

Resource Development



Volume 1, Issue 1

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Oki, to all Piikani Nation Members. The Resource Committee is a sub committee of the Piikani Nation Chief and Council.

Since being elected in January 2007, The Resource Committee is pleased to inform the Nation on the progress that has been taking place.

The Resource Committees main priorities are:

1) To clarify the details of the Rural Electrification Association.

-And, to provide information to membership about obtaining an energy provider for the Piikani Nation.

-A commitment to providing Piikani Nation with stable energy services.

2) As well as, to maintain and develop viable strategies for future business related opportunities that directly benefit the Piikani Nation.

3) To sustain the operations of Peigan CY Ranch, Peigan Crafts Ltd., Piikani Oil and Gas, Piikani Forestry, Peigan Nation Lands Department and the Resource Development office.



**Councillor
Lance Yellow Face**



**Councillor
Doane Crow Shoe**



**Councillor
Kerry Scott**



**Councillor
Erwin Bastien**

The Resource Development Office

The Resource Development office located in the Piikani Nation Administrative Building is currently going through restructuring. We realize in the past the Resource Development Office has in many cases become restricted, due to financial distress and the past operating structure. The Resource Development office is presently exploring innovative practices that will meet the needs of membership. We are also looking at re-

new generating projects, developing projects and initiating policies. Through this restructuring The Resource Development hopes to attract future partnerships with off-reserve businesses, potentially on an international scale. We are also open to embracing future economic opportunities. The improvement of a community development plan to better coordinate and manage the Piikani Nation's resources. Also identifying and

pursuing viable revenue generating projects that the Piikani Nation can be involved with. The Resource Development Office along with Piikani Nation Chief and Council and PIC are currently negotiating a bid in the auction for Kettles Wind Farm. Key Problematic areas within the Resource Development Office include, the need for more staffing, and current financial instability.

Peigan Nation Lands Department

The Resource Committee along with the staff of the Piikani Nation Lands Department would like to provide you with an update of the activities within the Lands Office.

The Lands staff consist of Yvonne Provost, Lands Manager and Ms. Rebecca North Peigan, Interim Administrative Assistant.

In January 2007, the newly elected Chief and Council were informed by the Lands Manager that the Department of Indian Affairs would be intercepting the Agriculture Lease Proceeds, to be utilized towards the Housing Payments. Chief and Council had directed the manager, along with the committee to seek Legal Counsel and question if this was within their authority of the Department of Indian Affairs to intercept the Agriculture Proceeds. In February 2007, the Legal Opinion was completed and found the Department of Indian Affairs, could not intercept the Agriculture Lease Proceeds. Based on the fact that Chief and Council still have control of their own Band generated revenue.

The Resource Committee had their first meeting with Piikani Nation Members on April 23, 2007, during the meeting community members had voiced there concerns therefore, in turn the Resource Committee delivered these concerns back to Chief and Council. The majority of these matters were tabled due to the fact that the present Chief and Council had realized that there are a lot more variables that are involved in these Land Issues. In order to make decisions in a fair and equitable manner, all matters were tabled and referred back to the Resource



Committee. Chief and Council apologized for the inconvenience that this process is taking, but would appreciate your patience. No further Lands committee meetings will be scheduled until all present matters have been dealt with.

Natural Resources Canada (Legal Surveyors) will be doing a inventory evaluation on the grazing areas on the reserve. Specifically those areas that are leased out for grazing purposes by various Piikani Nation Members by grazing permit. Work for this was done in September. Grazing Lands such as Hay Lease and Community Pasture on the north side of the river are excluded.

Lands Department Audit was completed and reviewed on Monday August 27, 2007. The Lands Department Budget for 2007/2008 Fiscal Year was approved by Chief and Council, on Thursday August 30, 2007. The Lands Department is included with the Piikani Nations Audit.

