community members also emphasized the potential for cost savings, indicating that their final preference between 1a and 1b could depend on the relative budget impact of each design.



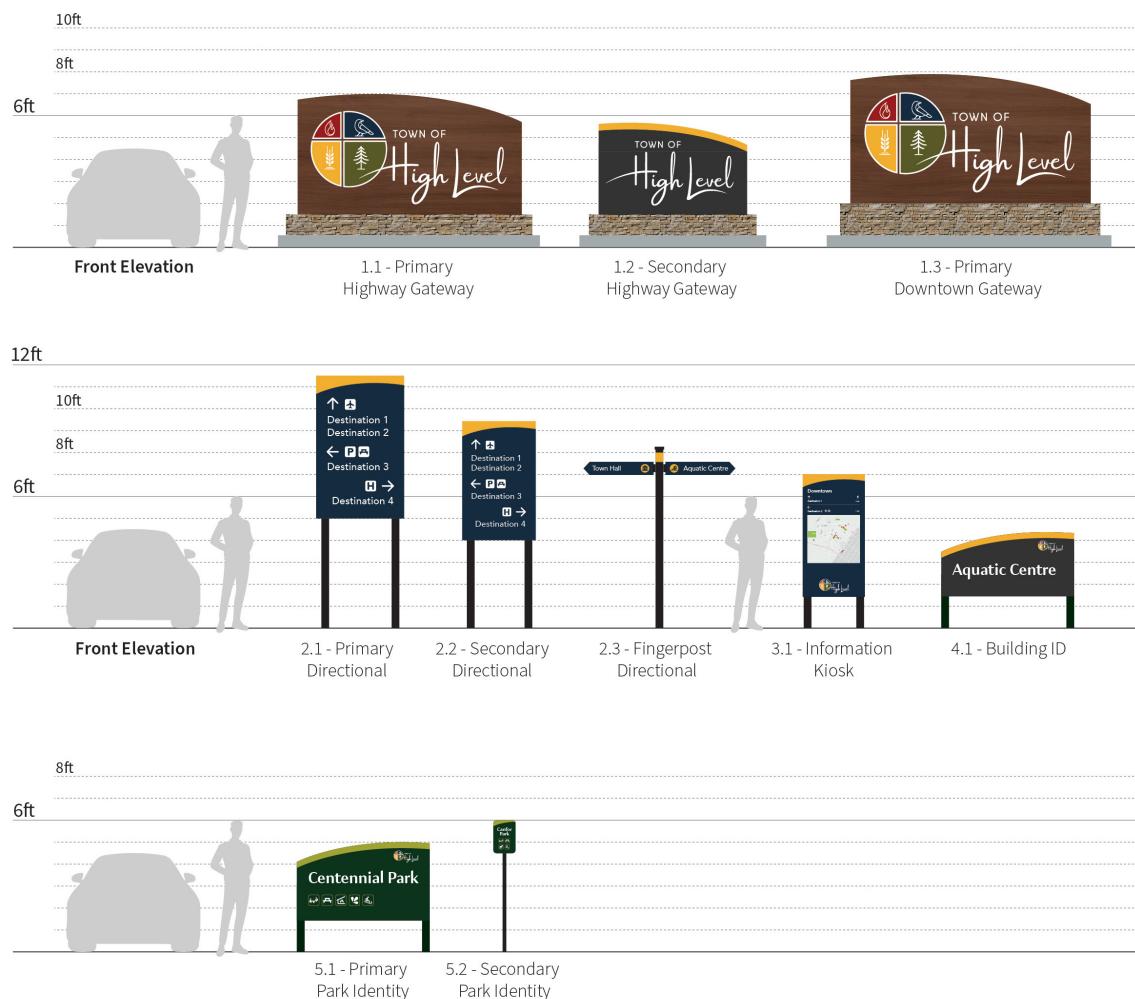
## Design Option 2

Design Option 2 received the highest level of support, with 47.06% of respondents selecting it.

