

WELCOME TO CASTLE MOUNTAIN RESORT!

***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?

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

What are the costs to leaseholders?

- Payment Options:
 - Single payment up front of \$2,300*
 - OR payments in 25% installments aligned with payments due to ATCO
 - Anyone who doesn't sign up now through CMR could pay the normal residential service charge directly to ATCO of \$2937.
- 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