

Immediate Attention for Piikani Nation Members

IMPORTANT INFORMATION

**Altalink L.P., Transfer of Specific Assets to PiikaniLink L.P. and
associated 2017-2018 General Tariff Application.**

**AUC Proceeding 22612
Applications 22612-A001 to 22612-A004**

ALL COMMUNICATIONS related to this Application should be submitted in writing directed to Piikani Nation c/o Piikani Resource Development Ltd. by **February 22, 2018 at 4:00 pm MST**:

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Additional information on the transfer of specific assets to PiikaniLink L.P can be obtained at:
<https://www2.auc.ab.ca/Proceeding22612/SitePages/Home.aspx>

Copies of the PiikaniLink L.P. Purchase Agreement are available for inspection by interested members at Piikani Nation Administration office and Piikani Resource Development Ltd. office.

Additional information on the transfer of specific assets to PiikaniLink L.P can be obtained at: <https://www2.auc.ab.ca/Proceeding22612/SitePages/Home.aspx> 1

February 7, 2018

Piikani Nation Members;

**Altalink L.P., Transfer of Specific Assets to PiikaniLink L.P. and associated 2017-2018
General Tariff Application.
AUC Proceeding 22612
Applications 22612-A001 to 22612-A004**

The Piikani Nation has developed PiikaniLink L.P. to exercise its Option (in accordance with the “*Project Commitment and Option Agreement*”) to purchase 51% equity of the transmission assets for the SW 240 KV line through the Piikani Nation. The SW 240 KV line was energized in October, 2010.

Background:

1. In Decision 2005-049, the Alberta Energy and Utilities Board (the “EUB” or “Board”) approved Need Application No. 1340849 for the SW Line, filed by the Alberta Electric System Operator (the “AESO”). In the proceeding, the AESO stated that its preferred route for the SW Line was across the Blood and Piikani Reserves. Alternative routing had been rejected due to landowner concerns, additional required line and corresponding costs, and the necessity to traverse additional agricultural land. The routing crossing the Blood and Piikani Reserves was preferred based upon environmental, economic and engineering considerations, and since it resulted in minimal effects on residences and followed most closely existing linear disturbances.
2. By Utility (Power) Transmission Permit dated July 25, 2008, as amended December 21, 2009, (the “Section 28 Permit”) and Section 28 of the *Indian Act* (Canada), Her Majesty the Queen in Right of Canada, as represented by the Minister of Indian and Northern Development, granted to Altalink Management Ltd., as general partner for and on behalf of ALP, the non- exclusive right, license and authority to conduct the activities in connection with the PiikaniLink L.P. Transmission Assets,
3. By Decision 2009-028 dated March 10, 2009, the Commission approved Altalink Management Ltd. ’s Application No. 1521942 for a permit and license under the *HEEA* to construct the SW Line, a portion of which was to be located upon the Piikani Reserve:
4. Following Decision 2009-028, the Commission issued to Altalink Management Ltd. a number of transmission line permits and licenses, substation permits and licenses and a connecting order, for the construction and operation of the SW Line. In July 2009, construction commenced.
5. By Decision 2010-013 dated January 8, 2010, the Commission approved Altalink Management Ltd. ’s Application No. 1605750 for a re-route within the Piikani Reserve. The Commission subsequently issued Transmission Line Enquiry E2010-4 for circuits 955L and 956L, for those portions of the SW Line located on the Piikani Reserve. Permits and Licenses U2009-108 and U2009-112 continued to operate. In October 2010, the SW Line was energized.