This design was regarded as formal, elegant, and sturdy. Residents noted that the brown color palette and brick elements presented a more polished appearance than the black background used in other options. Its more traditional design resonated with those who preferred straightforward municipal signage that is easily recognizable and distinct from business-related graphics.

Many participants commented that the structure looked strong and reliable, appearing less susceptible to environmental stress from wind or snow accumulation. This grounded, no-nonsense visual language was seen as practical and aligned with what some respondents have come to expect from small-town signage across Alberta. Others favored the unified presentation of symbols, the clarity of town branding, and the sign's similarity to familiar designs used in places like Valleyview and Stony Plain.

However, some respondents also expressed a desire for Option 2 to incorporate more regional or cultural flair, such as engraved natural motifs or Indigenous art elements, to better represent the unique character of High Level and its surrounding communities.



# Public Survey Report: Location Plan

The last survey question asked participants to review the proposed Wayfinding Signage Location Plan. The main comment included:

- Highway 58 signage should be positioned closer to the intersection after the turn or directly at the turn into the industrial area.
- The signs on Highway 58 should follow the primary highway gateway format, as the secondary version is too small and lacks impact.
- It would also be helpful to include signage for key social services like the Friendship Centre, the Village, agencies that provide family programming, and the senior centre.

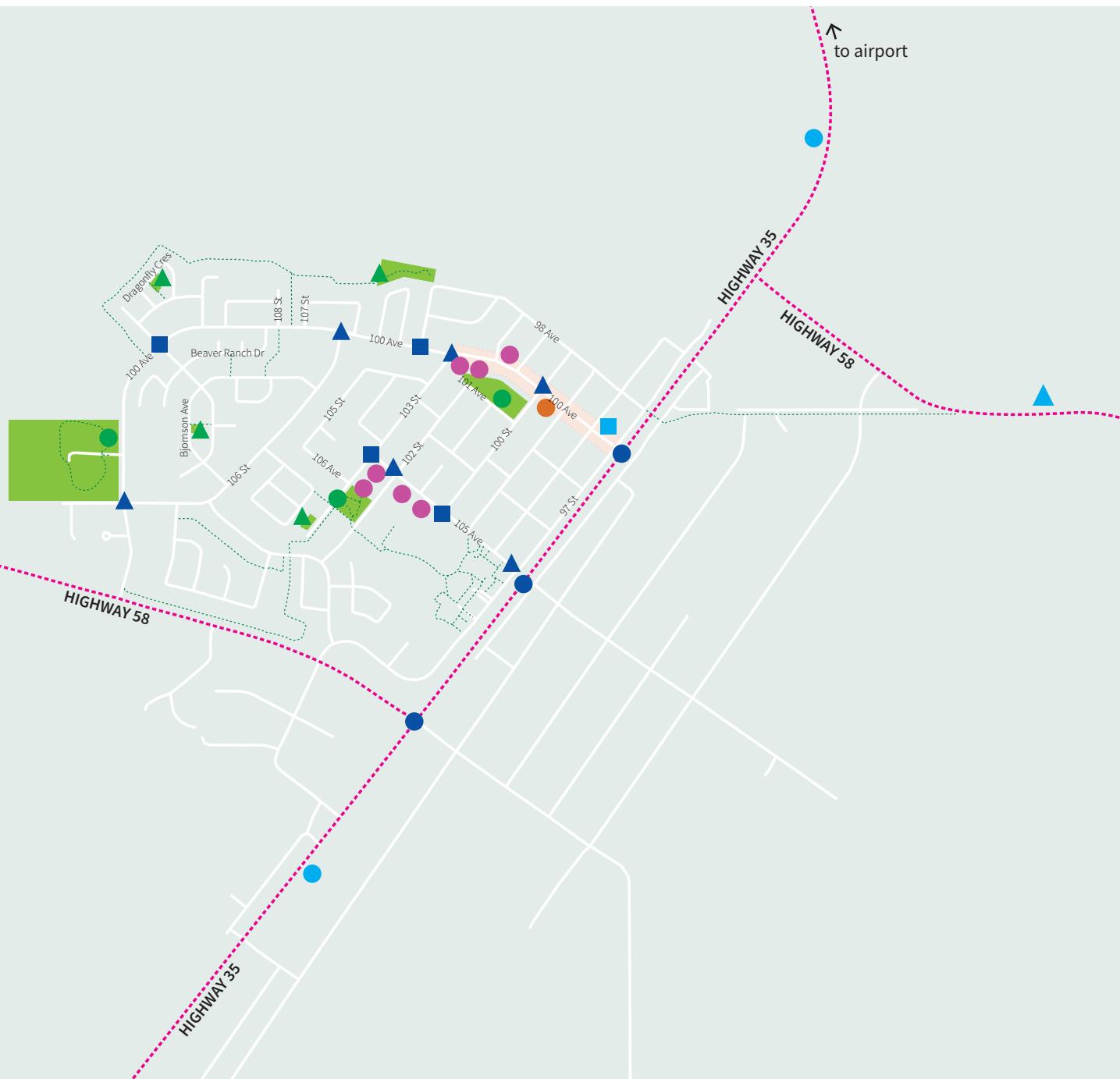
Additional locations noted as missing include:

- Tim Hortons
- Canadian Tire
- Corner into town,
- The hospital corner,
- Truck fill and RV water area,
- Museum signage (with info board)
- Walking trail signage
- Information kiosk near the arena (not just downtown).
- Signage for schools was also mentioned

These suggestions will be discussed with city planners and incorporated into the final Wayfinding Signage Location Plan.

- 1.1 Primary highway gateway
- 1.2 Secondary highway gateway
- 1.3 Primary downtown gateway
- 2.1 Primary directional
- 2.2 Secondary directional
- 2.3 Fingerpost directional
- 3.1 Information kiosk
- 4.1 Building ID
- 5.1 Primary park ID
- 5.2 Secondary park ID

Highway  
Walking trails  
Downtown core



## Conclusion and next steps

- While Design Option 2 received the highest individual support (47.06%), the combined support for Option 1a and 1b (52.94%) indicates a strong overall preference for the timber-based design direction.
- Community feedback revealed a balanced interest in modern, clean, and durable signage that also reflects regional identity, including connections to nature, culture, and history.
- Residents appreciated elements like timber structures, clear layouts, and thoughtful visual motifs, though some requested local cultural elements to be further integrated.

The Town of High Level will:

- Present the survey findings to Town Council to assist with final decision-making.
- Use public input to refine the selected design based on what resonated most with the community.
- Begin planning a phased implementation strategy for signage installation.
- Prepare detailed cost estimates for budgeting and scheduling.
- Continue cultural consultation with Indigenous communities to ensure the final design is respectful, inclusive, and representative of local heritage.

## OLD BUSINESS

## NEW BUSINESS

**CORRESPONDENCE FOR  
ACTION**

**CORRESPONDENCE FOR  
INFORMATION**

June 6, 2025

Crystal McAteer  
Mayor  
Town of High Level  
10511-103 Street  
High Level, AB T0H 1Z0

Dear Mayor McAteer:

**Subject: Strategic Transportation Infrastructure Program  
LMI - 100 Avenue Road Rehabilitation**

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Thank you for the recent application under the Strategic Transportation Infrastructure Program (STIP).

Applications have exceeded available funding, and the above project was not recommended for funding approval at this time. The next intake for STIP closes on November 30, 2025. Please resubmit and/or submit any new applications for the 2025 funding year before that time.

If the municipality chooses to start a project before receiving funding, the project will no longer be eligible for funding support. The municipality may want to use funding from other grant programs that may be available, such as the Local Government Fiscal Framework (LGFF).

If you have any questions regarding STIP, please contact Samantha Lee, Infrastructure Technologist at (780) 618-4357.

Regards,



Derek Young,  
Regional Director

SL

cc: Danny Jung, Infrastructure Manager  
Samantha Lee, Infrastructure Technologist  
Viviane Thoss, Chief Administrative Officer, Town of High Level

## NOTICE OF MOTIONS

# QUESTION PERIOD

**CLOSED SESSION**