Land Lease Loans

Since April 2007, Chief and Council proceeded with negotiations with Peace Hills Trust to open the Land Lease Loan Program. This was CLOSED by Peace Hills Trust in April 2006, due to Department of Indian and Northern Affairs Intervention Policy and the Piikani Nations ability to govern their own finances for the benefit of the community mem-

bers. In order to reopen the land lease loans, Their are still outstanding issues that must be met by the Piikani Nation. We again ask for your patience on this issue, it is taking longer then we anticipated. Please contact the Lands Office for additional information or inquires.

The Resource Committee and Land Manager have been directed by Chief and Council to bring forth the newly drafted Land Use Policy, which is in its 3rd Draft, finalization and implementation is forth coming please look for an update on this policy.

Grazing permits are issued on a yearly basis and this year 28 permits were issued on behalf of various Piikani Nation Members. We had a long dry hot summer and some of the pastures ran out of water and grass. Chief and Council would like the grazing permit applicants to consider that during Spring /Summer 2008 , if we do not get moisture, Grazing Permits may not be issued. If Permits are going to be issued, please ensure that you have adequate grass and water. Water will not be hauled, because it is the responsibility of the grazing permittee.

The Lands Department Staff, would like to inform all Live-stock owners that you are required to obtain a permit in order to sell animals off the Reserve. Please contact the Lands Office for more information.

**If Current
Moisture
Conditions
continue in
2008
grazing permits
may not be
issued.**

Piikani Nation Forestry

This year's forestry operational plans include activities described as Phase 3 Piikani Forestry Management Plan. The completion of component one of the plan includes forestry protection, this would include an emergency operational plan. With the emergency operational plan we need to identify any hazardous and potentially dangerous areas. We need to draft a plan on how to address these areas including a fire protection plan for the Timber Limits. Along with the fire protection plan, we also need to identify any types of diseases or pestilent problems, furthermore, a strategy on how to contain this and eradicate these pests. Phase 3 also includes

further developing the forestry management plan. This would include reviewing and evaluating the 20 year plan. In summary this year activities include developing the resources, drafting a management practice and an emergency operational plan.

The Pine Beetle (Left) and the Bud Larva (Right) Both pose significant danger to the conservation of the Piikani Timber limits.



Piikani Oil and Gas

A traditional land use study will need to be completed before any further steps regarding Oil and Gas can be taken. Chief and Council have began their planning for the traditional land use study to take place and we will update you in a up coming special newsletter.



Peigan Crafts Ltd.

Peigan Crafts is currently manufacturing at maximum capacity that current financial restrictions allow. Currently there is 15 large orders, and a order of 700 moccasins was just shipped. The busy season is here (September to February) during this time there is usually a high demand for the durable products produced by Peigan Crafts. This season usually provides enough revenue to cover operational costs for the factory. Peigan Crafts is currently focusing on expanding their product line to accommodate summer wear and diversify the current product line. Through

this diversification we are hoping to increase revenue during the summer months (slow season) this will balance out revenue through out the entire calendar year. In attempt to expand their product line Peigan Crafts held a contest for new products, and with few entries the contest did not produce the expected results. The Resource Committee is putting a call out for the community to submit any innovative ideas regarding new products to Peigan Crafts. As for future planned projects, Peigan Crafts and the Resource Committee plan on reviewing and restructuring the current

operations, once this is complete any recommendations and new product lines will be introduced and implemented once the busy season is complete. Peigan Crafts current achievements include an article in Alberta Venture Magazine, in addition to receiving international recognition in the Aboriginal Time Magazine. As a result these articles increased single order moccasin orders particularly in the South Western United States.



**To Order
Peigan Craft Ltd.
Products
Visit our website at
www.peigancrafts.com**



Piikani CY Ranch



Currently the CY Ranch has 600 cows and of these 100 will be first-time calves this spring. The majority of the herd is now home-raised.

Fall round-up is now underway. Under the Ranch's current operational plan, the calves are kept through the winter and then sold as yearlings.