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6. As part of the consideration for obtaining the required consent by the Piikani Nation for the granting of the Section 28 Permit, the Piikani Nation and Altalink L.P. entered into a Project Commitment and Option Agreement (the “PCOA”) and a Facilities Operations Accord (the “Accord”), both made as of the 16day of September, 2010.
7. In accordance with Section 2.1 of the PCOA, Altalink L.P. granted to the Piikani Nation an irrevocable option:
 - a. to require Altalink L.P. to transfer ownership of the PiikaniLink L.P Transmission Assets to a limited partnership to be formed among Altalink Management Ltd. as general partner, and Altalink L.P. and an entity controlled by the Piikani Nation as initial limited partners (the “New Limited Partnership”); and
 - b. which enabled the Piikani Nation to acquire at least 30% and up to 51% of the initial partnership units issued in the New Limited Partnership (the “Option”).
8. In AUC Proceeding No. 19, leading to the Commission’s approval of Altalink Management Ltd.’s application to construct the SW Line and the issuing of the transmission line permits and licenses, the Commission had before it materials (which had been filed by Altalink Management Ltd. in support of its application) referencing the contemplated Option arrangement between Altalink L.P. and the Piikani Nation.
9. Referred to an opportunity, subject to approval by the Commission, for the Piikani Nation to invest in the Alberta electricity infrastructure, to participate in a joint venture with Altalink L.P. under a limited partnership structure, and to acquire an ownership interest in new transmission facilities to be constructed on the Piikani Reserve. The materials further referenced the Piikani Nation being provided with opportunities for consultation and input into ongoing activities related to the PiikaniLink L.P. Transmission Assets, and potential employment opportunities on a competitive basis.
10. By a Notice of Exercise dated February 10, 2014, the Piikani Nation, through its authorized agent, Piikani Resource Development Ltd., exercised the Option and elected to acquire 51% of the initial partnership units issued by the New Limited Partnership.
11. By a Limited Partnership Agreement (the “LPA”) made as of March 6, 2017, among Altalink Management Ltd. as general partner, and AltaLink L.P. and Piikani Limited Partner as limited partners, each of Altalink Management Ltd., Altalink L.P. and Piikani Limited Partner agreed to form a new limited partnership, to facilitate the proposed transfer contemplated in this Application. As more specifically set out in the LPA, the new limited partnership is to carry on business through its general partner, Altalink Management Ltd., under the firm name and style of PiikaniLink L.P., and its business is to consist solely of, directly or indirectly, participating in the transmission of electricity, the ownership or operation of electrical transmission lines and infrastructure (including the PiikaniLink L.P.. Transmission Assets), which are subject to regulation by the Commission and which are located upon the Piikani Reserve.
12. Altalink Management Ltd., in its capacity as general partner of AltaLink L.P., and Altalink L.P., have agreed to sell to Altalink Management Ltd., in its capacity as general

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partner of PiikaniLink L.P., and to PiikaniLink L.P., all of Altalink Management Ltd.'s in its capacity as general partner of AltaLink L.P., and AltaLink L.P.'s, right, title and interest in and to the PiikaniLink L.P. Transmission Assets. The proposed sale is subject to:

- a. the terms and conditions of a Purchase and Sale Agreement between Altalink Management Ltd., in its capacity as general partner of AltaLink L.P., and Altalink Management Ltd. in its capacity as general partner of PLP, made as of April 24, 2017 (the "Purchase and Sale Agreement"); and
 - b. receipt of all required Commission approvals, authorizations and declarations in form and substance satisfactory to the parties to the Purchase and Sale Agreement.
13. Subject to and immediately following the receipt of all required Commission approvals, authorizations and declarations in form and substance satisfactory to the parties to the
14. Purchase and Sale Agreement, Altalink Management Ltd., in its capacity as general partner of ALP, intends to assign the Section 28 Permit to Altalink Management Ltd., in its capacity as general partner of PiikaniLink L.P.
15. Subject to receipt of Commission approval, Altalink Management Ltd. has agreed to enter the Loan Agreement with PiikaniLink L.P. The deemed capital structure of PiikaniLink L.P. will mirror the approved deemed capital structure of AltaLink L.P. from time to time. Any required debt capital for PiikaniLink L.P. will be provided by Altalink L.P. under the Loan Agreement at AltaLink L.P.'s approved weighted average cost of debt from time to time. Separate and apart from the Loan Agreement, each partner of PiikaniLink L.P. will be responsible for the required equity contributions the deemed capital structure of PiikaniLink L.P. which shall, as described above, replicate the deemed capital structure of AltaLink L.P. from time to time.

