

Subject: Perpetual Energy Inc. request for Intervenor Status with the Court of Queen's Bench**APPROVALS:****Annette Antoniak**_____
Director_____
Chief Administrative Officer**Recommended Motion:**

THAT Administration file a request to the Court of Queen's Bench to intervene in the Judicial Review of Linear Property and Machinery Guidelines in relation to Perpetual Energy Inc., Court File No. 1901-08115.

Summary:

Perpetual Energy Inc. (Perpetual) has filed a request for a Judicial Review, seeking the annulment of two of the province's key policy documents pertaining to municipal taxation. These documents are:

- The 2018 Alberta Linear Property Assessment Minister's Guidelines; and
- The 2018 Alberta Machinery and Equipment Assessment Minister's Guidelines (collectively the "Guidelines")

Perpetual has raised several objections to the above Guidelines, which include but are not limited to:

- Failure to reflect the actual value of the assessed properties;
- Failure to account for the effect that end-of-life obligations have upon the value of oil and gas linear property and machinery and equipment("M&E")

Perpetual argues that the Guidelines are improper as they neglect to take the end-of-life obligations on their assets, into account; therefore, resulting in taxes which are higher than their actual value.

Should Perpetual be successful in their request for annulment, this could potentially nullify all linear property and M&E assessments completed in accordance with the Guidelines and would render the taxes levied in 2019, based on these assessments, subject to challenge. This could also pose similar challenges for past assessment years.

While the precise financial effect would be difficult to estimate, the total impact could be many millions of dollars in lost tax revenues for the Municipality and could include the possibility of being required to refund taxes that have already been paid to the Municipality.

In order to intervene in the judicial review, a council resolution is required in accordance with section 508 of the MGA which states:

***508(1)** When the council of a municipality considers that the interest of the public in the municipality are sufficiently concerned, the council may authorize the municipality to become a complainant or intervenor before the Board.*

***(2)** For the purposes of subsection(1), a council may take any steps, incur any expense and take any proceedings necessary to place the question in dispute before the Board for a decision.*

Rationale for Recommendation:

An intervention provides the Municipality with the opportunity to review all the relevant information and exchange argument and evidence in relation to the judicial review if required. If the Municipality chooses not to apply as an intervenor, it will have no status before the Court of Queen's Bench.

The Municipality must apply to the Court of Queen's Bench to be added to the action as an intervenor on Court File No. 1901-08115, pursuant to the Alberta Rules of Court.

Strategic Priorities:

Responsible Government