Drought conditions have made things difficult for the agricultural industry in southern Alberta. At the CY Ranch this too is the



affected, and has reduced the amount of hay CY Ranch usually produces.

case, the shortage of water has made some things difficult and will end up increasing this year's operating expenses.

Things such as, waterhole and dug-out health has been

Rural Electrification Association (REA)



As of January 1, 2007, REA members did not receive a electricity bill for 1 year. The newly elected Chief and Council formed a temporary REA board to address this issue.

The Board consists of Councillor Lance Yellow Face, Councillor Erwin Bastien, Councillor Doane Crow Shoe, and Councillor Kerry Scott. With this board Chief and Council were able to begin putting the REA back on track.

The first step was to meet with the REA Foundation; with that meeting the REA foundation assisted the REA board with acquiring a billing agency called Rural Electric Services Ltd (RESL).

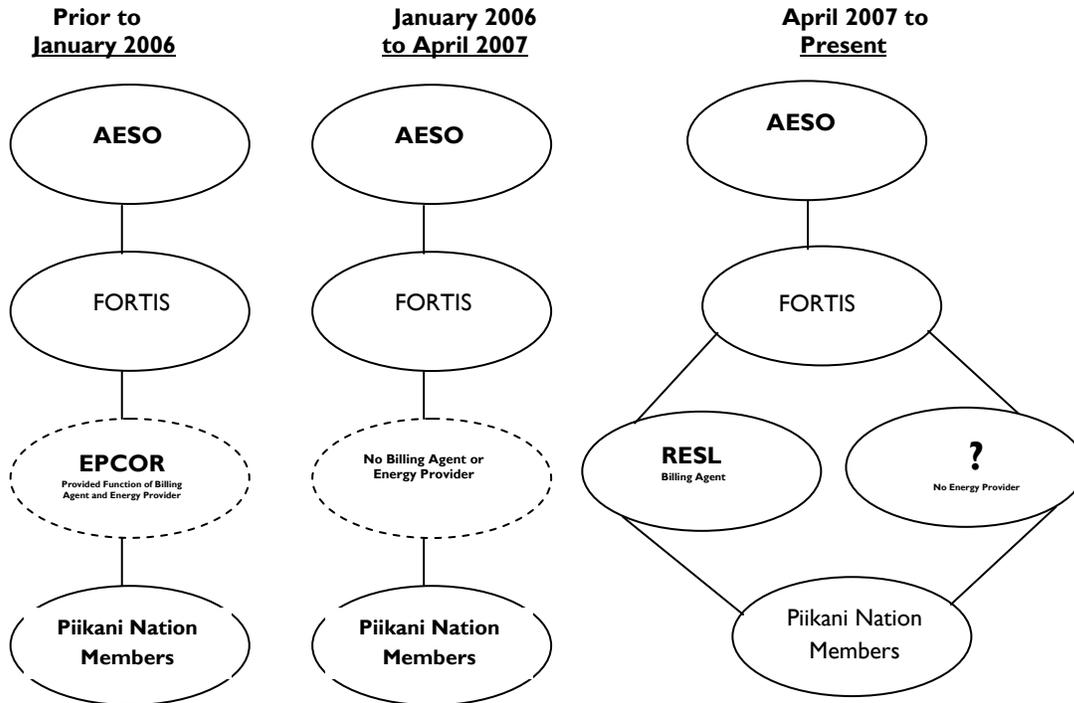
The REA Committee is currently working and negotiating with RESL to formulate a billing agreement for REA members.

They are also working with the Alberta Treasury Branch in Pincher Creek to embark on a banking agreement with the REA.

