

***CLOSER TO HEAVEN,  
DOWN TO EARTH.***



# **CMR – Natural Gas and Propane Review**

**January 26, 2018**

# CMR Existing Propane System

- Pro's
  - No immediate cost to leaseholders (unless “corrective action plan” mandates immediate changes)
- Con's
  - maintenance of aging infrastructure
  - replacing meters and regulators (homeowner costs \$200-\$700)
  - Existing infrastructure is a liability for CMR

# Why convert to Natural Gas?

- Cost savings versus propane
- Cleaner burning
- Easier on appliances
- Lower carbon footprint
- Supplying through a pipeline gives both residents and the business a constant supply
- automated regular monthly billing cycles
- NG increases value of our lots
- Enables CMR to concentrate our business on running a ski hill not a utility

# Why convert to Natural Gas? *Continued*

- Potential Risks
  - eliminates our risk of owning and distributing propane
  - CMR avoids further costs for replacement of the existing meter system to meet propane vapor measurement and monitoring requirements
  - CMR mitigates risk with respect to any current or future liability or maintenance issues, including capital improvements

# Why convert to Natural Gas? *Continued*

- Future potential of having a close partnership with ATCO
  - Improves the ability to expand with cheaper three phase power source for lifts, commercial buildings, and snowmaking
- If and or when we find our way **to fee simple**, solves one of the issues in dealing with utilities. Utilities would need to be separated from the corporation (CMR) for fee simple to proceed

# Why convert now?

- Timing
  - Challenge wrt lease renewal and timing of this project
  - May be more difficult in the future to bring a pipeline through the park – particularly the ecological reserve
  - Construction window/cooperation - Parks, Environment, Transportation, and the MD
  - Synergies - Project not viable if the ditching costs are not shared with the installation of the water line and right of way access
  - Can piggyback on environmental approvals

# Why ATCO?

- ATCO is ready, willing, and motivated to do the work.
- ATCO will handle all logistics (permits etc.)
- ATCO has been participating in meeting with Environment, Parks, Transportation, & the MD
- Potential to bring other opportunities such as power generation for lifts, snowmaking, commercial buildings, other utilities, etc

# What other service providers were considered?

- Chief Mountain Gas Coop
  - Proposal required CMR to pay \$1.6M & each lot owner pays \$12,000
  - CMR would have to manage right of way negotiations and permit applications
- Fortis - \$3M preliminary estimate for three phase power to the hill

# What are the total project costs?

	<b>Cost</b>
Total Residential Urban Pool Charge	\$370,000
+ Total Commercial Contribution	\$112,000
- Sale Price of the Current Propane System	(\$156,000)
<b>= Castle Mountain Contribution</b>	<b>\$326,000</b>
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Total Estimated Project Cost	\$1,168,000
- Castle Mountain Contribution	(\$326,000)
<b>= ATCO Contribution</b>	<b>\$842,000</b>

# What are the costs to leaseholders?

- Payment Options:
  - Single payment up front of \$2,300\*
  - OR four payments aligned with CMR payments due to ATCO
- Regulated raw hookup costs for rural subdivision NG service are \$2937 (regulated through AUC). This would be the price if we didn't have an existing system and is the price for any new installations after the initial rollout

- What is the status of the contract with ATCO?
- The offer from ATCO expires Jan 31. Will be brought forward as a motion at the Sunday board meeting
- What is still being negotiated?
  - Liability associated with costs exceeding \$1.5M
  - Value of existing propane system