The Partnership:

Altalink Management Ltd. (Altalink) is the general partner of each of AltaLink L.P. and PiikaniLink L.P. and has filed applications with the Alberta Utilities Commission (Commission). AltaLink submits these applications to transfer specific transmission assets from AltaLink L.P. to the Piikani Nation to form PiikaniLink L.P. as new transmission facility operators in Alberta and to obtain approval of general tariffs, including their terms and conditions, for PiikaniLink L.P. PiikaniLink is filing with the Commission an application for certain approvals, authorizations and declarations in connection with the transfer by sale by AltaLink L.P. to PiikaniLink L.P. of its right, title, and interest in and to that portion of the transmission facilities pertaining to the 240 kV transmission line between the Goose Lake Substation and the North Lethbridge Substation, located on the Piikani Reserve No. 147 (the "Piikani Reserve"), including all permits, licenses, authorizations, approvals and other Orders that pertain to those transmission facilities, as further described in the application (the AltaLink, L.P. Transfer Application regarding PiikaniLink L.P.).

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The SW 240 kV Line is approximately 89.5 km in length. The PiikaniLink L.P Transmission Assets comprise approximately 26.7 km of the SW 240 kV line.

Piikani Transmission Holding Limited Partnership (“Piikani Limited Partner”) is a limited partnership formed under the laws of the Province of Alberta. AltaLink L.P and Piikani Limited Partner are the limited partners of PiikaniLink L.P. Altalink Management Ltd. is the general partner of PiikaniLink L.P. The partners of Piikani Limited Partner are 1792191 Alberta Corp., as general partner, and 1656877 Alberta Ltd. as the limited partner. The voting shares of 1792191 Alberta Corp. are held solely by Piikani Resource Development Ltd. are held solely by the Piikani Nation. The Piikani Nation is the body of First Nations known as the Piikani First Nation, who are represented by the Council of the Piikani Nation, and by its duly elected Chief, and who occupy the Piikani Reserve. At the time of this application:

- a) none of the PiikaniLink L.P, Piikani Limited Partner, 1792191 Alberta Corp., 1656877 Alberta Ltd., own any public or gas utility assets subject to the *PUA* or the *Gas Utilities Act*;
- b) Piikani Resource Development Ltd. is the general partner of the Piikani Oldman Limited Hydro Partnership which owns part of the Oldman Dam Hydro Facility in Alberta;
- c) the Piikani Nation is the beneficial owner of the Rural Electrification Association;
- d) PiikaniLink L.P. owns no assets;
- e) the sole asset of the Piikani Limited Partnership is its interest in PiikaniLink L.P., the sole asset of each of 1792191 Alberta Corp. and 1656877 Alberta Ltd. is its interest in the Piikani Limited Partner; and
- f) the sole assets of Piikani Resource Development Ltd. is its interest in 1792191 Alberta Corp and its status as general partner of Piikani Oldman Hydro Limited Partnership.

The transfer proposed in this application:

- will not harm customers;
- There will be no financial impact on customers of the proposed transfer.
- will not undermine the ability of PiikaniLink L.P. to provide, and AltaLink L.P. to continue to provide safe and reliable service; and
- will not preclude those services from being provided at just reasonable rates.

It was appropriate and in the public interest of Alberta, for Altalink Management Ltd., in its capacity as general partner of Altalink L.P., to enter into a business relationship with the Piikani Nation for the most reliable, cost-effective routing of the transmission facilities for the SW 240kV Line. Customers are not harmed and have benefited and will continue to benefit because of the routing of those transmission facilities.

No Impact on Rates:

The change in ownership of the PiikaniLink L.P Transmission Assets from the Commission’s granting of this Application, and the subsequent closing of the proposed transfer, will only moderately increase the costs to customers due to the incremental setup and specific administration costs. This moderate increase in costs is outweighed by the benefits to customers provided by routing the SW Line across the Piikani Reserve.

PiikaniLink, L.P. Structure