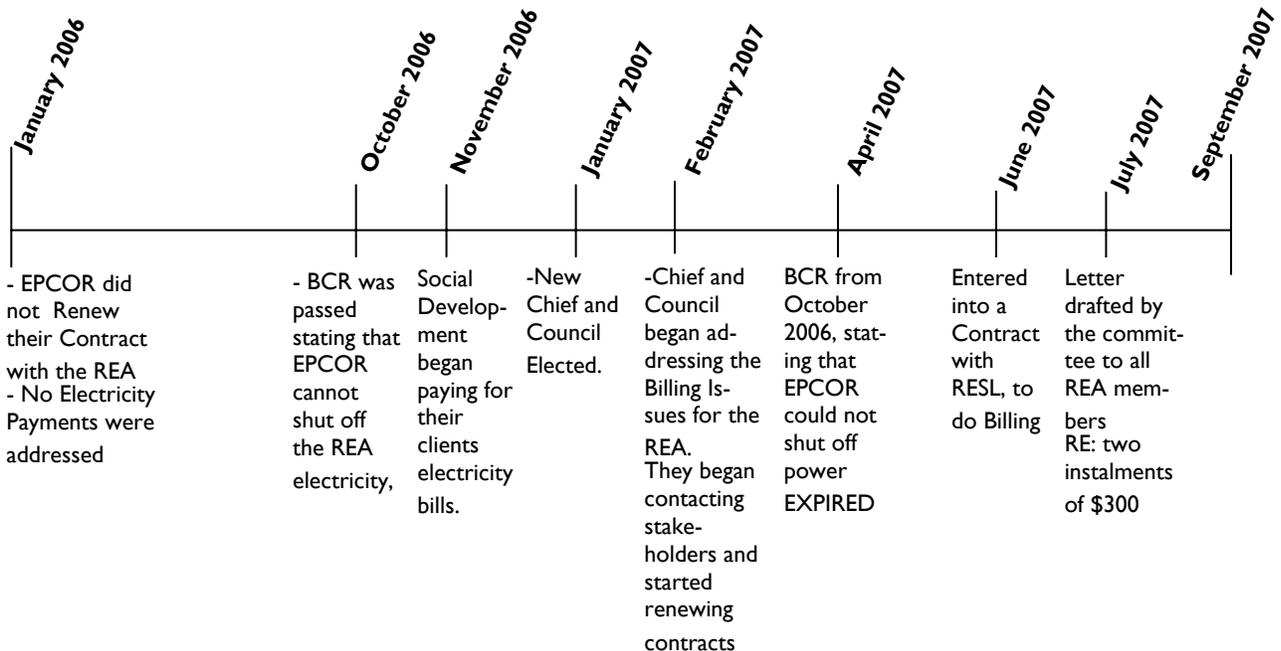
As of this day the REA Committee have not yet signed an agreement with EPCOR or any other power company. FORTIS continued to supply power to the REA members even when their was no service provider or no billing process in place. At this time their is no current power supplier until the debt with EPCOR and FORTIS is cleared. AESO's mandate is to regulate the power on the Alberta Power Grid. At this time AESO is currently supplying power to the Piikani Nation. The REA Committee is currently negotiating with Fortis and other maintenance companies to maintain the Piikani Nation REA assets.



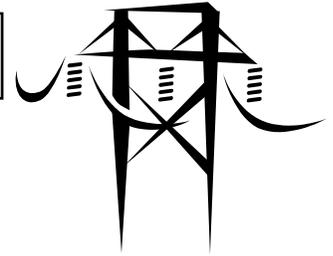
REA Relationship Changes



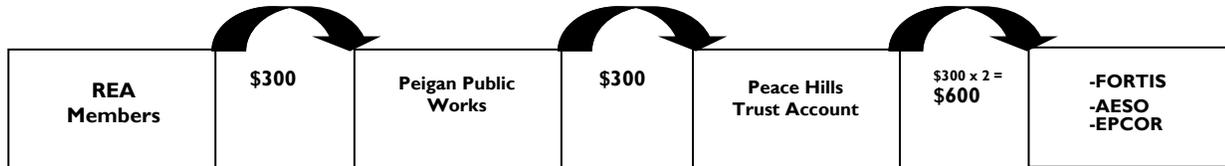
Timeline of REA Events



Rural Electrification Association



FAQ:
What Happens to the two Instalments of \$300 I paid?



The Resource Committee and Piikani Nation Chief and Council have negotiated an arrangement to pay the outstanding debt owed to AESO, EPCOR and FORTIS.

In order to successfully clear the debt the following was drafted;

- The agreement was finalized by the arrangement that all REA members would initially pay \$600.00 (\$300 in two instalments) to be paid towards the past debt.
- For ease of collection, Peigan Public Works was appointed as the receiving agent within the community.
- These funds are to be received at Peigan Public Works deposited into a REA account at Peace Hills Trust.
- from this REA account at Peace Hills Trust payments will be made to the outstanding debt owed to EPCOR, AESO and FORTIS.

Total Accumulated Debt

\$218,000 to Alberta Electric Systems Operator (AESO)
\$ 80,000 to FORTIS
\$140,000 to EPCOR

The initial debt would need to be cleared before the Piikani Nation could obtain another energy provider, this new energy provider could be EPCOR or an entirely new energy provider.

NOTE: Epcor also holds all the raw data wind energy data. Until the debt is cleared with EPCOR, that data is not available to the Piikani Nation.

“The two instalments of \$300 collected by the REA Committee from the REA members will go to paying this outstanding energy debt accumulated by the Piikani Nation REA members.”

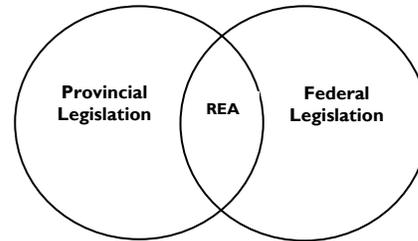
Rural Electrification Association



The Rural Utilities Act is governed under Agriculture and Foods Canada which is provincial legislation.

This Act provides for the incorporation of Alberta's rural gas, electric and water utilities. It sets out the requirements for the incorporation of these associations, how the business and the affairs of the associations are to be managed including outlining the powers of the board of directors. It provides government authority to supervise and manage the association

in the event of improper conduct by the board or insolvency. It also provides for the issuance of guarantees for borrowings to finance the construction of natural gas services.



REA Partnering Entities



Alberta Federation of REA

“Formed in 1948, the Rural Electrification Associations were and are a very important part of Alberta's history, providing rural communities with support for their electricity needs and services

Today the Alberta Federation of Rural Electrification Associations (AFREA) plays a vital role in electricity industry development. The AFREA draws on many knowledgeable and experienced resources in the Rural Electrification Association community, to ensure the Government, the Alberta Energy and Utilities Board (AEUB), and other Industry Stakeholders hear the voice of AFREA's members

There are currently 56 REAs in Alberta.”
(www.afrea.ab.ca)

AFREA is currently assisting with the restructuring of the Piikani Nation REA.

Alberta Electric Systems Operator (AESO)

“AESO is responsible for the safe, reliable and economic planning and operation of the Alberta Interconnected Electric System (AIES). AESO provides an open and non-discriminatory access to Alberta's interconnected power grid for generation and distribution companies and large industrial consumers of electricity. In doing so, the AESO contracts with transmission facility owners to acquire transmission services and, with other parties to provide fair and timely access to the system. AESO also ensures that Alberta's competitive electricity markets continue to operate in the best way possible, demonstrating that reliability is not compromised and that the structure is sustainable, predictable and adds long-term value.” (www.aeso.ca)

AESO is the current temporary power provider for the REA members on the Piikani Nation. The Resource Committee is currently negotiating

for the Piikani Nation to become an energy provider. We are currently negotiating with AESO to sell our renewable energy to the Alberta energy grid.

FORTIS

“FORTIS Alberta's primary focus is the safe and reliable delivery of electricity to our customers in Alberta. FORTIS is dedicated to providing exemplary customer service to meet the needs of more than 437,500 customers in more than 175 growing communities in Alberta. From quickly restoring power after a storm, to installing electrical service to new homes and businesses, they are committed to keeping Alberta energized.”
(fortisalberta.com)

Fortis was contracted to maintain the Piikani Nation REA power lines. Also they own and operate the power lines in the town site area.

REA Partnering Entities

Rural Electric Services Ltd. (RESL)

“Rural Electric Services Ltd. (RESL) is located in Red Deer, Alberta is a privately held company exclusively owned by member Rural Electrification Associations. There are currently 24 REA shareholders of RESL. REA shareholder numbers have changed during the past year as a result of several REA’s merging to better serve their members.”

(www.reslonline.com)

RESL has been contracted with the Piikani Nation to become our billing agency. The Resource Committee has by November 1, 2007 to have a contract in place with an electrical

company to start providing the REA members with electricity.

EPCOR

“EPCOR Utilities Inc. builds, owns and operates power plants, electrical transmission and distribution networks, water and wastewater treatment facilities and infrastructure in Canada and the United States.

EPCOR has been named one of Canada’s Top 100 employers for seven consecutive years, and is headquartered in Edmonton, Alberta.”

(www.epcor.ca)

EPCOR was the Piikani Nations power provider. Although when it came to negotiating the renewal of their contract, they refused to re-sign. Due to the outstanding amount of debt owed to them by the Piikani Nation REA members.

EPCOR currently owns Weather Dancer I; The Resource Committee is currently negotiating to settle outstanding bills and debt. So we could build on acquiring 100% of the assets Weather Dancer I contains.



Piikani Trust

We are pleased to report that our Trust is doing well. The Trustee advises that all of the money is fully invested and the Annual Income of the Trust is being used according to the conditions of the 2002 settlement agreement..

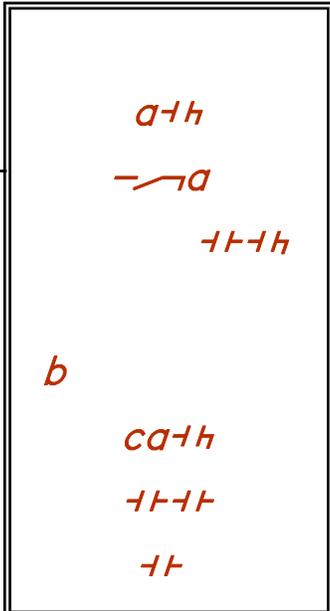
The Piikani Trust was established in 2002. It was created to receive and invest the funds to be paid by Canada and Alberta as a result of the Settlement Agreement made by Piikani with those governments in 2002.

The Piikani Trust Agreement sets out the Rules established by the Piikani Nation for the way the trust funds are to be used and managed. The Trust is a very long term arrangement so that it will provide for future generations as well as for present.

Through a loan from the Trust in 2007, we have been able to complete the purchase of a 25% interest in the Old Man River Dam, in partnership with ATCO. The dam generates power that is sold to the Alberta Grid and Piikani will now share in all the future profits from the dam. Work also continues to develop the great potential that exists on our Piikani land for wind power generation.

Trust income is providing funds to help the work of the Piikani Housing Corporation and to pay down on money owed on mortgages and loans obtained for housing. It is also being used towards housing repairs caused by the 2005 flood. Trust Income will provide financial support for the development of a Piikani Lands and Renewable Resources Policy, that we shall be working on during the next several months.

Our Trust is designed to provide long-term benefits to Piikani for many years to come. It will continue to give us the ability to invest in Piikani owned businesses and the Annual Income will help to provide financial support for the continuing needs of our community.



AltaLink Transmission Line

In December 2006, the previous Piikani Nation Chief and Council along with AltaLink Management negotiated a settlement of \$2.15 million to route the 240kV transmission facility across the Piikani Nation. Through intense deliberation in the Spring and Summer of 2007, the newly elected Chief and Council negotiated with AltaLink Management a revised settlement of 7.45 million. A BCR was then published for Indian and Northern Affairs (INAC) to draft a permit for the Alta Link transmission facility, to date INAC has not completed their work on the permit.

Approximately three years ago, the former Chief and Council of the Piikani Nation entered into discussions with AltaLink Management Ltd. (AltaLink) regarding the possibility of routing a greater than 240kV transmission facility across the Piikani Reserve. Piikani Energy Corporation, a band-owned corporate entity, was authorized to represent the Chief and Council in the discussions and negotiations. After confirming by Band Council Resolutions that the Piikani Nation was prepared, in principle, to proceed with the transmission facility development, discussions appeared to falter, and the project laid dormant for sometime.

As part of the early negotiations, community information meetings were scheduled although one was apparently cancelled by the Piikani Nation. However, at least one meeting open to the Piikani community was conducted on the Piikani Reserve. Informational material was delivered to members of the community at their homes, and representatives of AltaLink, accompanied by one or more councillors, personally visited those members whose residences were located nearest the proposed route.

Recently the newly elected Chief and Council were again approached by AltaLink representatives, and the negotiations regarding routing a portion of the transmission facilities across the Piikani Reserve resumed, with Chief and Council and it's Resource Committee taking the lead.

As a result of these negotiations, Chief and Council, in consultation with legal counsel and Piikani Nation Elders, conducted three days of meetings with AltaLink representatives and personnel from Indian and Northern Affairs Canada (INAC), during the week of July 9-13, 2007. The meetings culminated in an agreement with AltaLink, based on the following substantive terms:

- 1) Lump-sum, one time payment in consideration for all aspects of access to, upon, and from a 40 meter wide right of way for 65 years to facilitate site preparation, construction, implementation, maintenance, repair and upgrading of the Transmission Facilities of \$7.45 million, payable:
 - a) \$250,000.00 upon issue of a section 28(2) Permit from INAC;
 - b) \$3,750,000 upon issue of a development permit from Alberta Energy Utility Board (AEUB);
 - c) all accruing interest on \$3,450,000.00 upon issue of a development permit from AEUB to date the Transmission Facility commences operation (in-service date);
 - d) \$3,450,000.00 Following the Transmission Facility in-service Date.

NOTICE: It is important to understand that a major portion of these funds will be re-invested and then used by the Piikani Nation within 5 years to purchase up to a 51% interest in the transmission facility that it would then own jointly with AltaLink.

2) annual payments of \$525.00 for each transmission tower constructed within the Transmission Facility, (approximately \$40,950.00 for 78 towers). Commencing on the in-service date, reviewed and adjusted every 5 years according to the surface rights board formula;

3) annual payments in lieu of taxes, commencing on the in-service date adjusted in accordance with Alberta Linear Property assessment

Minister's Guidelines, based on average linear tax rates in the M.D. of Willow Creek and the M.D. of Pincher Creek, currently approximately \$226,000.00;

4) Compensation for access will be reviewed for each subsequent period of 65 years, or such other period as agreed to in writing, and further payments at fair market value, as agreed upon, or as determined by an independent, knowledgeable mediator in the event of no agreement, will be made;

5) anytime within 5 years of the in-service date, Piikani Nation, through an approved designate (such as a corporation), may purchase between 30 and 51% interest in the Transmission Facility located on the Piikani Reserve.

In addition, agreements will be entered into that require AltaLink to participate in a committee with Piikani Nation members to monitor and inform the operation of the Transmission facility with a view to fostering positive working relationships, cultural sensitivity for traditional practiced and traditional lands, and economic opportunities.

The Piikani Elders endorsed the actions of Chief and Council, approved of the procedures undertaken by the Chief and Council, and gave approval to the decision of the Chief and Council.

The Resource Committee will continue to work with AltaLink and INAC to finalize each phase of the transmission facility project, and will endeavour to provide relevant information to the community in an on-going manner as the project progresses.

NOTE: Negotiations between the Piikani Nation Chief and Council and AltaLink Management have not been finalized, and it may take a projected two months before the Piikani Nation Chief and Council along with AltaLink Management to reach an agreement.

**THE
RESOURCE
COMMITTEE**

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Piikani Nation
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T0K 0H0

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NOTICE

**Chief and Council
have scheduled a
Community Band
Meeting
On
November 8, 2007
At the
Piikani Nation
Community Hall
From
5:00p.m. to 8:00p.m.**

Piikani Investment Corporation

Piikani Investment Corporation (PIC), borne out of the Piikani Trust Agreement, is to provide prudent and reliable business and management advice to the Piikani Nation. Piikani Energy Corporation (PEC) was incorporated in January 2004, to be the business entity with a mandate to implement the Piikani Integrated Energy Strategy. PIC holds 100% of shares in PEC. PEC's mission statement is to create opportunity and generate wealth for the Piikani Nation through it's energy business. PIC's current board structure consists of Dale Mc Mullen (Managing Director), Stephanie Ho Lem (Director), Shelly Small Legs (Treasurer), Adam North Peigan (Chief and Council Board Rep), Stan Knowlton (Director) and Corbin Provost (Director). PIC's primary purpose is to create opportunity, generate wealth and assist in developing business opportunities that produce long-term revenue back to the Piikani Nation.

The Piikani Nation have been offered joint venture relationships;

- in the hydroelectric power generating facility,
- in the wind power development,
- and in electrical power transmission with major power Industry participants.

Generate Wealth-the means of generating wealth may include:

- Sharing net revenue from operations with equity partners,
- Leasing lands on the Piikani Nation which host third party operations,
- Taxing the value of assets operated on Piikani Nation Lands,
- Selling Tax Savings to third parties,
- Leveraging allocated trust funds by borrowing financial capital,
- Realizing capital gains on the sale of completed projects,
- Employment for Piikani Nations members,
- Contribution to job training by partners or third party operations,
- Participate in liquidity events in public markets,
- Market project development skills to third parties.

The projects

Weather Dancer 1-The Piikani Nation has a open-ended option to purchase from EPCOR up to a 50%

interest in the net cash flow from WD1 for up to 50% of the cost of WD1.

ATCO Oldman Dam Hydroelectric Plant- The Piikani Oldman Hydro Limited Partnership was formed on July 1, 2007 The Piikani Nation now owns 25% of the hydroelectric plant with the Piikani Energy Corporation.

AltaLink Transmission Line Project-The opportunity exists for the Piikani Nation to invest into the Alta-Link 240 kV transmission line project, this investment can include up to 51% equity into the project.

Piikani Wind Farm-PEC is presently structuring a potential acquisition of an off reserve wind farm with the potential of expanding the wind farm to on reserve.

Oldman Irrigation Ltd. (OIL)-In February 2005, Chief and Council passed a BCR to set up OIL and to start the process of developing an irrigation project on Piikani lands. The irrigation project depending on the crops grown will determine the amount of water required from the Oldman River. A lot of work has been done to date on the irrigation with the new Chief and Council in place in January 2007, the Resource Committee will take the lead in following through in completing the irrigation project

No Limits for Wind Energy

On September 26, 2007, The Alberta Government unleashed a major boost for wind energy producers by removing the 900 MW threshold on wind power generation. The 900 MW threshold was put in place by AESO in 2006 as a temporary measure to ensure the reliability of Alberta's electric system as additional wind power (considered intermittent energy) was added to the power grid. This would result in a major boost for Alberta's wind producers plus directly benefiting the Piikani Nation. The Piikani Investment Corp. and Piikani Nation Chief and Council have shown interest in placing a bid for Kettles Hill Wind Farm which is presently up for auction. If the Piikani Nation is successful in this bid, this would allow the Piikani Nation to become an energy provider.



Old Man River Hydro Project



On July 1, 2007 the Piikani Nation entered into a Joint Venture with ATCO by acquiring 25% interest in ATCO's hydroelectric facility located at the Oldman River Dam site. The facility is a 32 MW run-of-the-river merchant plant selling power into the Power Pool of Alberta. The Piikani Investment Corporation funded the purchase as per the Piikani Trust Agreement.